BHARAT FORGE

July 17, 2023

To,

BSE Limited,
1st Floor, New Trading Ring,
Rotunda Building, P.J. Towers,
Dalal Street, Fort,
Mumbai - 400 001
BSE SCRIP CODE – 500493

National Stock Exchange of India Ltd.,
'Exchange Plaza',
Bandra-Kurla Complex, Bandra (East)
Mumbai- 400 051
Symbol: **BHARATFORG**
Series: **EQ**

Dear Sir,

Sub: Annual Report for the Financial Year 2022-23

Ref: 62nd Annual General Meeting of the Company is scheduled to be held on Thursday, August 10, 2023 at 11.00 a.m. (I.S.T.) through Video Conferencing (VC)/Other Audio Visual Means (OAVM)

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Annual Report pertaining to the Financial Year 2022-23 which is circulated to the shareholders on their registered email address.

The same is also available on the Company's website at the following link:
https://www.bharatforge.com/assets/pdf/investor/Annual_Report_22-23_2-page_view.pdf

Kindly take the same on record.

Thanking you,

Yours faithfully,
For **Bharat Forge Limited**

CHAUDHARI TEJASWINI RAMKRISHNA
Digitally signed by CHAUDHARI TEJASWINI RAMKRISHNA
Date: 2023.07.17 17:57:06 +05'30'

Tejaswini Chaudhari
Company Secretary & Compliance Officer

Encl: As above

KALYANI

Tonnage and Technology

Annual Report 2022-23

BHARAT FORGE | KALYANI

Contents

The cover design

The cover features an exquisite blend of orange hues representing molten metal and blue tones which embody the spirit of cutting-edge technology. It depicts our seamless and cohesive transformation from a traditional manufacturing company into a dynamic, technology oriented engineering firm.

See this report online at
www.bharatforge.com

I thank all the stakeholders for their trust in us every time we transform.

Corporate Information

Bankers

Bank of India
Bank of Baroda
Bank of Maharashtra
Canara Bank
State Bank of India
HDFC Bank Ltd.
ICICI Bank Ltd.
Axis Bank Ltd.
Citibank N.A.
Standard Chartered Bank
Credit Agricole CIB
HSBC Ltd.
JP Morgan Chase Bank N.A.
Deutsche Bank AG
Kotak Mahindra Bank Ltd.

Auditors

BSR & Co LLP
Chartered Accountants

Company Secretary

Ms. Tejaswini Chaudhari

Registered Office

CIN: L25209PN1961PLC012046
Bharat Forge Limited
Mundhwa, Pune Cantonment,
Pune - 411 036, Maharashtra, India.
Phone: +91 20 6704 2777 / 2476
Fax: +91 20 2682 2163
Email: secretarial@bharatforge.com
Web: www.bharatforge.com

About the Report

Basis of Reporting

This is our fourth year of integrated reporting based on the principles of Integrated Reporting <IR> by the International Integrated Reporting Council (IIRC). This reporting is in line with our philosophy of transparently disclosing information beyond the statutory norms. We have tried to provide all-inclusive insight of our value creation process and factors that may affect it. The report covers the six capitals – financial, manufactured, human, intellectual, social & relationship and natural capitals – that we use in our business. Further, we cover information on material matters, governance, performance and prospects in context of external environment. Our intent is to provide as much relevant information to the stakeholders to better equip them to evaluate our performance and take an informed decision.

Reporting Principle

This report has been prepared in accordance with:

- Companies Act, 2013 (and the Rules made thereunder)
- Indian Accounting Standards, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- Secretarial Standards

Other international guidelines in accordance with:

- <IR> framework of International Integrated Reporting Council (IIRC)
- Global Reporting Initiative (GRI) Standards

Boundary and Scope Of Reporting

The report covers financial and non-financial information and activities of Bharat Forge Limited, India for the period of April 1, 2022 to March 31, 2023. We have captured significant material events up to Board Meeting held on May 05, 2023.

Board Assurance

The members of the Board acknowledge having applied their collective minds in the preparation of this report. They accept the responsibility for its integrity and are of the opinion that the report addresses all material issues and provides a fair and balanced view of the Company's performance.

Forward-looking Statements

Certain statements in this Report regarding our business operations may constitute forward-looking statements. These include all statements other than statements of historical fact, including those regarding the financial position, business strategy, management plans and objectives for future operations. Forward-looking statements can be identified by words such as 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', 'plans', 'outlook' and other words of similar meaning in connection with a discussion of future operating or financial performance.

Forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realized and as such, are not intended to be a guarantee of future results, but constitute our current expectations based on reasonable assumptions. Actual results could differ materially from those projected in any forward-looking statements due to various events, risks, uncertainties and other factors. We neither assume any obligation nor intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

United Nations Sustainable Development Goals (UN SDGs)

Our Capitals

Financial Capital

It represents the capital that we employ in the business to support our operations and execute business strategy for generating surplus for the investors and shareholders.

Manufactured Capital

It represents our modern manufacturing facilities and equipment. We continually invest financial capital in it to support our growing scale of operations and enable manufacturing of diverse and evolving range of products.

Intellectual Capital

It represents our knowledge, process and technical excellence and digital readiness and innovation capabilities led by our research and development (R&D) centers which provide us a competitive edge in the industry. We are continually investing in these to strengthen our ability to develop innovative solutions as per the evolving trends in the industry.

Human Capital

It represents the competencies, experience, engagement level and motivation of our people. They drive the organization's ability to innovate and run business efficiently, better serve customers and maintain strong relations and achieve strategies.

Social and Relationship Capital

It represents the quality of relationships that we have with the customers, business partners and communities which enhances our reputation, and facilitates in business growth and giving back to the society.

Natural Capital

It represents the renewable and non-renewable environmental resources that we use in our operations and the impact our operations have on the environment. We are continually investing in these towards making our operations more sustainable.

Bharat Forge's journey of the past two decades has been one of exponential growth.

Vision 2030 targets

- **Consolidated Revenues: 12-15% CAGR between FY 2022-30 by creating balanced revenue streams across components and products/systems**
- **Consolidated EBITDA of 20%: As the incubated verticals progress from investment phase to production mode and the international operations turnaround after a challenging period**
- **Consolidated ROCE: Improvement of 500 bps by FY 2030 from FY 2022 levels of 20% through a combination of operational improvement across all business verticals and shrinking the balance sheet**

The quantitative results have been impressive:

14% *CAGR IN SALES

13% *CAGR IN PROFITABILITY (PBT)

19% *CAGR IN SHAREHOLDERS WEALTH (EX-DIVIDEND)

*FY 2003 to FY 2023 standalone financials

However, it is the qualitative aspects that inspires and excites us more: of transforming and diversifying, building capacities and capabilities, forging enduring relationships and embedding sustainability.

Ours has been a journey of broadening horizons. From being a supplier predominantly to the Commercial Vehicles sector to a supplier with a balanced exposure across Commercial Vehicles, Passenger Vehicles and an array of Industrial sectors. Our endeavors have seen us graduate from being just a steel forging company to adding capabilities across aluminum, titanium, ferrous and other alloyed materials.

It has been a mission of building diversified technology and knowledge capabilities to stay at the forefront of innovation. What began with manufacturing of simple components has now evolved into development of critical components across sectors in collaboration with our clients, resulting in exceptional outcomes. Our Engineering & Design centers, supported by multi-disciplinary sectoral engineering and R&D capabilities, proved key to this progression. They have been at the core of all innovations that we have undertaken and implemented across businesses. Additionally, we have nurtured a strong talent pool of over 200 M. Techs and PhDs dedicated to process innovation, product prototyping, and component development, enabling us to strengthen our IP profile with 84 patent filings.

Last and more importantly, it has been a pursuit of embedding sustainability across every facet of business to secure our long-term interests and ensure value for all stakeholders.

This multifaceted approach has laid a solid foundation from which we can leverage to propel us to the next level of success. We look ahead to a stronger tomorrow which will be transformational from end-markets point of view as well as from the solutions across technologies and processes that we will be able to deliver.

Towards this end, we have laid out our Vision 2030, entailing financial targets and evolving to an innovative engineering conglomerate, dedicated to meeting customer expectations while developing newer avenues of growth.

HIGHLIGHTS OF THE YEAR

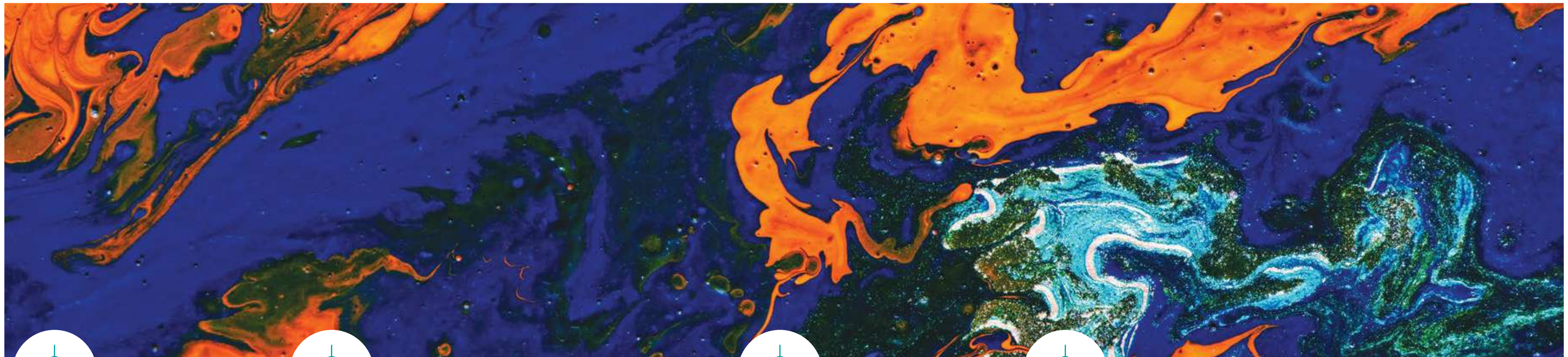
Reflecting on a year of progress and achievements

Delivered record performance

₹12,910 Crore
Consolidated revenues

₹7,573 Crore
Standalone revenues

₹4,461 Crore
Export revenues



Record Order Wins

We won a record ₹3,900 crore of orders driven by order inflow of ₹2,000 crore from Defence, ₹1,500 crore in the core forging business across automobiles and Industrials and ₹380 crore in JS Autocast.

Maiden export order in Defence

Our Defence subsidiary, Kalyani Strategic Systems Ltd. secured its maiden export order of USD 155.5 million for Artillery Gun System.

JS Autocast Consolidation

Consolidated operations at JS Autocast and further enhanced its competencies with the acquisition of assets of Indo Shell Mould Ltd.'s SEZ unit. This has strengthened our foothold in the casting space and the additional capacities will be crucial in meeting growing demand.

Commencement of E-2W Manufacturing Plant

We successfully started commercial production at our new Electric 2-wheeler manufacturing at Chakan. It has capacity of 60,000 vehicles per annum, expandable to 100,000 vehicles.

Prestigious Recognitions from Customers

CATERPILLAR
Global Supplier of the Year

PACCAR
Performance of the Year (2021 & 2022)

DANA
Sustainability Initiatives Lead

MACIMEX
Supplier Excellence for the year

VE COMMERCIAL VEHICLES
Supply Chain Excellence

JOHN DEERE
Partner Level Performance

Cummins
Supplier of the Year

gm
Global Supplier of the Year

VOLVO
ESG Award

DAIMLER
Quality for the year

Overall Business Performance

Business Alignment – Gold

Message from the Chairman & Managing Director

B N Kalyani
Chairman and Managing Director

Dear Shareholders,

It gives me immense pleasure to address all of you and provide a review of the year's performance and our progress towards a stronger tomorrow. At the outset, I thank each one of you for the continued encouragement and support. FY 2023 has been a challenging year with continued geo-political tension, impact of which was visible in the higher energy and food prices, elevated inflation across all nations and supply chain related tightness. Despite this, for the Company, FY 2023 was a year of progress on many fronts. Right from the acquisition of JS Autocast providing entry into the high potential industrial casting sector, to securing maiden exports orders in the defence vertical, and improving our ESG scores, we saw it all transpire.

The overall operating environment for Bharat Forge in the past year was stable, especially in India where the macro-economic scenario was positive despite the global challenges. India's economy has been resilient in the face of many macro headwinds like high inflation and interest rate hikes by central banks globally. India's gross domestic product (GDP) grew by 7.2% in FY 2023, following a robust 9.1% growth in FY 2022, making it one of the fastest growing economies in the world.

Industry Sustains Positivity

The global automobile industry demonstrated resilience through the year. The North American automotive markets had a good run with sustained fleet replacement demand and strong appetite for personal mobility. European automotive markets were broadly subdued, except for the medium heavy truck segment, which witnessed good volumes.

Domestic demand for passenger vehicles (PV) and medium and heavy commercial vehicles (MHCV) remained strong, driven by healthy consumer demand and increased industrial activity. As a result, India emerged the third largest automotive market, surpassing Japan. Two notable trends are clearly playing out in the domestic automotive market. There is a growing preference towards premium offerings in the PV market, with more demand for SUVs/CUVs vis-à-vis small cars. In the E-mobility space, electric two and three-wheelers have taken off in a meaningful way, driven by FAME II subsidies and tax relief measures by various state governments. However, the uncertainty on FAME subsidies is an overhang on EV adoption and is likely to result in consolidation.

Domestic demand for passenger vehicles (PV) and medium and heavy commercial vehicles (MHCV) remained strong, driven by healthy consumer demand and increased industrial activity.

A Reflection of the Past Year

FY 2023 was a record year with the Company achieving historical high revenues for the standalone operations. This accomplishment was on the back of strong growth in key end markets coupled with successful ramp-up of business in segments such as PV, Aerospace etc.

The standalone business achieved revenue of ₹75,727 million, reflecting a growth of 21.1%, and PBT grew by 8.3% to ₹14,398 million. Key milestones for the year were the export business surpassing USD 0.50 billion in revenues and a sharp increase in the PV export business which grew by 71% to ₹9,553 million.

The overseas operations faced a challenging period due to supply chain issues and sharp jump in input costs. Slower than anticipated ramp-up of new aluminum forgings capacities in Germany and North America further impacted utilization rates. The business posted an EBITDA loss of ₹961 million in FY 2023. We are currently steering the path to profitability by way of improving capacity utilization, optimizing costs and cost recoveries from customers.

For the consolidated entity, topline grew by 23.4% to ₹129,103 million while the profit after tax declined by 52.8% to ₹5,084 million. The balance sheet continues to remain strong with cash of ₹31,405 million on the books and D/E (net of cash) at comfortable levels of 0.54.

The defence arm, Kalyani Strategic Systems Limited (KSSL), achieved its maiden breakthrough by bagging an export order of USD 155.5 million for supplying artillery gun system, which will be an indigenously developed and manufactured product with 100% intellectual property owned by us. Overall, the defence vertical secured orders worth ₹20,000 million, in FY 2023. The forging business secured new orders worth ₹15,000 million and JS Autocast (JSA) has secured new business worth ₹3,800 million. These order wins provide a strong revenue visibility for the coming few years.

The standalone business achieved revenue of ₹75,727 million, reflecting a growth of 21.1%, and PBT grew by 8.3% to ₹14,398 million.

For the consolidated entity, topline grew by 23.4% to ₹129,103 million while the profit after tax declined by 52.8% to ₹5,084 million.

Tonnage & Technology

We have always been a Company in motion, looking for the next big growth opportunity. Our initial breakout moment was way back in the early 90's, when we invested an amount much bigger than our top line to set up a modern 16,000 Ton press (dubbed "The White Elephant"). This laid the foundation for the next major pivot which happened in circa FY 2002-03, when we combined a massive organic growth program in India with a series of outbound acquisitions. At that time, our revenue was about ₹6,340 million. In the following two decades, we have strengthened our presence within the forgings space by venturing into industrial and PV segments, reinforcing our balance sheet and incubating various initiatives in sunrise sectors.

The results have been impressive: 20-year CAGR of 14% in sales, 13% in profitability and shareholder value creation (ex-dividend) of 19% alongside attaining market leadership position.

This time around, our transformation is centered on moving forward towards products & systems while simultaneously deepening our presence in the components space. This will be achieved by leveraging our core strengths, including strong relations with customers, and expertise in material, metallurgical, and metal forming. With this as the fulcrum, FY 2024 will witness the Company's progression up the product and system value chain across verticals with increased emphasis on technology and innovation.

The Defence vertical, incubated in 2011, has successfully graduated from developing components to sub-systems and full systems. The vertical is progressing ahead with a capability-driven strategy whereby it is leveraging expertise in metallurgy and material science and technologies like embedded electronics, control systems, artificial intelligence, etc. to develop multiple platforms and products. This makes us amongst the few Indian companies to possess such depth of capabilities, and that too all indigenously developed.

The results have been impressive: 20-year CAGR of 14% in sales, 13% in profitability and shareholder value creation (ex-dividend) of 19%.

The aluminum investments are key to having a meaningful presence in the light-weighting transition playing out in the automotive world across traditional and new energy vehicles, and to improve the overall financial performance of the international operations.

The overseas businesses, which are facing challenges, have taken a pivot from steel to aluminum forgings. With our global aluminum forging units now operational, we expect the benefits to start coming in as they begin to stabilize in FY 2024. The aluminum investments are key to having a meaningful presence in the light-weighting transition playing out in the automotive world across traditional and new energy vehicles, and to improve the overall financial performance of the international operations.

In the Industrial business, the acquisition of JSA has provided us an excellent entry in the ferrous casting space. JSA's recent acquisition of Indo Shell Mould Limited's SEZ unit has further enhanced its capacities, positioning it to become an anchor for building larger business. These acquisitions are enabling an increase in the ability to cross-sell to our existing customers and also giving us access to new customers in the Industrial sector. JSA given its reputation with customers and an accomplished management will witness strong growth in the coming years. Our ambition is to make JSA amongst the top three casting suppliers in India.

In the Aerospace business, we have leveraged our components manufacturing expertise to build a value-added portfolio and evolve into a tier-I system developer. We are exploring opportunities to become a part of the supply chain for global leaders looking to set up manufacturing facilities for large systems in India under the aegis of Atmanirbhar Bharat. This business has clear growth visibility for the next two years and is expected to grow at a steady clip in the future driven by enhancement of customers & product.

The E-mobility vertical, started in 2017, reached a milestone by consolidating all competencies under our subsidiary KPTL, including strategic investments, joint ventures (JVs) and the R&D-led knowledge to deliver at scale. This includes investments in TEVVA for electric trucks, Tork Motors for electric motorcycles and a JV with REFU for inverters. KPTL successfully started its first micro-factory in the e-mobility space during the year, for assembly of E-Bike catering to Tork Motors. It is now preparing to launch an upcoming repowering micro-factory, that will target electrifying old trucks, a big opportunity given the Indian government's mandate for old vehicle scrappage. We have received all certifications and completed mileage goals on test vehicles for this business. As a part of controlled launch, it has initiated pilot program with select customers.

In the Aerospace business, we have leveraged our components manufacturing expertise to build a value-added portfolio and evolve into a tier-I system developer.

We are positioning ourselves in E-mobility with modest investments to gain knowledge, experience and talent across electronics, mechatronics and drive train components, and expect traction as the sector grows.

We are positioning ourselves in E-mobility with modest investments to gain knowledge, experience and talent across electronics, mechatronics and drive train components, and expect traction as the sector grows.

Talent Creation for BFL 2.0

BFL 2.0 is not very different from BFL 1.0. At the core, it is all about customers, technology, innovation and scaling our capabilities and generating value for our stakeholders. As our initiatives incubated over the past decade move into the harvest phase, it necessitates dedicated approach, focus and efforts to understand nuances and dynamics of the respective verticals. Towards this, we have restructured our new businesses into subsidiaries or dedicated verticals, and have brought in young, dynamic leaders and building teams to take forward the vision. Execution competencies have also been stepped-up with dedicated plants and strengthening the team.

Stepping up ESG: Planet Positive

At Bharat Forge, we have bold ambitions to lead ESG in the manufacturing space and have set targets for the same. We also believe that ESG is going to become an enabler and differentiator as we further integrate into the global supply chain across segments.

On the environment front, we are progressing towards our vision of 50% lesser emissions by 2030, and have defined a robust decarbonization roadmap. In FY 2023, we reduced energy consumption and entered into renewable PPA for 60.65 MW. We are progressing towards water positivity by 2030, having reduced our water intensity by another 2% in FY 2023.

Our efforts in sustainable development of communities have been inspirational. Across 100 villages of Maharashtra, we have undertaken scalable measures around education, health, livelihood and infrastructure development. The impact is evident in improved literacy and standard of living of villagers. We aim to make these into sustainable green villages with net zero carbon. To our employees, we are providing a workplace that is diverse, inclusive and safe, and at the same time rewarding.

One of the key initiatives in our ESG journey and assisting our customers in the sustainability journey is the use of "Green Steel", manufactured using 100% renewable energy and 70%+ recycled scrap materials with zero GHG footprint. I am happy and proud to inform you that BFL has become the 1st company in India to utilize green steel in its forging operations and supply components to its customers.

Across 100 villages of Maharashtra, we have undertaken scalable measures around education, health, livelihood and infrastructure development. The impact is evident in improved literacy and standard of living of villagers.

We firmly believe that we are at the cusp of steady growth in the medium term which is going to be truly transformational in our ability to deliver solutions across technologies, processes and end-markets.

Vision 2030: Bigger, Better and Stronger

We firmly believe that we are at the cusp of steady growth in the medium-term which is going to be truly transformational in our ability to deliver solutions across technologies, processes and end-markets. As our initiatives in Defence, E-Mobility and Industrial moves from investing to harvesting phase, and we move from manufacturing just components to components and products/ systems involving technologies like AI, IoT and digital Industry 4.0, new opportunities are set to unlock. To this effect, we have put out a transformational vision target for year 2030.

These include:

- Consolidated revenues CAGR (FY 2022-FY 2030) of 12-15% by creating balanced income streams across components and products/systems
- Consolidated EBITDA margin of 20+% as the incubated verticals progress from investment phase to production mode and the international operations turnaround after a challenging period
- Consolidated ROCE improvement by 500 bps from FY 2022 levels of 20% driven by a combination of operational improvement & ramp-up of activities across all business verticals

Further, as the new verticals gain traction and become profitable and relevant in their respective ecosystem, we expect the capex intensity to subside and the return ratios to improve. A stronger foothold in less cyclical sectors and diversification across the customer segments of B2B, B2G and B2C will further translate into stable and predictable revenue generation. We also believe our strategy of creating own intellectual property as technology platforms will truly differentiate us.

Consolidated revenues CAGR (FY 2022-FY 2030) of 12-15% by creating balanced income streams across components and products/systems.

Final Thoughts

As we get going on achieving our business and strategic goals for the coming year and work on the glide path for Vision 2030, our focus would be on delivering G(Growth) D(Diversification) P(Profitability), Growth driven by Diversification with Profitability.

Having set our targets for an ambitious and bigger transformation, we will revisit them in FY 2026 to determine the progress and take corrective steps.

I thank all the stakeholders for their trust in us every time we transform. While we are confident of achieving results as always, we will not be complacent. Having set our targets for an ambitious and bigger transformation, we will revisit them in FY 2026 to determine the progress and take corrective steps it required. The journey will be anything but smooth and many challenges will come in the newer frontiers. We believe that we are on much stronger and stable footing.

Going forward, I seek the continued support of all stakeholders to make Bharat Forge a company that is completely different from what it is today and create value for all.

Warm regards,

B N Kalyani
Chairman and Managing Director

ABOUT BHARAT FORGE

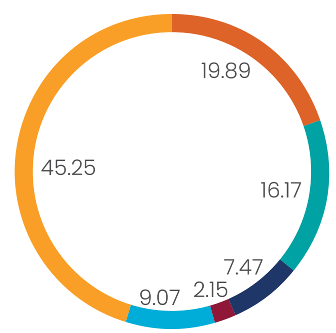
A globally leading technology and innovation-led engineering company

Bharat Forge, today, is a truly diversified and global company, engineering critical and complex solutions for automotive and industrial OEMs. Our unwavering focus on R&D and innovation to create technologically advanced engineered products has steered our transformation from a single-product, single-location enterprise to a diversified, multi-product conglomerate serving multiple sectors.

Over the years, we have grown and evolved to build a strong foundation with our deep engineering excellence, world-class manufacturing and R&D expertise.

As the world moves towards adoption of high-technology, sustainable solutions for a better future, we see ourselves playing a pivotal role and we are geared to capitalize on the mega opportunities that will arise. Our new business verticals of E-mobility, automobile light-weighting, Defence and Aerospace are already making significant progress as a result of our continued efforts in nurturing and pivoting them.

Ownership Structure (%)
As at March 31, 2023



- MF
- FII
- FI/Bank/Insurance & Provident/ Pension Funds
- Others
- Individuals/Directors/NRI
- Promoter

Numbers that Define Us

50+
Years of manufacturing experience

30+
Years of servicing export markets

USD 4.37 Billion
Market Capitalization

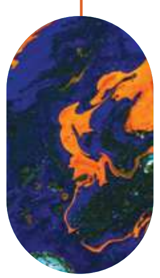
7,000+
Global Employees

ABOUT BHARAT FORGE

Enabled by market-leading expertise

Over the past two decades, we have transformed ourselves with increased focus on technology and innovation. Having started as a component supplier for commercial vehicles, we have expanded our frontiers into diverse sectors by leveraging our multi-sectoral engineering expertise, integration advantage, and innovation capabilities.

Our capability to innovate is an asset that has helped us grow and consolidate our position as a technology-driven engineering conglomerate. Innovation is the bedrock of the Company which has supported our business for the past 30 years and will drive our transformation in the future as well.



We Possess Innovation, Technology and Engineering Competencies

We excel in engineering solutions across verticals with wide-ranging competencies in materials (highly engineered steel, aluminum and titanium), metallurgy and metal forming. Our world-class manufacturing units are amongst the most advanced complemented with embedded technologies like Industrial IoT (Internet of Things), Machine Learning (ML), and Industry 4.0 standards. Our world-class R&D centers, powered by partnerships and collaborations, have decades of rich intellectual capital. They are constantly augmenting knowledge and skills in advanced materials and technologies, identifying new opportunities in process improvement, and developing new products and materials.

Together, these have enabled us to move up the value-chain, from components supplier to engineering sub-systems and even full-systems. We now have capabilities to create own technology platforms and intellectual property, enabling us to manufacture and sell them for better margins and growth, distinguishing us amongst few companies in India with such capabilities.

Reaching the Next Level – the Future of Manufacturing

We are now leveraging our multiple competencies with material, metallurgical, and metal forming as the fulcrum, to pivot to the next level and create opportunities. We intend to move up the product and system value chain across verticals with cutting-edge technologies at the core. Our strategic priority involves graduating from manufacturing of critical components to making sub-systems and full systems.

Engineering expertise across diversified businesses

AUTOMOTIVE

Passenger Vehicles · Commercial Vehicles · E-Mobility

Our Expertise

- India's largest auto component exporter
- Amongst world's leading powertrain and chassis components manufacturer having front-line design and engineering, dual shore manufacturing and full-service supply capabilities
- Products supplied to leading global automotive OEMs and Tier I suppliers
- Capability across steel and aluminum forgings and castings
- Process knowledge and manufacturing competencies

INDUSTRIAL

POWER

Our Expertise

- Manufacturing critical components for thermal, wind, hydro and nuclear applications across geographies
- Built capabilities in renewable energy

RESOURCES (OIL & GAS, CONSTRUCTION & MINING)

Our Expertise

- Manufacturing critical, high-end construction and mining components
- Highly durable products for use in extreme temperature and pressure applications
- Explore potential for sub-systems leveraging wide construction equipment component manufacturing competence of JS Autocast

DEFENCE AND AEROSPACE

Our Expertise

- Indigenous capabilities in Defence business across diverse metallurgy and material science, advanced technologies (embedded electronics, control systems, AI & data analytics) and platform/products development enabling full system capabilities across artillery systems, protected vehicles, armored vehicles and unmanned systems
- Reputation for manufacturing top-quality rotating and landing gear components for global aerospace players with zero-defect supported by an end-to-end digital footprint
- A long-standing supplier of critical components to Indian defence establishments and global aerospace players

RAIL AND MARINE

Our Expertise

- Leading railway engine components manufacturer in domestic and global markets
- Capability of supplying indigenously developed turbochargers for rail applications

GENERAL ENGINEERING

Our Expertise

- Manufacturing high quality and durable products for a range of heavy engineering applications

ABOUT BHARAT FORGE

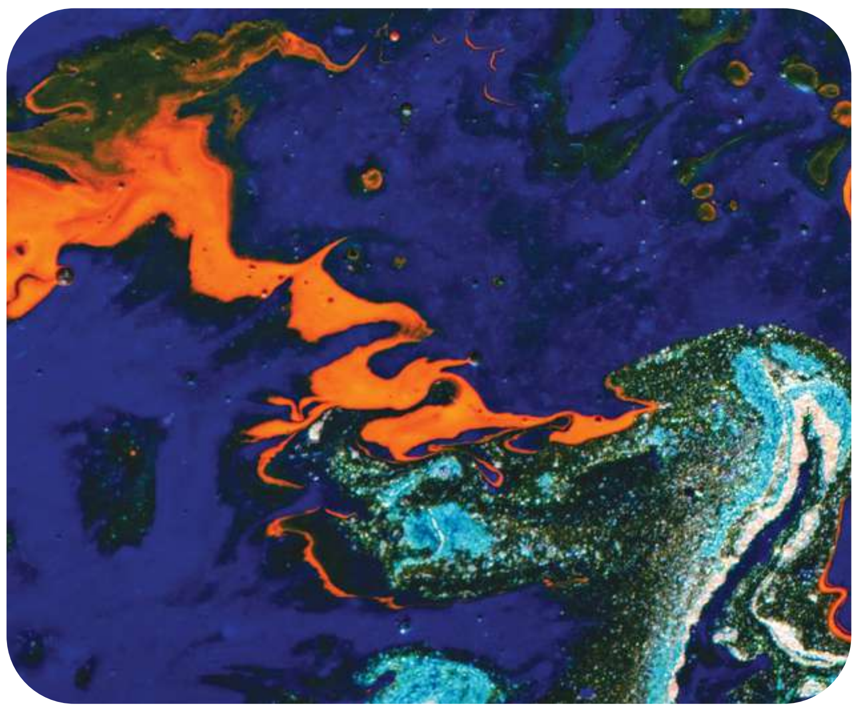
Powered by best talent and leadership

Our engineering, technology and innovation competencies are anchored by our rich talent pool and visionary leadership that ensures best outcomes. Their expertise provides us differentiation, and is yet another fulcrum that will assist us in pivoting to the next level.

Exemplary Leadership Driving our Business

Our dynamic leadership team along with our skilled talent pool has been the key to our continued growth and success. We have always invested in right talent and skill sets to ensure delivery of best outcomes and take the organization to the next level. Our team members come from diverse backgrounds with unique competencies and rich expertise and experience. With the business landscape rapidly evolving, we are empowering them with future-ready skills to build a robust leadership pipeline to drive our competitiveness.

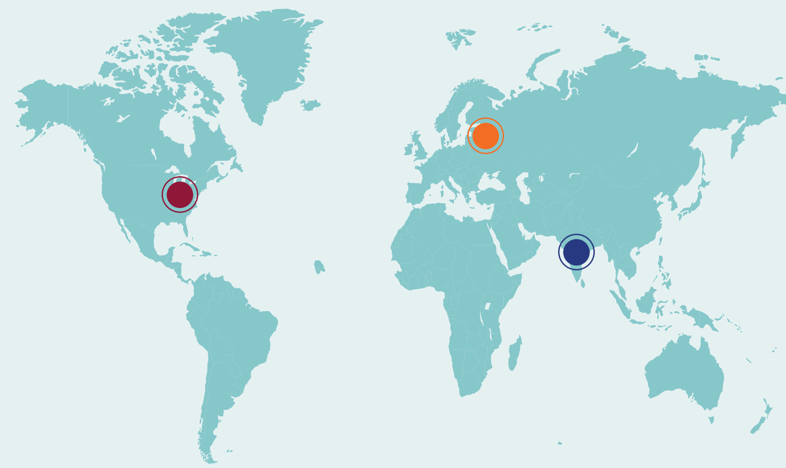
With this mindset, we have restructured our new businesses into dedicated verticals and have brought in young, dynamic leaders to take forward our ambitious vision. We have consolidated our Defence businesses under Kalyani Strategic System Limited (KSSL), a 100% subsidiary of Bharat Forge. The combined competencies along with a top-notch leadership team will enable us to better target opportunities in defence in India and exports. Similarly, our E-mobility business has been spun off into a single entity — Kalyani Powertrain Limited (KPTL) which is a 100% subsidiary of Bharat Forge. This will bring more synergies in functioning of the E-mobility business and strengthen prospects with a unified approach and talented team.

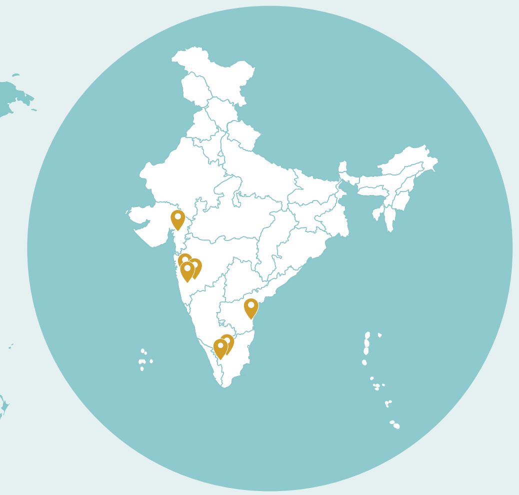


GEOGRAPHIC FOOTPRINT

Trusted to deliver globally

Bharat Forge is an innovative engineering player having leading positions in the principal markets of India, North America and Europe where we provide support and value-added services to customers through local presence. Our operations are spread across 15 manufacturing facilities in 5 countries. We continually invest in innovation and modernization to strengthen our manufacturing competencies and global presence.





750,126 TPA

Total capacity*

India

8

Manufacturing plants

Manufacturing plants
Forging and Machining plants: Pune, Baramati, Satara, Chakan, Vadodara
Iron castings plant: Coimbatore, Erode
Aluminum castings plant: Nellore

Bharat Forge
Steel Forging Capacity: **403,750 MTPA**
Aluminum Casting Capacity: **2,400 MTPA**

BF Industrial Technology & Solutions
Steel Forging Capacity: **20,000 MTPA**

JS Autocast
Iron Casting Capacity: **53,976 MTPA**

North America

2

Manufacturing plants

Steel Forging Capacity: **30,000 MTPA**

Aluminum Forging Capacity: **10,000 MTPA**

Europe

5

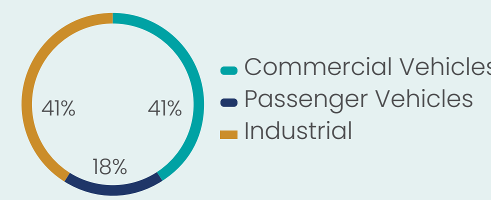
Manufacturing plants

Steel Forging Capacity: **190,000 MTPA**

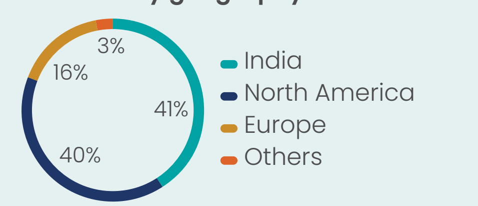
Aluminum Forging Capacity: **40,000 MTPA**

Revenue profile#

Revenue by business



Revenue by geography



*Consolidated numbers #Standalone numbers

BUSINESS MODEL

Driven by a robust business model to deliver superior outcomes

INPUTS

Financial Capital

Total capital employed	₹141,941 Million
Debt to equity ratio (net)	0.29
Capex	₹3,006 Million

Manufactured Capital

Number of manufacturing plants	5
Material cost	₹32,833 Million
Manufacturing costs	₹11,199 Million
Total capacity	403,750 TPA
Industry 4.0 enabled operations	
Investment in renewable energy	₹276.54 Million

Intellectual Capital

R&D spending	₹582 Million
R&D spend as a % of revenue	0.77%
Patents filed	7
R&D team strength	290

Human Capital

Total employees	4,259
Employee benefit expense	₹5,430 Million
Total training hours / awareness sessions	53,395 hours
Focus on employee diversity	-

Social and Relationship Capital

CSR spending	₹137 Million
Employee voluntary hours	3,000 hours
CSR focus areas - Village Development, Education, Community Development, Sports, Skill Development	

Natural Capital

Renewable energy	85.11 MW
% of energy consumed from renewable sources	29%
No. of trees planted	100,000+

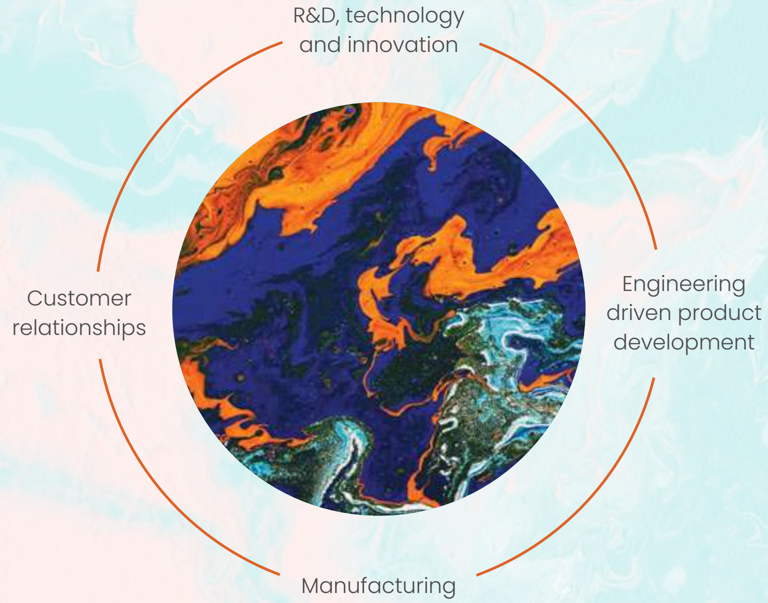
PRINCIPAL ACTIVITIES

- Research and Development
- Design and Simulation
- Tools and Die Making
- Forging
- Precision Machining

SOURCES THAT ENABLE OUR VALUE CREATION

- Deep culture of innovation for technology and product differentiation
- Robust forging competence supported by Industry 4.0 excellence
- Deep and nurtured relationships
- Technical know-how of people
- Vertically integrated model with end-to-end capabilities

VALUE CREATION MODEL AND PRINCIPAL ACTIVITIES



OUTPUTS

246,467 tons
Total Tonnage

Key segments and products

Automotive


Commercial Vehicles


Passenger Vehicles

Industrial


Power and Oil & Gas


Wind


Rail


Marine


Aerospace


Construction and Mining


Defence


Agriculture

OUTCOMES

Financial Capital

Total income	₹75,727 Million
EBITDA	₹19,280 Million
PAT	₹10,455 Million
Total Dividend per share (Interim + proposed final dividend)	₹7
RoCE (Net of surplus funds)	16.2%
RoNW	13.6%

Manufactured Capital

Tonnage shipped	246,467 MT
Leading manufacturer of powertrain and chassis components	
Automotive segment revenue	59%
Industrial segment revenue	41%

Intellectual Capital

Process improvement	12
Product improvement	14
Technical papers published and presented	8

Human Capital

Employee productivity (revenue per employee)	₹17.78 Million
Loss time injury frequency rate	0.68

Social and Relationship Capital

Lives touched through CSR	231,544
Women empowered	910
Students benefited	47,535
Youths skilled	3,000

Natural Capital

Waste water reused	100%
GHG emission avoided by use of renewable energy (tCO_2e)	83,656
Increase in energy consumed from renewable sources	9%
Reduction in hazardous waste disposal (MT/Year)	122.53 / 13%

STRATEGY

Charting the roadmap to stronger and sustainable growth

Our strategic roadmap reflects our long-term objective of driving sustainable growth and becoming an innovative engineering company. Towards this, we have laid down 'Vision 2030' which entails achieving a set of financial targets and pivoting Bharat Forge to move up the products and systems value chain backed by world-class technologies.

Vision 2030: Capability Driven Strategy

The Objective

Progress to BFL 2.0 by scaling our competencies and reaping benefits of our investments

- Create balanced income streams across components and products/ systems
- Advance incubated verticals from investment phase to production mode
- Turnaround international operations
- Achieve operational improvement across all verticals and shrink balance sheet with deleveraging
- Progressively optimize efficiency of new verticals like Defence and E-mobility

Targeted result:

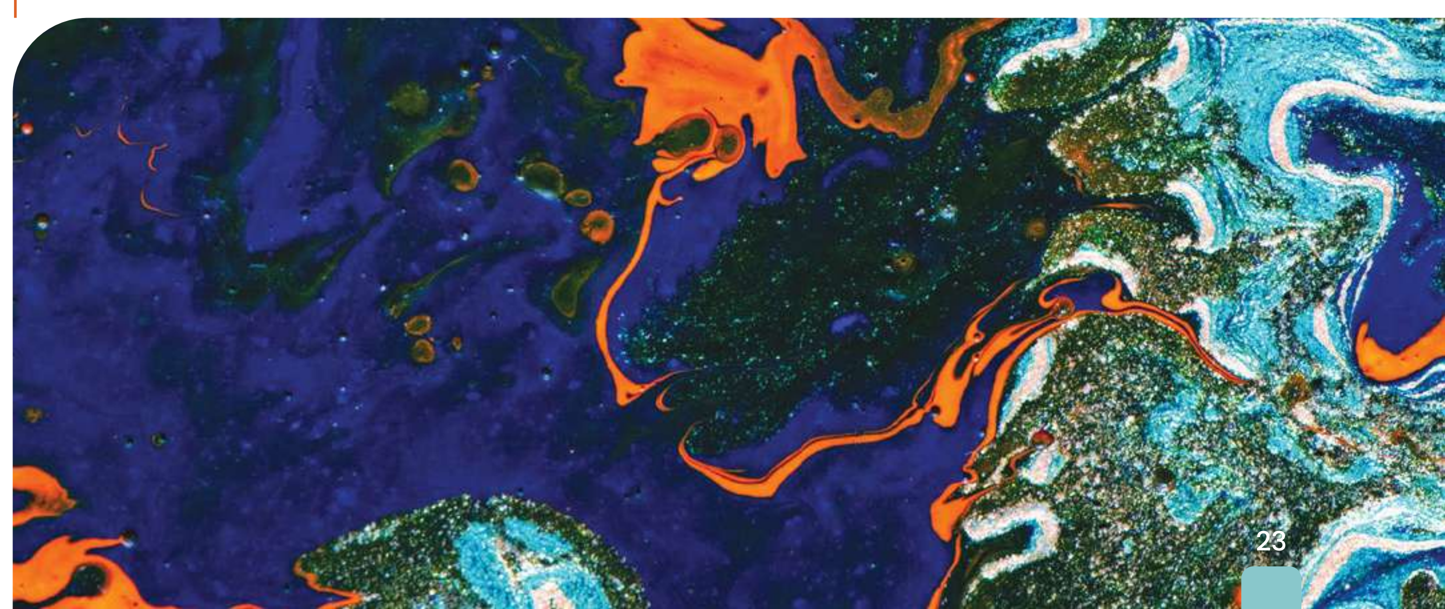
12-15% CAGR
consolidated revenues (FY 2022-FY 2030)

20+%
consolidated EBITDA margin

500 bps
increase in consolidated ROCE (from FY 2022 levels of 20%)

Strategic Way Forward

Grow the Core (Traditional core components business)	• Secure more business with supply chain consolidation in India's favor with China+1 and Europe+1 • Alignment with customer strategy
Expand the New Segments and Technologies	• **Components and industrial:** Increase value content by growing customers and segments, geographical expansion and transitioning to product development • **Defence:** Leverage our competencies including in artillery systems to transform from a component supplier to a products/system supplier • **E-mobility:** Play the full spectrum of automotive sector (2W, CV, PV), increase content per vehicle and evolve to become a supplier of solutions across castings/forgings across various materials, power electronics and subsystems • **Aerospace:** Grow components around engine, aero structures and landing gears



STAKEHOLDER ENGAGEMENT

Engaging proactively with stakeholders

Our stakeholders are the most important partners in our journey to deliver long-term value. Effective stakeholder engagement is the key to delivering on our strategic objectives. We seek to balance the needs, interests, and expectations of stakeholders with those of the business through an integrated and inclusive process.

Stakeholder Engagement Process

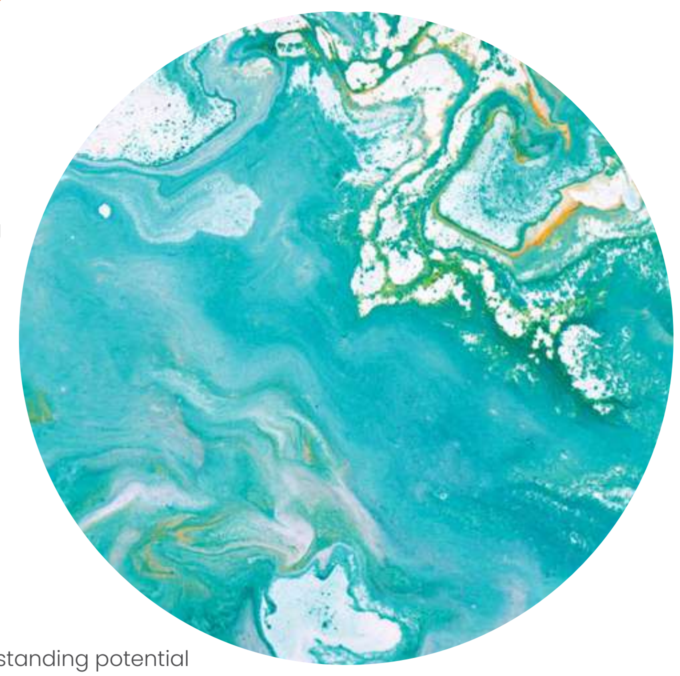
Identification of key issues that will shape our operating environment as well as potential long-term and medium-term challenges

Examining root cause of the challenges for designing effective mitigation strategy

Recognizing business opportunity as market changes to stay ahead of our competitors

Understanding potential disruptions to our markets, business models and supply chains and be prepared to respond

Developing relationships with experts who will enable proactive shaping of our business model



Read more
Page 130
Business Responsibility and Sustainability Report section

Value Delivered to Stakeholders in FY 2022-23

Nurturing Stakeholder Relations	Value Created
EMPLOYEES • Challenging work, with opportunities to make a difference • Career development and advancement opportunities • A safe and healthy work environment, supported by flexible work practices • Fair remuneration, effective performance management and recognition	**₹5,430 Million** Expenses and benefit
SHAREHOLDERS • Attractive and sustainable growth strategy • Transparent reporting and disclosure • Sound ESG practices, measured through ESG ratings • Strong balance sheet to protect against downside risk	**₹3,259 Million** Dividend declared
COMMUNITIES • Limiting our own impact on the environment • Partnering on common social and environmental issues • Developing products which reduces ours & customers carbon footprint	**₹137 Million** CSR spending
GOVERNMENT • Compliance with all legal and regulatory requirements (meeting minimum regulatory requirements) • Being a responsible taxpayer in the countries in which we do business • Active participation and contribution to industry and regulatory working groups	**₹3,373 Million** Paid in taxes to the government
CUSTOMER • Responsible and ethical business partner • Excellence in client servicing and meeting their dynamic requirements • Partnering with customers in enabling their growth	**Differentiated products and solutions and engineering support** Despite supply chain issues
BUSINESS PARTNERS • Sustained business opportunities • Timely payments for cash flow predictability • Trusted and collaborative working relations with necessary support for evolving business needs	**Strengthened long-term partnerships**

MATERIALITY

Addressing material matters effectively

We are constantly working on identifying and analyzing the key material issues that could impact us, our stakeholders and the values we create. The material findings are indicative of the future trends, potential business risks, and new business opportunities, and have been collated with inputs from key stakeholders. We have embedded material considerations in our strategy and taking right actions to effectively address them and facilitate long-term value creation.

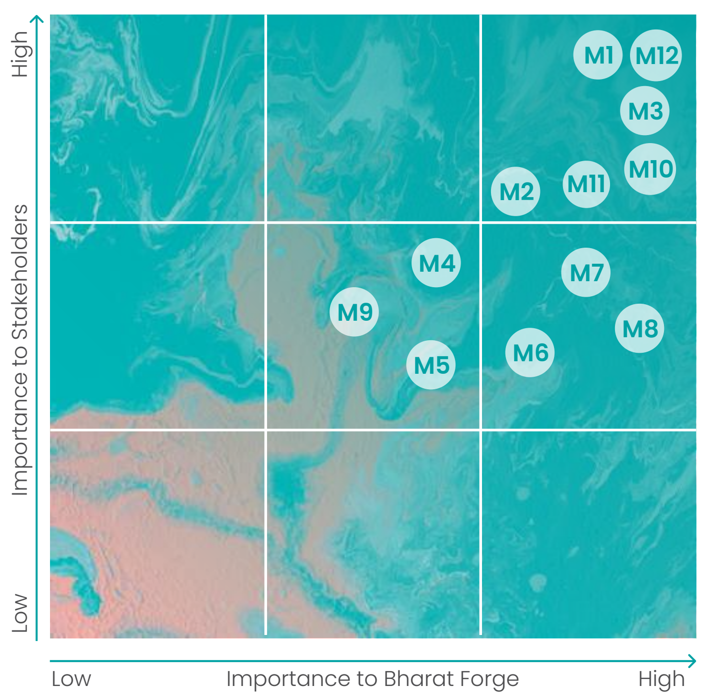
Determination of Material Issues

We have conducted an in-house engagement activity involving teams from across all functions to identify all the material issues relating to our business. We have arrived at these issues basis feedback from routine engagements with external stakeholders, distribution of survey-based forms to internal stakeholders and benchmarking with peers while keeping in mind the GRI standard principles of materiality.

Read more
Page 130
Business Responsibility and Sustainability Report Section

Our Material Matters

Material matters		Capital at risk
M1	Sustained performance and quality	
M2	Health, safety and environment	
M3	Climate change	
M4	Intellectual property	
M5	Innovation	
M6	IT, data center & farsight disaster recovery	
M7	Training and education	
M8	Maintenance	
M9	Data protection	
M10	Brand risk/reputation	
M11	Customer satisfaction	
M12	Disaster recovery	



RISK MANAGEMENT

Proactive approach to risk management

We operate in a dynamic environment which not only provides opportunities but also exposes us to various risks. To proactively identify and manage key risks for achieving our strategic objectives, we have put in place a well-defined Enterprise Risk Management (ERM) framework.

Economic Risk

Slowdown in the macro-economic environment or industry may impact our business and revenues.

Mitigation Strategy

Over the years, we have strategically diversified operations both geographically and across industries to reduce dependence on any single location or industry. In terms of geography, we have extended our presence in North America and the European markets through our subsidiaries. However, the geopolitical tensions caused by Russia-Ukraine crisis and the high inflationary environment pose risks to international operations. Our efforts to consolidate aluminum forgings operations with new capacity creation in these locations in line with auto OEMs focus on lightweighting components are progressing well and likely to stabilize in FY 2024.

Further, we have a widespread presence across Automotive, Defence, Oil & Gas, Mining and Construction, Power including Renewable Energy, Aerospace & Defence, and E-mobility segments. The Defence business is gaining immense traction driven by the government's increased focus on indigenization. The E-mobility, after building competencies, has established a go-to-market strategy and invested in manufacturing units which will soon commence commercialization. We continue to explore newer geographies and newer customers to further boost our market share and growth.

Foreign Exchange Risk

As 59% of our revenue is generated from exports, we are exposed to the risk of fluctuations in foreign currency. Even though we prudently hedge our exposure, any unfavorable movement in the exchange rates may impact our profitability.

Mitigation Strategy

We undertake adequate hedging and enter into simple forward contracts on a rolling basis to insulate ourselves from exchange rate fluctuations. Further, we ensure a natural hedge by maintaining foreign currency borrowing less than exports at any given time.

Raw Material Risk

Failure to procure key raw materials at competitive rates may impact business operations and profitability.

Mitigation Strategy

Steel is the primary raw material which is procured through a group company, approved by the customer and executed on an arms length basis, thereby ensuring its steady availability at competitive prices. In recent years, Bharat Forge has also expanded to aluminum forgings and castings and also has competencies in titanium which diversifies its raw material requirements. We ensure efficient use of materials through our patented in-house manufacturing which ensures zero scrappage. Besides, we enter orders with a price pass-through clause to mitigate the risks of high input costs.

In the current environment, we face heightened raw material risks given the supply chain disruption and volatility in prices due to Russia-Ukraine war and restricted activities in China. Despite the challenges, Bharat Forge maintains sustained production and observes the evolving situation.

Talent Risk

Skilled manpower and its retention are paramount for the Company's sustainable growth. Failure to attract and retain competent teams may affect our operations.

Mitigation Strategy

We have conducive people-centric policies and promote meritocracy across all hierarchies. Regular programs are conducted to ensure health and safety, employee engagement, and skill development. Trainings are also provided on future-ready skills including in Industry 4.0, sensor, robotics and manufacturing engineering. Further, we promote new talent acquisition and reward excellent employee performance.

Cybersecurity Risk

Bharat Forge deals with huge sensitive and confidential information. With increasing digitization, the Company is exposed to the risks of cyberattacks. Inability to beef up security measures and protect data may lead to litigation issues and reputational damage.

Mitigation Strategy

We have significantly enhanced cybersecurity measures amid the growing threat of cyberattacks. We are certified for information security management system ISO 27001:2013 and ensure stringent adherence to the controls stated in it. The Company's layered security approach supported by new-generation tools ensures real-time threat prevention. Additionally, we regularly conduct Voluntary Product Accessibility Template (VAPT) and independent third-party validations which help in identifying actions for enhancing IT infrastructure. Further, awareness sessions and trainings are conducted for employees to strengthen security measures.

Technology Risk

We operate in a highly competitive, regulated, and cyclical industry. The automobile industry is the midst of a technology transformation in the form of CASE (Connected, Autonomous, Shared and E-mobility) that poses a risk of products becoming irrelevant. Failure to stay abreast with the evolving technological developments may damage our global competitive position.

Mitigation Strategy

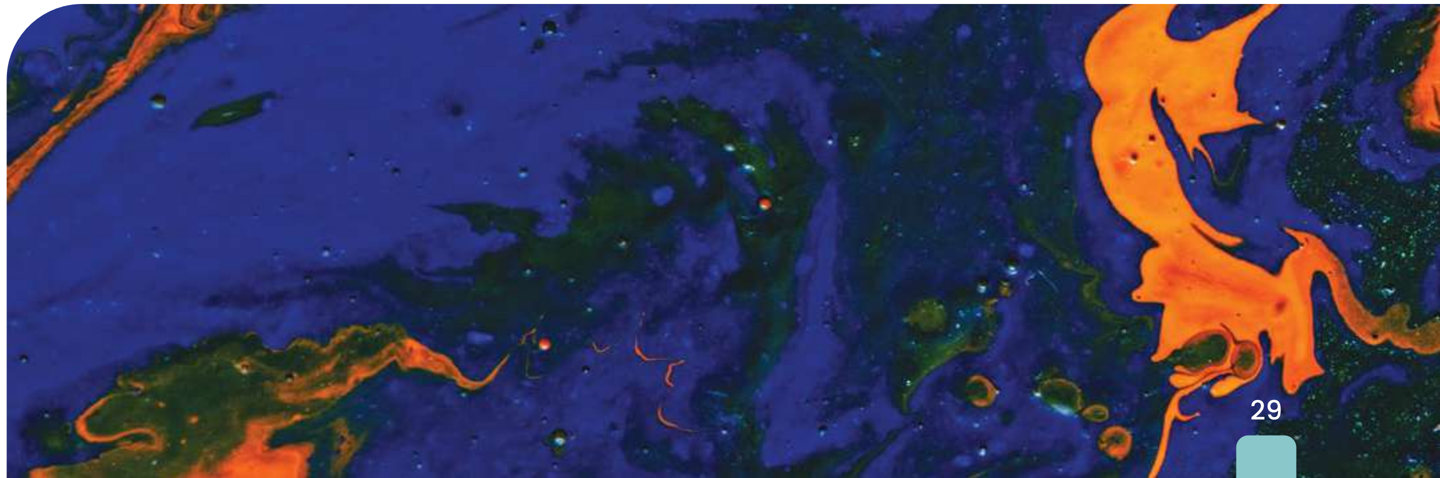
Bharat Forge has always been at the forefront of leading technological changes. Even as technologies like E-mobility and lightweighting are beginning to gain traction, we are building competencies and capabilities with several products developed in these areas. In Defence business, we are amongst the very few companies to have completely in-house developed competencies. In Aerospace business also we have established global reputation for expertise in critical components manufacturing. We have further made substantial investments in state-of-the-art technologies like Industrial Internet of Things (IIoT) and Industry 4.0, that are driving greater productivity and making operations more reliable. Rapid adoption of SAP ERP, robotic process automation, digital thread, and data analytics, etc. has enabled us to strengthen competitiveness.

Funding Risk

Our operations entail sustained investments in capacity, technology, and extensive R&D. This necessitates availability of funds at competitive rates which has become crucial in the current operating environment with the war, high inflation, and supply chain issues. Failure to obtain funds at competitive rates and at the right time may impact profitability.

Mitigation Strategy

We have a strong balance sheet at a standalone level with robust cash and cash equivalent position at ₹22,067 million as on March 31, 2023. Our prudent working capital management and capex allocation have enabled us to reduce debt. As on March 31, 2023, Bharat Forge maintained a healthy net debt/equity at 0.29 and a net debt/EBITDA of 1.14 despite having committed a capex of ₹3,006 million in FY 2023. This provides ample headroom to source external funds, if required.



Vision 2030

MULTIPLE PATENTS

EVOLVED TECHNOLOGY

PEOPLE
PROCESS
INNOVATION

NEW ALLOYS EXPLORED

DIVERSE SECTORS

FINANCIAL CAPITAL

Transformational strides underpinned by firm financials

We have always focused on generating strong business cashflows and maintaining stringent capital discipline to maximize shareholder returns. Our ability to maintain a strong balance sheet and cash position has supported exponential growth and value-creation across our businesses over adverse market cycles.

Managing our Financial Capital

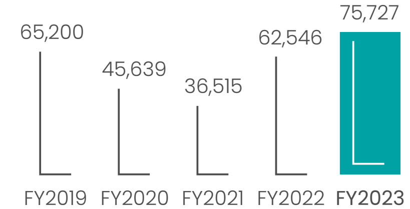
Through the last decade, we have made a remarkable progress, transitioning from a cyclical business to a well-diversified manufacturing conglomerate. Towards that end, we have made substantial investments in augmenting capacity and developing new products, all the while balancing growth needs with financial prudence. With a strong cash balance of ₹22,067 million and a net debt-to-equity ratio of 0.29, we remain well-placed to commit important capex as the need arises. This strategy has allowed us to incubate transformational businesses like Defence, strengthen our EV offerings and execute inorganic opportunities in the industrial space, irrespective of economic downturns. These verticals, catering to a well-diversified set of end users, provide a cushion against the vagaries of cycles in the commercial vehicle business.

The fruits of our efforts are becoming evident, as some of these businesses are nearing break-even. Additionally, despite a volatile environment, we have repaid loans worth ₹10,634 million in the last three years. Going ahead, as monetary conditions are likely to remain tight, we shall actively pursue further debt repayment.

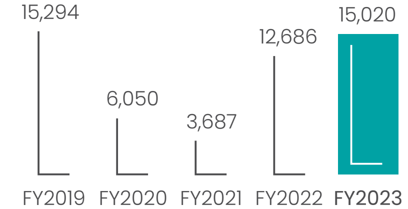
Bharat Forge's underlying business continues to deliver strong returns. Accordingly in the spirit of translating these returns in value for our shareholders, the Board of Directors of your Company has recommended a final dividend of 275% for FY 2022-23, in addition to the interim dividend of 75%.

Financial Highlights

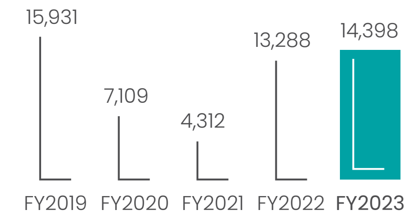
Revenue from Operations
(₹ Million)



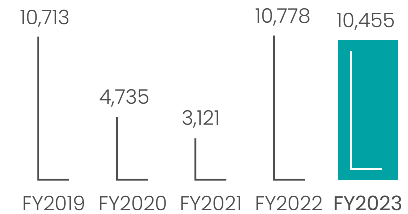
EBIT
(₹ Million)



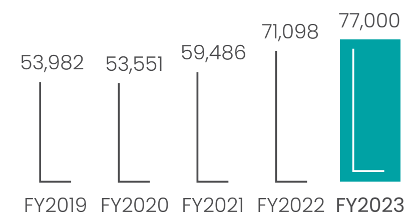
Profit Before Tax
(Before Exchanged Gain/Loss)
(₹ Million)



Profit After Tax
(₹ Million)

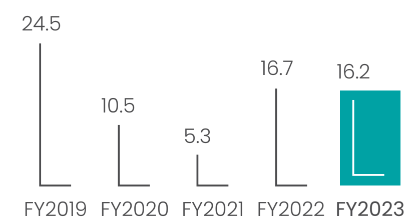


Net Worth (₹ Million)



Debt Equity Ratio (Net of Cash)

ROCE (Net of Cash) (%)



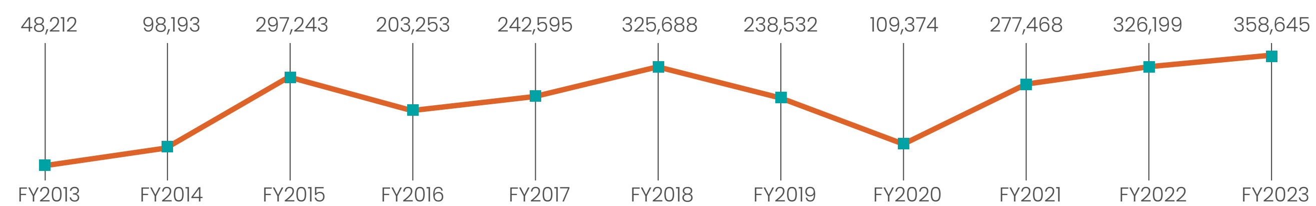
RoNW (%)

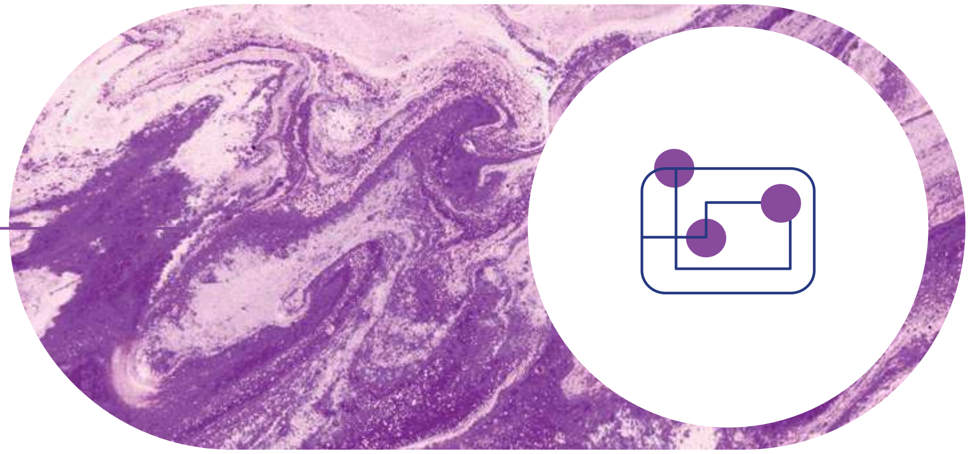
22%
10 year market capitalization CAGR

₹59.4/share
Total dividend paid per share in 10 years

₹2,058 Crore
Total payout

Value Created for Shareholders
Market capitalization (₹ Million)





INTELLECTUAL CAPITAL

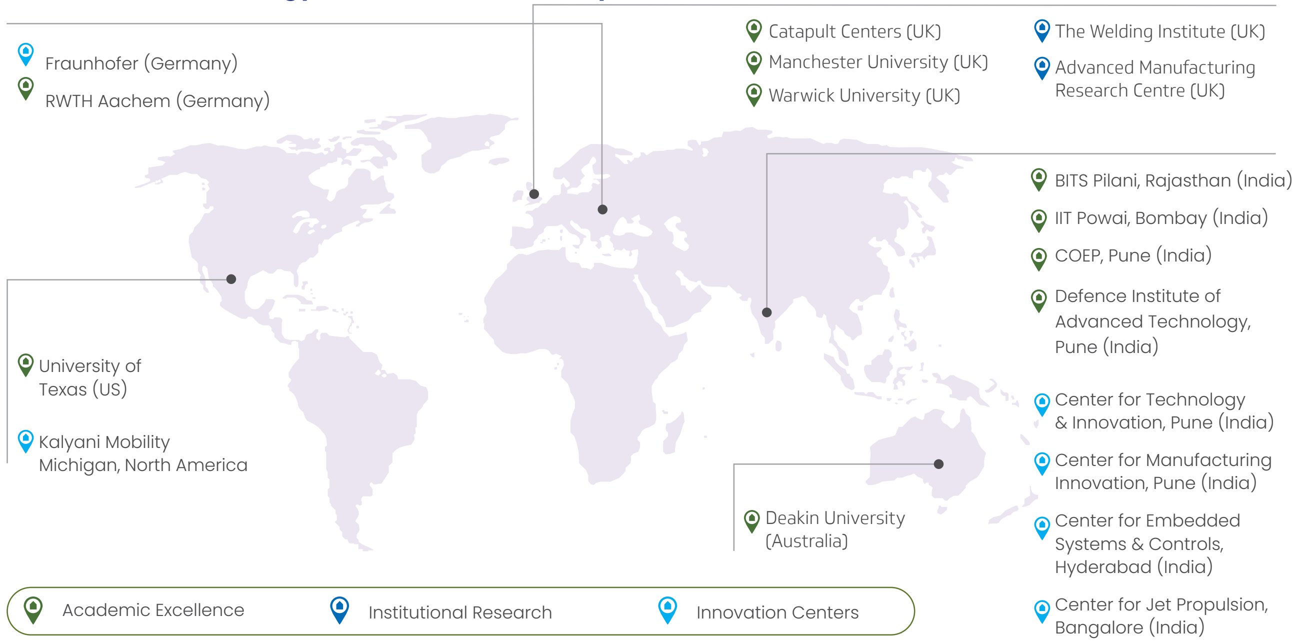
Promoting an environment that fosters innovation and excellence

Innovation is at the core of our operations. Our intellectual capital fuels our ambition of developing smart and innovative engineering products to respond to customers' evolving needs and create long-term value.

SDGs impacted

7 8 9 11 12

Our Global Technology and Innovation Ecosystem



Our R&D Infrastructure

Kalyani Centre for Technology and Innovation (KCTI)

- Provides advanced technical training and academic courses to our people
- It undertakes R&D in metallurgical properties of various metals, optimization of forging processes, value addition and value engineering (VA/VE), development of total systems, co-develop products and processes with BFL

Kalyani Centre for Manufacturing Innovation (KCMI)

- It undertakes R&D in new product development, incubating new technologies through rapid prototyping, establishing design for manufacturing processes and technologies

Kalyani Mobility

- It supports product development for light-weighting and E-mobility business
- Incubating disruptive technologies in material alloys and manufacturing processes

Key innovations and Product Development

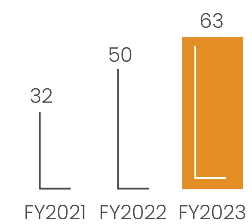
In FY 2023, we stepped up efforts on innovation and new product development (NPD) to stay competitive in the industry amidst heightened penetration of emerging technologies. Key measures undertaken include:

290
R&D employee strength

84
Total Patents filed till date

21
Total Patents granted till date

New Products Developed



Strengthening Information Technology Infrastructure

Industry 4.0
Rolled out real-time operations monitoring from command control center

Predictive/ Preventive
Shifted focus towards preventive maintenance

Cybersecurity
Established security operations center for pro-active mitigation of cyber threats

Incubation of new technologies
Tapping partnerships with academia to incubate technologies like Generative AI and Hyper automation

MANUFACTURED CAPITAL

Powering a self-reliant India with manufacturing excellence

With the world evolving rapidly and India stepping up to make up for the world, we, at Bharat Forge, are well-positioned to deliver. We are consistently investing in augmenting our capacities through both organic and inorganic routes to achieve excellence in manufacturing and reinforce our leadership position in the industry.

SDGs impacted

Re-powered electric truck

Augmenting Manufacturing Capabilities

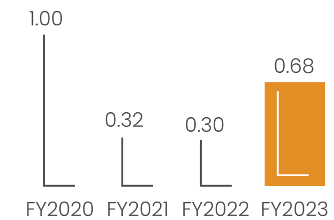
We see significant opportunities across our business segments which will necessitate us to enhance our capacities and competencies. In FY 2022-23, we committed ₹3,006 million towards capital expenditures.

Global Manufacturing Standards

Certifications	Scope	Sector
ISO 9001:2015	Forging, machining and fabrication of components	Engineering and Capital Goods
IATF 16949:2016	Forging and machining of steel components	Automotive
AS 9100:2016	Forging and machining	Aerospace & Land Turbo Machinery
NADCAP	Covers manufacturing and testing process	Aerospace
DGAQA	Manufacturing and machining	Aerospace
ISO/IEC 17025:2017	General requirements for testing process	Automotive/ Aerospace/Turbo Machinery
API Spec Q1 & 20B	Heavy forging	Oil & Gas
ISO 14001:2015	Forging, machining and testing	Environment Management
ISO 45001:2018	Forging, machining and testing	Occupational Health & Safety
ISO 27001:2013	Design, Defence, IT and data center	Information Security

Operational Excellence and Cost Optimization

Loss Time Injury Frequency Rate
(per million man hours)



Embedding ESG into Operations

In a world where climate change and socio-economic challenges have increased, advancing Environment, Social and Governance (ESG) has become a business imperative. To this effect, we have made ESG an important part of our corporate strategy alongside setting goals and defining a robust governance framework to make positive at scale.

Sustainability framework

Our sustainability framework guides our actions to address the material risks and opportunities that may impact our customers, investors, employees, value chain partners, and the communities in which we operate and serves as the foundation for our approach to sustainability. We have adopted a top-down approach to imbibing the values of sustainability across our operations. We keep evolving this approach and adopting best practices to create viable options and meet the increased demand for sustainable solutions.

FY 2023 saw us take a pledge to become ESG leaders within the manufacturing sector – a bold ambition, powered by a clear purpose. This belief is the very foundation of our ESG purpose, and the driving force behind our sustainability initiatives and investments. We have set ambitious targets and laid a robust decarbonization roadmap for mainstreaming ESG into our operations. Further, we have formed an ESG committee with Executive-cum-Deputy Managing Director at the helm to ensure appropriate oversight and guidance.

Our Sustainability Roadmap

ENVIRONMENTAL

We strive to protect the environment by improving efficiency and reducing emissions.

1. Improving Resource Efficiency
2. Reducing Emissions & Waste

SOCIAL

We strive to nurture our people, business partners and communities by empowering them to shape the future.

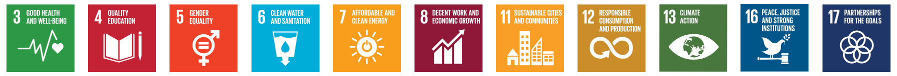
3. Growing Human Capital
4. Engaging Business Partners
5. Giving Back to Communities

GOVERNANCE

We strive to build an organization which stakeholders can trust by ensuring good governance and ethics.

6. Good Governance
7. Compliance to Ethics

11 of 17 SDGs favourably impacted through our roadmap



7 Objectives and 25 Measures* : Aligned with UN SDGs

ENVIRONMENTAL

1 Improving Resource Efficiency

- 80% of electrical energy to be renewable by 2030
- 60% reduction in energy intensity by 2030
- 40% absolute reduction in freshwater consumption by 2030
- 60% recycled water use by 2030
- Water positive by 2030
- Zero waste to landfill by 2030

Alignment with SDGs: 6 Clean Water and Sanitation; 7 Affordable and Clean Energy; 12 Responsible Consumption and Production; 13 Climate Action

2 Reducing Emissions & Waste

- 50% lesser Scope 1 & 2 emissions by 2030
- 30% lesser Scope 3 emissions by 2030
- 50% waste intensity by 2030
- 50% secondary raw material by 2030
- Carbon neutral in operations by 2040

SOCIAL

3 Growing Human Capital

- >75% in employee engagement by 2030
- 75% reduction in lost time incidence frequency rate by 2030
- 20% women in managerial & leadership positions

4 Engaging Business Partners

- Ensuring ESG practices at suppliers by 2030
- 50% RE use by top suppliers by 2030
- PCF for mainstream products by 2030
- 30% lesser CO2 in/unit by 2030

5 Giving Back to Communities

- Plant 1 million trees by 2030
- 100 green villages by 2030
- Contribute to education & skill development

Alignment with SDGs: 3 Good Health and Well-Being; 4 Quality Education; 5 Gender Equality; 8 Decent Work and Economic Growth; 11 Sustainable Cities and Communities; 17 Partnerships for the Goals

GOVERNANCE

6 Good Governance

- Robust compliance management system and 100% compliance
- Ensure effective data privacy management

7 Compliance to Ethics

- Deployment of business ethics policies
- 100% of employees trained on business ethics policy

Alignment with SDGs: 8 Decent Work and Economic Growth; 12 Responsible Consumption and Production; 16 Peace, Justice and Strong Institutions; 17 Partnerships for the Goals

*2019 is considered as baseline year

Village development through women empowerment

Sustainability Contributions to UN SDGs

ENVIRONMENTAL

- Progress towards low carbon economy by enhancing the share of renewable energy, conversion to cleaner fuels and by achieving energy efficiency in operations
- Estimated the GHG emissions from operations and identified actions to reduce them
- Improving the resource efficiency by focusing on reduce, recycle and reuse principle. Increased the use of secondary raw material in the process
- Reducing waste generation, disposing them off effectively and moving towards the aim of zero waste to landfill
- Established a robust water management system to measure and monitor the water consumption. This would help in reducing the freshwater consumption, increasing the use of recycled water and achieve water positivity in the coming years

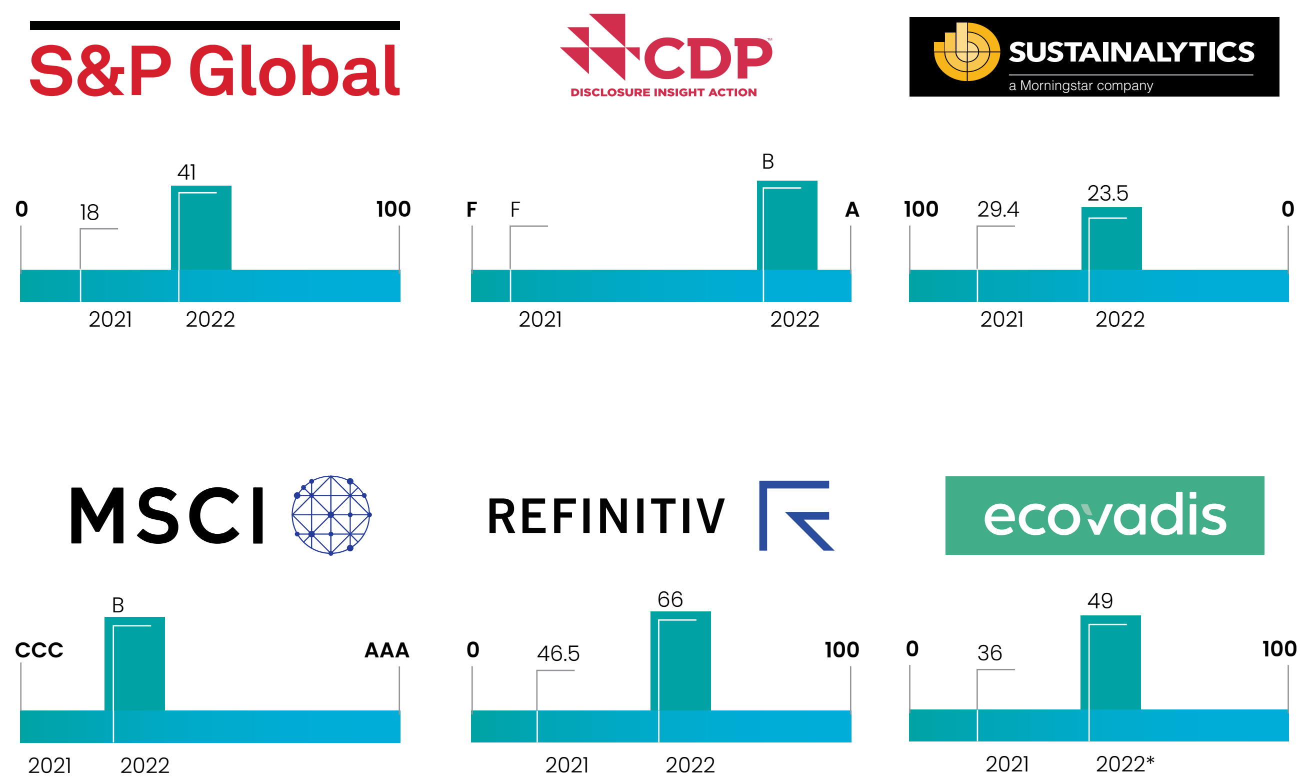
SOCIAL

- Deployment of best practices towards employee health and safety to reduce workplace incidents
- Train employees on emerging technologies and enable them to understand advanced engineering concepts
- Established a strong connect with the suppliers on their commitment towards our supplier code of conduct and supplier self-assessments on sustainability
- Sustained engagement with customers through digital platforms and team visits to deliver on new product development needs
- Undertaking holistic development in 100 villages covering areas of water availability, livelihood opportunities, enhancing healthcare, promoting education and creating infrastructure. These villages are to be assessed and certified as 'Green Villages' by an external agency
- Undertaken programs on education and skill development for youth, women, and farmers to empower them

GOVERNANCE (including economic)

- Conformance to ethical practices and regulatory requirements with no instances of non-compliance. Maintained our track record of a trusted organization
- Ensured high standards of governance and accountability; initiated BRSR reporting along with the sustainability reports and integrated annual reports
- Driving innovation and technology for good - light weighing of automobiles to make them fuel efficient, developing E-mobility solutions for cleaner transport and Industry 4.0 led innovative technologies to increase plant productivity
- Implementation of robust cybersecurity practices to ensure protection of customer data and our assets
- Ensuring job creation and economic growth in our operational regions

ESG Ratings



*Bronze Medal

HUMAN CAPITAL

Fostering a high-performance culture

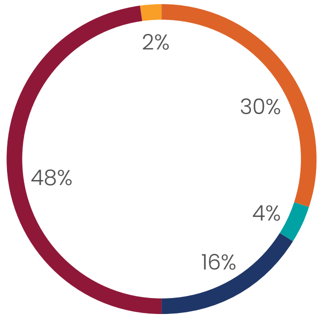
The skills, experience and diverse perspectives that our people bring in are key to our long-term goals. We strive to create an extraordinary work environment that empowers them to unlock potential and encourages them to deliver their best.

SDGs impacted

Diversity and Equal Opportunity

We believe in creating an open work environment through fostering a culture of inclusivity and equality. We are committed to maintaining a diverse workplace regardless of discrimination based on ethnic origin, culture, religion, age, gender, sexual identity or any other status. Our geographical presence across the country allows us to recruit employees from varied backgrounds and experiences.

By Qualification



Engineers	1,260
Post-graduates + PhD	165
Other graduates	701
Diploma + ITI	2,047
Others	86

With the aim of improving gender ratio, we have commenced a program within selective functional areas of the manufacturing units as a test bed to understand how to develop best practices and ensure future roll-out across all the facilities.

Building a Future-Ready Workforce

As we get going on BFL 2.0, our initiatives over the last decade enter the harvest phase.

FY 2022-23 was about building the right kind of talent pool to plug the white spaces as well as build on the existing strengths. Towards that end we have onboarded new resources as well as reskilled our people. As we train our employees on Industry 4.0, we believe new areas have opened up to upskill our people and utilize their unique talent in a more productive way.

As the business evolves, we have modified our HR policies to attract, train and retain domain-specific skilled talent.

Key Highlights FY 2023

2,491
Employees trained on health and safety/ wellness measures

1,756
Employees provided skill upgradation training

Read more on our people efforts in the Business Responsibility and Sustainability Reporting section of this report
Page 141

SOCIAL AND RELATIONSHIP CAPITAL

Building strong customer relationships

Our relationships with customers are built on mutual trust and respect and are the cornerstones for our long-term growth. We are proactively investing in capability building and collaborative working to cater their evolving requirements with better products and technologies while being committed to timely delivery and high standards of quality.

SDGs impacted

Bharat Forge has established itself as a strong and a dependable global supplier of choice for critical and safety components. The past year was very different from any other challenging environment we have encountered as a company.

Post the COVID-affected era, global markets witnessed a sharp rebound but were very volatile. We leveraged our long-standing relationships with our key customers to support them in the challenging environment with aggressive augmentation of capacity at short notice along with sharp ramp-up of new products where needed and NDP in record time. This enabled us to secure record order wins worth ₹1,500 crore across segments and application.

In FY 2023, as the supply chain issues got aggravated by the geo-political tensions and high input costs, Bharat Forge stood out as one of the few global suppliers which customers found to be dependable. We were able to create a win-win situation wherein we ensured that the commitment to the customers was fulfilled on time. We were recognized with accolades as recognition for contributing to their success.

With an overarching focus on growth as a key objective with all our customers, we put extra efforts on increasing and strengthening our presence in the traditional business, identifying and developing solutions for E-mobility, clubbing it with the dependability factor which we have come to be known for through more than 20+ years of relationships with all our key customers.

Caring for the Communities

As a socially responsible corporate, we strive to work towards the betterment of communities with targeted CSR interventions. Our efforts are aimed at improving livelihoods of the economically backward sections by building trust, being transparent, and adopting best practices in our everyday actions.

SDGs impacted

1 No Poverty, 2 Zero Hunger, 3 Good Health and Well-Being, 4 Quality Education, 5 Gender Equality, 6 Clean Water and Sanitation, 10 Reduced Inequalities, 17 Partnerships for the Goals

Key Highlights of CSR Initiatives

231,544
Lives touched

950+
Women empowered

190,000
Rural lives impacted

34,589
Students impacted

3,000
Volunteers per year

5
Sportsmen supported

3,000
Youth skilled

Programs impacted

35,387
Drinking water beneficiaries

10 locations
Equipped with installed water filters

6,020 acres
Total land benefited

327,600 Cu mtr
Total silt removed

750 beneficiaries
Women health camps

67 Kms
Road construction

39 schools
Benefiting from improved village education

Village Development

We have embarked on an ambitious mission to develop and enhance 100 marginalized villages of Maharashtra while ensuring to improve the quality of life of every individual through a sustainable development model. Through our meaningful interventions, we have fostered holistic development of our communities and continue to further on our mission.

Key areas for development

Water Availability
Clean drinking water
Improving sanitation

Livelihood Improvement
- Enhancing farmer yield Providing livelihood opportunities
- Ensuring self-reliance

Health
Betterment of health and living conditions

Education
Promoting education

Accessibility
Road and gutter development

Enhancing Water Availability

The Company planted more than 1 lakh trees, conserved 2,207 trillion m^3 of water through different water harvesting structures

Providing better healthcare

11 cancer screening camps for 908 rural women folk to drive awareness. Set up seven telemedicine centers and made Doctor available to 11,000 people

Promoting education

Non-formal education to 14,000 children from 130 slum communities

Community Development

Women empowerment

The community development program aims at empowering 350 women of underprivileged sections by providing vocational training, business enterprise support, and other resources to promote entrepreneurship ecosystem. Provided training to women SHGs to make them self-sufficient.

950+
Total beneficiaries of women empowerment

Skill Development

Established Centre of Excellence (CoE) and an Incubation Centre at Vidya Pratishthan in Baramati for providing new-age skills like IoT and Artificial Intelligence. Mentoring and sponsoring 20 female students for pursuing engineering/diploma courses.

NATURAL CAPITAL

Contributing to sustainable development

We are cognizant of our business' impacts on the environment and on communities. Towards this, we deploy the most stringent systems and processes for monitoring our environmental footprint and undertake measures for proper waste and water management, prudent resource allocation, improve energy efficiency, and thereby contribute to a circular economy.

SDGs impacted

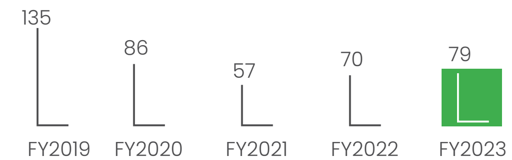
Harnessing solar energy

Addressing Climate Change

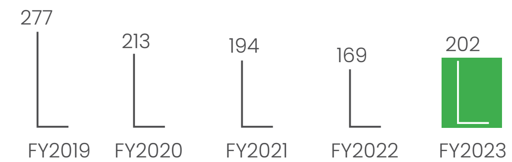
We have embraced the imperative of reducing our carbon emissions. Aligned to this, we have taken significant measures to switching to sustainable energy sources. In FY 2023, a substantial 29.25% of our electricity consumption was derived from renewable sources including 74,906.640 MWh from solar energy and 30,986.885 MWh from wind energy. We have replaced oil fuels in furnace operations with cleaner natural gas, resulting in ~16% to 20% carbon dioxide emission reduction. Implementation of frequency modulation in critical systems such as air compressors, cooling towers and furnaces with the help of Variable Frequency Drives (VFD), helped in reducing the energy consumption to the extent of 398 MWh and reduction of carbon dioxide by 313 tons.

To augment our efforts, we have initiated a program to transition all the diesel-operated forklifts into electrically-operated ones. We further intend to utilize renewable energy to make them 'Green Forklifts' in near future. Additionally, we have mapped our operational carbon footprint, and got it validated by an external certifying agency. This helped in defining the emission reduction targets and actionable for the future. Our focus is on managing energy supply, optimizing resource consumption, switching to lower carbon energy sources, offsetting emission and engaging value chain.

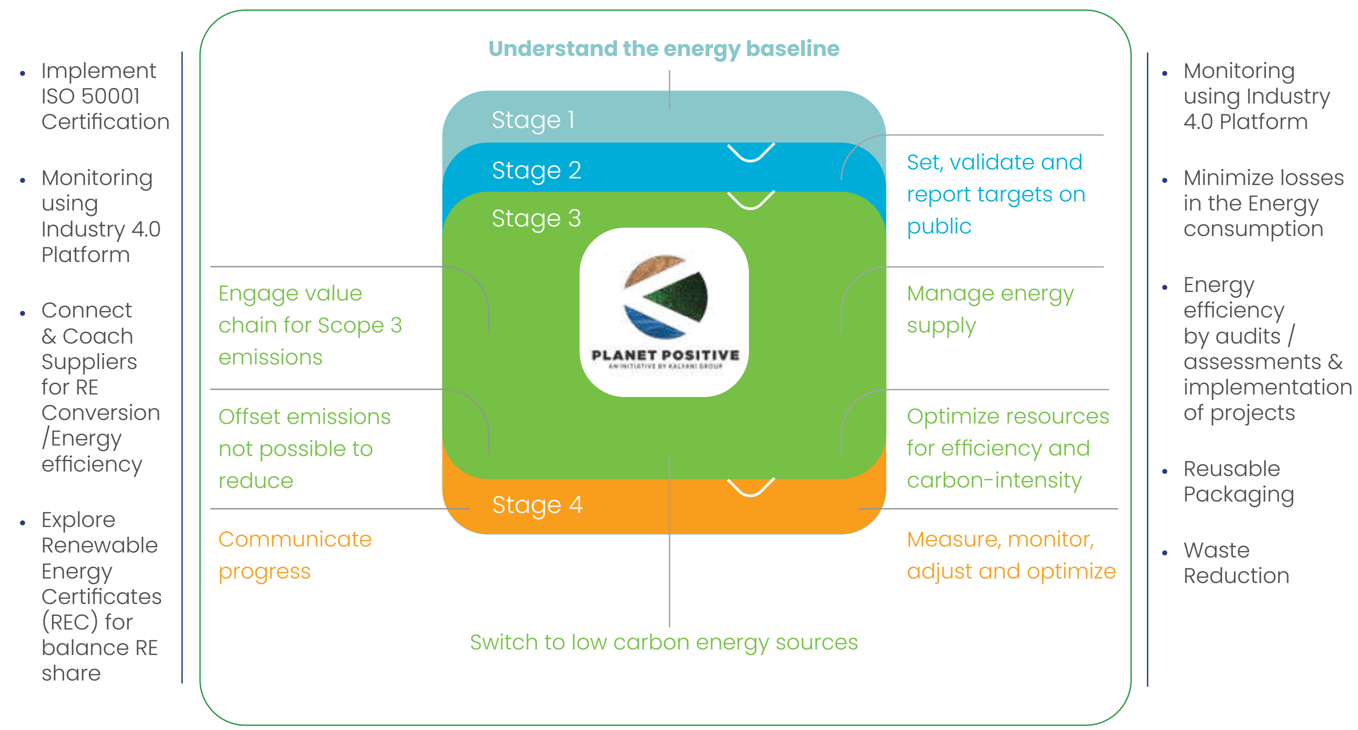
Scope 1 emissions (thousand tCO_2e)



Scope 2 emissions (thousand tCO_2e)



BFL Decarbonization Roadmap



- Clean Technologies – Oil to LPG/PNG to Electricity for Furnaces
- Renewable Energy through Group Captive/Open Access
- Conversion of Systems – Forklifts (EV)

Advancing from Zero Liquid Discharge (ZLD) to Water Positivity

We are committed to responsible water management, and have formulated a comprehensive system aimed at effectively controlling the industrial wastewater generated by our activities. We have installed digital meters and connected them to IoT platform for monitoring the water consumption on real-time basis. At our manufacturing plants, we have invested in Effluent Treatment Plant (ETP) and Sewage Treatment Plant (STP). This has been crucial in upholding our commitment to be a zero liquid discharge company, as we ensure no waste or treated water is discharged from our factory premises. Instead, all treated water is recycled efficiently and used for our operations, significantly reducing freshwater consumption.

Advancing on our water management efforts, we carried out a Water Risk assessment across our operations. This has helped identify firm actions for achieving our target of becoming water positive by 2030.

Rethinking for Circular Economy

We are dedicated to sustainable and circular manufacturing practices, and employ reduce, recycle and reuse approach to our waste management. We have undertaken comprehensive efforts to reduce hazardous and non-hazardous wastes. We carefully map waste generation and disposal methods, helping us gain insights into our waste profile and take necessary actions.

In FY 2022-23, we reused 107,062.43 tons of metal waste which is ~99.8% of the total waste generated in the operations, in line with our focus on recycling and reusing the entire metal scrap generated. We also recycled waste oil via a change in disposal pathway to reduce hazardous waste and ETP sludge. This helped reduce disposal to landfills by ~40%. These initiatives propel us towards our target of Zero Waste to Landfill by 2030. Additionally, we use regenerative burners to recover ~30% of the waste heat.

In compliance with MPCB regulations, all hazardous wastes are sent to relevant authorized agencies for proper treatment. We have also deployed waste composters in our sites to process the food and garden waste, the bio-manure generated from which is used for gardening purpose.

Impact of our environmental programs

	FY 2022	FY 2023	Change (%)
Energy Consumption (GJ)	2,299,005	2,554,666	11.12 ↑
Energy Intensity (tCO_2e/MT production)	1.078	1.083	0.46 ↑
GHG Emission (Thousand tons CO_2e)	238	281	18.07 ↑
% Renewable Energy of Total Electricity Consumed	24.25%	29.25%	20.62 ↑
Total Non-Hazardous Waste (Kg per MT of production)	364.92	416.75	14.20 ↑
Total Hazardous Waste (Kg per MT of production)	4.23	2.78	34.28 ↓
Specific Water consumption (KL/MT production)	4.15	5.44	31.08 ↑
% Recycle of Water of Total Water Consumption	30.42%	25.65%	15.68 ↓
Wastewater Discharge (m^3/day)	0	0	0

Note: Scope of natural capital parameters includes Mundhwa, Baramati, Chakan and Satara and Nellore plants

Read more on our environmental footprint in the Business Responsibility and Sustainability Report section in
Page 154

We understand that technology-based innovative solutions are the key sustainability enablers for our business. We now aspire to improve our sustainability performance. We aim to become carbon-neutral in operations by 2040 and become water positive in operations by 2030. Our goal is to achieve zero waste to landfill in all our sites by 2030 and increase our energy efficiency by 2% per annum y-o-y till 2030 to create a safer, smarter, and more sustainable future that delivers enduring value for all our stakeholders and our planet.

Being an Ethical Organization

We are committed to upholding the highest standards in conducting business while ensuring integrity, transparency, and accountability in our business practices. Our strong corporate governance structure is designed to ensure the success and longevity of our business and forms the foundation of sustained value creation.

Ethical and Transparent Practices

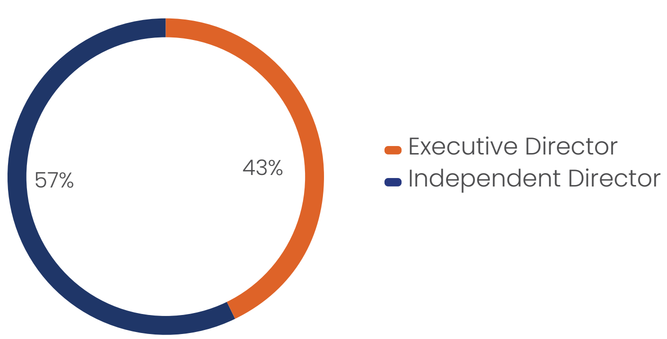
Good governance, an important pillar of our operations, and our commitment to it goes beyond compliance and statutory norms. We have always ensured highest levels of transparency, integrity, accountability, and fairness in our dealings with shareholders, customers, investors, and other stakeholders. Our Board is committed to instilling ethical values and transparent practices across the organization. Our corporate governance architecture is further strengthened by the Code of Conduct which guides actions of all employees and various policies such as for insider trading, whistle-blower and prevention of bribery, corruption, fraud and sexual harassment.

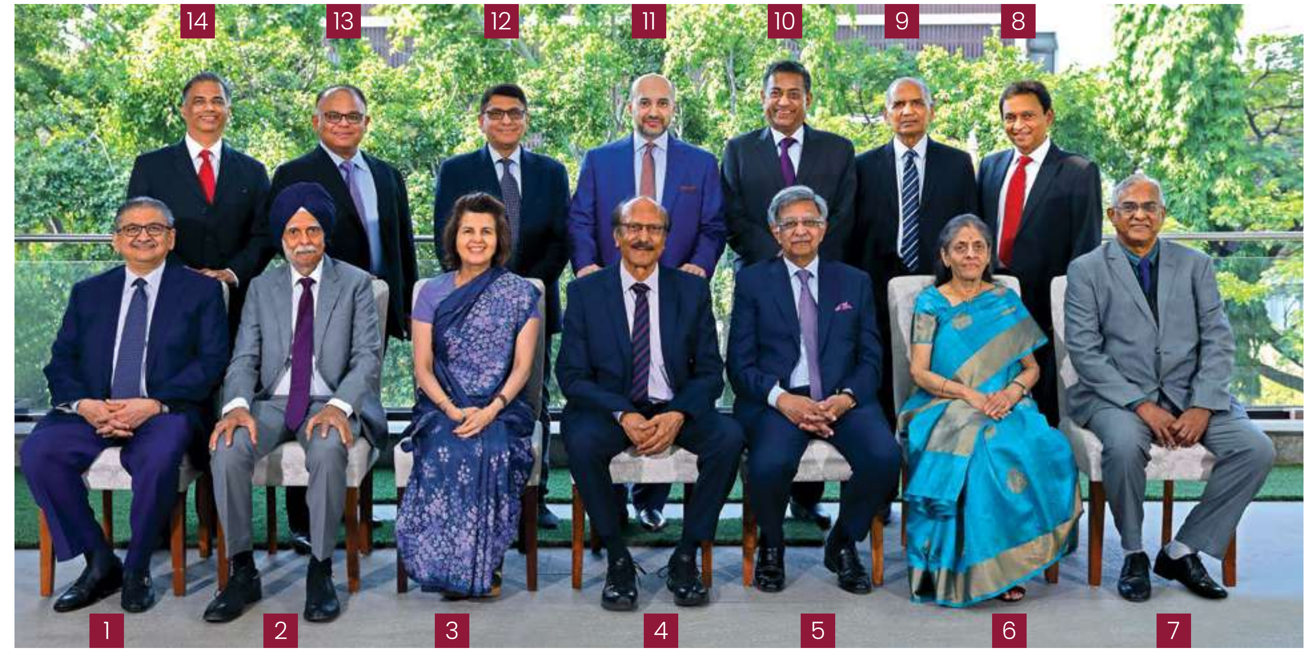
Our focus on transparency is further evident in the Company voluntarily publishing Sustainability Report and Integrated Report in lines with globally accepted principles and framework like IIRC's <IR> and GRI. We also host a dedicated ESG page on our website.

Data Protection and Cybersecurity

We have a well-defined process in place to identify, monitor and mitigate the data protection and cybersecurity risks. We have a robust IT infrastructure that features multiple security layers, and has early-warning signals to detect and respond to cyber threats. We also have robust business contingency plans and incident response procedures. Moreover, we periodically conduct security gap and vulnerability assessments to strengthen IT infrastructure. In FY 2022-23, we undertook a data compliance management system effectiveness assessment, and the findings will soon be implemented.

Board Diversity





1. **Mr. Vimal Bhandari**
Independent Director
1 4 5

2. **Mr. K. B. S. Anand**
Independent Director

3. **Ms. Sonia Singh**
Independent Director

4. **Mr. P. G. Pawar**
Independent Director
1 2 3 4

5. **Mr. B. N. Kalyani**
Chairman & Managing Director
5 2 3

6. **Mrs. Lalita D. Gupte**
Independent Director
3

7. **Mr. P. H. Ravikumar**
Independent Director
1

8. **Mr. B. P. Kalyani**
Executive Director

9. **Mr. G. K. Agarwal**
Deputy Managing Director

10. **Mr. Murali Sivaraman**
Independent Director
5 6

11. **Mr. Amit Kalyani**
Joint Managing Director
6 2 5

12. **Mr. Dipak Mane**
Independent Director
4 6

13. **Mr. S. E. Tandale**
Executive Director

14. **Mr. Kishore Saletore**
Executive Director

Board Committee

1. Audit Committee
2. CSR Committee
3. Stakeholder Relationship Committee
4. Nomination & Remuneration Committee
5. Finance & Risk Management Committee
6. ESG Committee

Chairperson of the Committee
Member of the Committee

Read more
Page 102
Report on Corporate Governance

Management Discussion & Analysis

ECONOMIC REVIEW

Global Economy

The global fight against inflation, Russia's war in Ukraine, and a resurgence of COVID-19 cases in China weighed on global economic activity in CY 2022. According to the International Monetary Fund (IMF), the global economy is estimated to have grown by 3.4% in CY 2022 as compared to 6.2% in CY 2021. Growth is projected to fall to 2.9% in CY 2023 before rising to 3.1% in CY 2024.

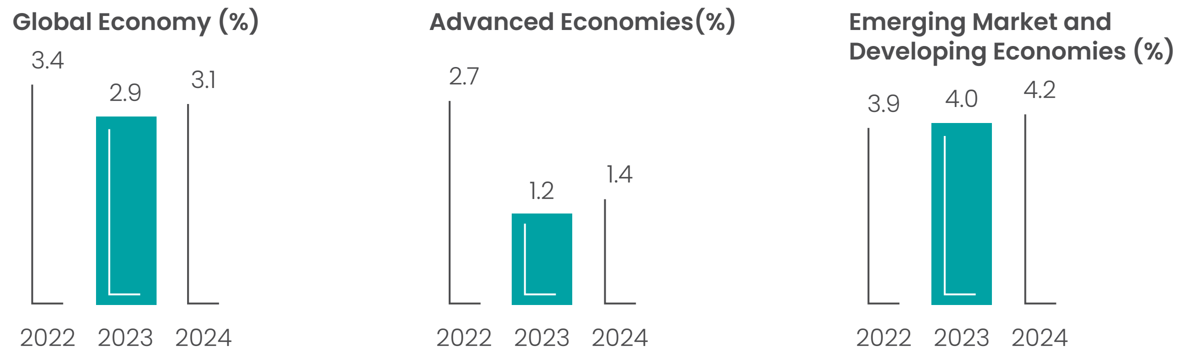
Despite the headwinds, the real Gross Domestic Product (GDP) has been surprisingly strong in the third and fourth quarters of 2022 in numerous economies, including the United States, the euro area, and major emerging market and developing economies. Strong private consumption and investment, greater fiscal support, improved pent-up demand and consumer spending, among others, contributed to the favorable growth.

On the supply side, easing bottlenecks and lower transportation costs reduced pressures on input prices and allowed for a rebound in previously constrained sectors. Energy markets have adjusted faster than expected to the shock from Russia's invasion of Ukraine.

Outlook

Global economy is expected to pick up modestly in CY 2023 and 2024 with subsiding inflation and gradual recovery from the effects of Russia-Ukraine crisis. The emerging economies will dominate global economic activity in CY 2023 with their growth estimated to rise modestly from 3.9% in CY 2022 to 4% in CY 2023 and 4.2% in CY 2024. Growth in China is expected to pick up with the reopening of economic activities and rapidly improving mobility in CY 2023. For advanced economies; however, growth is projected to decline sharply from 2.7% in CY 2022 to 1.2% in CY 2023 before rising to 1.4% in CY 2024.

Growth Projection



(Source: IMF World Economic Outlook, January 2023)

Indian Economy

The Indian economy has been scripting a recovery after the bruising impact of the COVID-19 pandemic. However, the global slowdown, geopolitical tensions, stubbornly high inflation, and rising interest rates have posed challenges to faster expansion. As per provisional estimates, India recorded a GDP growth of 7.2% in FY 2022-23 as against 9.1% in FY 2021-22. Growth is estimated to decline to 6.1% in FY 2023-24 before picking up to 6.8% in FY 2024-25 with resilient domestic demand despite external headwinds.

India has shown remarkable resilience to global headwinds in FY 2022-23 and remains in a sweet spot owing to its strong macroeconomic fundamentals. Government initiatives such as Make in India, production-linked incentive (PLI) scheme are expected to boost manufacturing and accelerate economic growth. Along with this, efforts by the Reserve Bank of India (RBI) have led to an improvement in the health of the financial sector and sharply accelerated credit growth driving higher tax collections in a moderate inflation environment. High-frequency indicators such as Goods & Services Tax (GST) collections, manufacturing Purchasing Managers' Index (PMI), pick-up in government spending and private capital expenditure – all indicate healthy economic momentum.

Outlook

The outlook of the Indian economy remains robust. Measures announced in the Union Budget for the next fiscal such as increased capex, focus on infrastructure development, boost to green economy and initiatives for strengthening financial markets are expected to promote job creation and spur economic growth. However, there remains considerable uncertainty due to the challenging global economic conditions.

(Source: IMF World Economic Outlook January 2023, Union Budget 2023-24)

BUSINESS ENVIRONMENT

Automobile Business

Global Automotive Industry

Overview

CY 2022 was a challenging year for the global automotive industry. Total car sales during the year were up marginally by 0.7% to 67.2 million units. Supply chain disruptions, energy crisis, inflationary pressures, higher interest rates, fears of recession and shortage of magnesium and semiconductors were the major constraints. The semiconductors or chips shortage is likely to continue throughout CY 2023 due to disruption in the global semiconductor industry, huge demand-supply gap, Russia-Ukraine war and supply chain bottlenecks. However, the semiconductor supply is expected to gradually stabilize by the second half of CY 2023. The automakers are exploring diverse strategies for semiconductor procurement and will likely benefit from new sourcing models and stronger bonds between OEMs (original equipment manufacturers), Tier 1 suppliers and semiconductor suppliers.

The passenger car registrations in the European region declined by 10.4% to 12.8 million units in CY 2022. In China, despite the re-emergence of COVID-19 pandemic, 21.7 million cars were sold in CY 2022. Car production in North America grew by 10.3% to 10.4 million units in 2022, primarily driven by strong demand in the US. Globally, the automotive industry is witnessing increased adoption of electric vehicles (EVs). This has resulted in higher investments towards development of EV infrastructure to support the growing EV demand. With rising concerns over fuel prices, sustainability and stringent regulations to reduce transport emissions, there can be seen a significant reduction in sales of fossil-fuel cars which has led to wide-scale adoption of EVs and hybrid models.

> Despite the macroeconomic headwinds, the outlook for the global automotive industry is positive with some vulnerability in near-term.

Outlook

Despite the macroeconomic headwinds, the outlook for the global automotive industry is positive with some vulnerability in near-term. This is likely to be backed by consistent production volumes, delayed order backlogs and low cancelation rates. Moreover, the industry is expected to benefit from gradual economic recovery, easing of semiconductor crisis and supply chain pressures, moderation in inflation, improved consumer demand and development of new technologies in CY 2023.

New car sales are projected to grow by 0.9% and commercial vehicle (CV) sales are likely to decline by 1.3% in CY 2023. However, European automotive market is expected to witness softening in demand due to continued geopolitical uncertainty and energy crisis. The EV segment is expected to remain a bright spot, and fuel the growth of the global automotive industry. Increasing demand for vehicles in the transportation, commercial, and tourism sectors are likely to contribute to the growth of the automotive industry in CY 2023.

Company Review of the Exports Auto Market

FY 2022-23 was a strong year for the Company's automotive export business. It registered a broad-based growth with revenues growing across geographies and business segments (Passenger Vehicles and Commercial Vehicles).

Commercial Vehicles (CV)

During the year, the Company's CV exports grew by 11% from ₹17,161 million in FY 2021-22 to ₹19,121 million in FY 2022-23 driven by strong ordering from the US Class 8 CVs and recovery in global automotive market. The export CV business is a major success story for the Company with significant market share improvements over two decades. Bharat Forge has emerged as a reliable supplier for chassis and engine components with a combination of product innovation and a customer first attitude. The Company remains ready for any new changes necessitated both from regulatory as well as from an end-user standpoint.

Passenger Vehicles (PV)

The PV exports registered robust growth of 71% to close FY 2022-23 with a turnover of ₹9,553 million. The Company has been seeing significant traction in this segment from both current and new customers for existing as well as new products. The Company's diversification strategy set out in the middle of the previous decade has yielded the desired results this year. As demand for personal mobility remains strong, especially around premium SUVs/CUVs, the Passenger Vehicle segment is set to be a strong pillar of growth in the years to come. The PV industry is witnessing a notable development in terms of growing willingness of OEMs to partner with reliable suppliers to shock-proof their supply chain. Bharat Forge with its engineering capabilities aims to climb up on the dependability ladder with the OEMs and expand its market share. Also, as electrification gathers pace, BFL aims to position itself as a resilient player in the ICE space. The Company expects the ICE segment to continue delivering good profits over the next few years as negligible capacity addition is likely to make OEMs prioritize time-tested suppliers.

71%
growth in PV exports

Indian Automotive Industry

Overview

The Indian automobile industry has shown continued resilience in FY 2022-23, aided by global supply chain rebalancing and government's strong push for domestic manufacturing. According to the Society of Indian Automobile Manufacturers (SIAM), the total automobile production increased to 25.9 million units in FY 2022-23 from 23 million units in FY 2021-22. Passenger vehicle production showed improvement through the year as semi-conductor supplies eased.

Automotive sales remained strong across segment. The PV segment achieved record sales of 3,890,114 units in FY 2022-23 backed by sustained consumer demand, improved supplies from automakers, new launches and product upgrades from OEMs. The CV segment grew by 34% YoY to reach 962,468 units in FY 2022-23. The medium and heavy commercial vehicles (MHCV) segment grew at 49% in FY 2022-23.

Outlook

CY 2022 gone by saw India becoming the 3rd largest automobile market after China and US. The Indian automotive industry is expected to sustain its growth momentum in 2023 despite the challenges such as escalating input costs, increased cost of ownership due to regulatory issues and higher inflation which can result in price hike of vehicles. However, factors such as improved consumer demand, wide availability of credit and financing options, population growth, and integration of wireless technology in cars and popularity of EVs are likely to fuel the growth of the automotive industry. Increased capital outlay of ₹10 lakh crore on infrastructure development are also expected to create opportunities for the automotive industry. Government policies such as Make in India, Production Linked Incentive (PLI) scheme, Foreign Trade Policy (FTP) and schemes such as Advance Authorization, and Export Promotion Capital Goods Scheme are expected to boost manufacturing and export of automobiles.

Company Review of the Domestic Auto Market

Commercial Vehicles

The Company registered a strong growth in the domestic CV market with revenue increasing by 37% to ₹10,140 million in FY 2022-23. Given the strong outlook for MHCV in India led by the infrastructure boom and broad-based capex growth, the outlook for the sector remains positive. The Company remains a trustworthy partner for most OEMs. As multinational CV manufacturers set up production facilities in India with an export focus, Bharat Forge continues to leverage its reputation as a preferred supplier with them to garner more share of business from such OEMs.

Passenger Vehicles

The Company's PV business has recorded robust performance with a revenue growth of 20% to ₹3,513 million in FY 2022-23. The Company has significantly strengthened its presence in the PV/UV segment with both new product and customer additions. We remain well-positioned to capture the burgeoning opportunities, as the Indian market leans more towards UVs and SUVs. The Company expects to benefit from the premiumization trend in the times ahead.

Industrial Business

The Company engages in the manufacture of components for Renewables, Construction, Mining, Engineering and Agriculture sectors in the industrials vertical. The Industrial segment is expected to witness mega opportunities, in the renewable energy space driven by the global urgency to combat climate change. In the recent COP26 declarations, countries across the world have set a more stringent target to contain temperature rise to 1.5°C. Globally, and especially in India, there is a strong impetus to enhance the share of renewables in the overall energy mix. Additionally, the roll out of 5G across most markets is likely to re-invigorate demand for power-Gensets. This augurs well for the Company as it is a major supplier of crucial components in this sub-sector.

India is also expected to benefit from the China Plus 1 strategy and Europe Plus 1 strategy with a trend of major international players shifting their production bases to produce components and subsystems in India. This is expected to make India a preferred and reliable manufacturing destination. The infrastructure segment is also estimated to witness immense opportunity with the Government envisaging to spend ₹10 lakh crore in FY 2023-24 on infrastructure creation. As the Private sector capex push accelerates, the Company expects to accrue significant benefits from the supply of components to feed this demand.

13%
growth in industrial business revenue

Company Review of the Industrial Segment

During FY 2022-23, the Company's revenue from industrial business grew by 13% to ₹28,910 million. The domestic industrial business grew 11% to ₹12,978 million. The Company's focus on building self-sufficiency in 100% import dependent products is likely to drive its growth given the massive opportunity expected from the AtmaNirbhar Bharat Abhiyan.

The international industrial business grew 14% to ₹15,932 million primarily led by the Heavy horse-power engines which benefited from the recovery in industrial activity in North America. The strong growth exhibited, is a combination of expanding market share and a spin off from increased investments. Specifically, construction and mining activity picked up pace and our revenues mirrored this growth. Going ahead we expect the momentum to sustain.

JS Autocast

Given the immense opportunities in the industrial business, Bharat Forge made strategic inorganic investments to strengthen its competitiveness and market share. In FY 2022-23, the Company completed the acquisition of Coimbatore-based JS Autocast (JSA). This marks the Company's foray into industrial ferrous castings space and enables it to tap the huge opportunities in wind energy, hydraulics, construction, and mining, among others with enhanced capabilities and competencies. With a broader portfolio in renewable energy, the Company aims to become a critical and preferred supplier to existing customers and move up the value chain. Additionally, from a pure play forgings business, the Company has added castings as an offering in its bouquet.

> The plants of both JSA and ISML are good quality assets, powered by the latest technology and complemented with a large captive land bank.

The Company sees tremendous potential in the form of cross-sell opportunities through an expanded product line-up. JSA is uniquely positioned in the renewables, hydraulics and off-highway space with niche offerings, allowing it a superior performance on all financial metrics like margins, asset turnover etc. The Company expects the ferrous casting space to transition from a fragmented landscape to a market with organized players, which are likely to open up substantial opportunities from hitherto unserved areas. JSA's 100,000 ton of liquid metal capacity is complemented with strong machining capabilities. JSA sells all its products in a machined condition. In addition to the JSA portfolio, the recently concluded asset-purchase from Indo Shell Mould Ltd. (ISML) is likely to make considerable capacity available for growth. The plants of both JSA and ISML are good quality assets, powered by the latest technology and complemented with a large captive land bank. The human resource pool too has the necessary bandwidth to chart a sustainable growth path driven by product differentiation. With all the building blocks of our castings foray in place, the Company expects a multiyear high growth opportunity as the vertical scales up its operations.

Overseas Business

The Company's international business involves the operations of its subsidiaries in the US and Europe. In FY 2022-23, the overseas business registered an EBITDA loss of ₹961 million. The weak performance was driven by sub-par utilization, supply chain disruptions and high input prices in Europe, and a slower ramp-up of the aluminum forgings business in US. Despite this, the Company has been focusing on successfully turning around overseas businesses through investments towards optimizing costs and product mix.

Subsidiary revenue

(₹ Million)

Overseas manufacturing operations	FY 2022-23	FY 2021-22 (15 months)
Steel Forgings	30,389 (71%)	30,605 (80%)
Al Forgings	12,396 (29%)	10,036 (20%)
Total	**42,785**	**40,641**

In FY 2022-23, the Company successfully commenced commercial production at its aluminum forging facility in North Carolina, US. The facility currently operates at low utilization rates, and is expected to stabilize and witness higher utilization rates gradually. With this, the Company now has two operational aluminum forging plants, one in the US and the other in Germany. Aluminum forgings currently account for 29% of the revenues of international operations, and the Company intends to increase the same in the future. The aluminum business specializes in manufacturing chassis and driveline components for passenger vehicles. It remains an essential part of capturing the electrification-led growth and light-weighting endeavors of our global PV customers.

The turnaround of our overseas operations in FY 2023-24 is expected to be driven by aluminum. These investments have the potential to yield good returns in the medium term as capacities remain fully booked with orders.

The Company strongly focuses on securing orders from new and existing customers and drive growth of the international operations.

Defence Business

Defence sector is witnessing significant surge in India, led by Government of India's efforts over the last decade to put in place policies to reduce imports and drive self-reliance, focus on developing indigenous world-class products and encourage exports.

In FY 2022-23, the Defence sector in India achieved a significant milestone, with defence production crossing ₹1 lakh crore mark on the back of consistent effort by the Ministry of Defence (MoD). This is a rise of more than 12% as compared to FY 2021-22. The Government is continuously working with defence OEMs and their suppliers to remove the challenges faced by them and promote defence production in the country. These proactive initiatives along with a conducive environment for promoting Indian made platforms globally have resulted in India's Defence exports surging 23-fold to nearly ₹16,000 crore over the last nine years.

Additionally, in the Def Expo 2022, the Government released the fourth positive indigenization list with 101 defence items such as highly complex systems, sensors, weapons, and ammunitions to be procured from indigenous sources. The MoD estimates projects worth over ₹175,000 crore in the next five to ten years will be reserved exclusively for domestic procurement.

The various initiatives of the Government aided by a strong impetus on self-reliance and policy support for exports have turned Defence into a sunshine sector for Bharat Forge. To better cater to its unique needs, the Company has consolidated its Defence businesses under its 100% subsidiary – Kalyani Strategic Systems Limited (KSSL). The combined competencies of BFL and KSSL will enable the Company to better target opportunities in domestic market and exports.

Bharat Forge's defence activities are primarily focused on Protective Vehicles, Defensive/Deterrence Systems and Components. It has made significant breakthroughs in its Advanced Towed Artillery Gun System (ATAGS) program and has completed the final revalidation trial post five years of rigorous testing. It has successfully demonstrated seamless firing of the gun and its compliance against one of the most stringent specifications globally. DRDO designed and Indian industry made, ATAGS has proved to be amongst the World's Best Artillery Gun in the 155mm/52cal category. The Government of India has recently issued an Acceptance of Necessity (AoN) for 307 ATAGS guns.

In FY 2022-23, KSSL received new defence orders worth ₹2,000 crore across artillery platforms and consumables. The execution of these orders is expected to start in FY 2023-24. This includes a prestigious export order worth USD 155.5 million for an artillery gun system to a non-conflict zone. The artillery system is an indigenously designed, developed and manufactured product with 100% IP owned by the Company. Further, KSSL has secured multiple orders for export of components and consumables, both for maintenance, repair and overhaul across segments.
The Company's platforms are mainly focused on deterrence (Guns), battlefield protection (KM4) and consumables.

Bharat Forge will continue to adhere to the highest standards of ESG and will steadfastly stay away from weapons of mass destruction or any other platform which is banned by various multilateral organizations. Further, Bharat Forge or its subsidiaries will not engage in research, manufacture or be a part of the supply chain for controversial weapons like Anti-Personnel mines, Biological and Chemical weapons, cluster munitions, incendiary weapons, white phosphorus ammunition, or blinding laser weapons.

Aerospace Business

FY 2022-23 saw the Aerospace business scale new milestones and simultaneously lay the foundation for the next wave of growth. To better align with the operating environment, the business unit was re-organized with an acute focus on people, processes and technology. Bharat Forge with its world-class metallurgical skills, has been successful in building critical super alloys for making engine parts and gears for the aerospace industry. These developments have put the Company on a strong pedestal to absorb emerging technologies through the course of the product development. Apart from military aviation, the Company has also qualified for various aero-frame and engine parts in the commercial aviation space.

To fully capture the life-cycle benefits accruing from new product development, Bharat Forge has taken significant strides in developing MRO facilities

925
orders booked for EV motorcycles

for turbo machinery. The turbomachinery division has been certified under the AS 9100 standard thereby opening up large market opportunities in the years to come.

The Company considers upgrade in internal competencies, forging the right kind of partnerships and building technological prowess critical for its long-term success. Accordingly, it has signed MoUs with Hindustan Aeronautics for developing various aircraft components and with Paramount Systems for developing helicopter rotor blades. Further, in the year gone by, the Company has started using IoT extensively in its products for predictive maintenance.

These developments will go a long way in ensuring higher up-times, thereby improving productivity for its OEM clients. With the underlying business structure crystallizing in FY 2022-23, the Company's Aerospace business stands on the cusp of a solid growth trajectory.

E-Mobility Business

The Company has established significant competencies in the E-mobility business since its incubation through strategic investments in portfolio expansion, technology partnerships, and a dedicated R&D team with vast expertise.

Last year, the Company consolidated its electric mobility business into a dedicated entity Kalyani Powertrain Limited (KPTL) to ensure focused approach and propel growth. Over the years, the Company has strengthened and built a solid portfolio across power electronics, control electronics components, commercial vehicle re-powering and systems and subsystems for EVs. It is now focused on exploiting opportunities arising from EV disruption in multiple ways viz. EV components, e-2Ws and 3Ws, retro-fitment for CVs, and light-weighting components.

FY 2022-23 witnessed many positive outcomes of the efforts put into this domain. The Company entered into a strategic partnership with ElectroForge (Harbinger Motors, US) to plug the gap in its portfolio by bringing a high-power traction motor controller. Tork Motors, a subsidiary focused on electric motorcycles, launched its flagship product line of electric motorbike, KRATOS and KRATOS-R and is steadily scaling up with the inauguration of first experience center in Pune and appointment of three dealers in Hyderabad, Bengaluru and Chennai. FAME-II certification for its vehicles was received in October 2022.

Tork Motors has made an impressive progress and is witnessing healthy demand for its EV motorcycles. In FY 2022-23, it booked 925 orders. Its product is focused on 150-200cc segment motorcycles with lower competition and high growth potential.

Bharat Forge has also been declared as a successful applicant under the PLI scheme of the Government for its EV components. This will provide incentive benefits and will help in growing the business.

During the year, KPTL laid the foundation stone of its first micro-factory at Chakan, Pune for the manufacturing of e-motors, battery packs, and bike assemblies for e-2Ws and 3Ws. This facility will run at a production capacity of 60,000 to 1 lakh units per year and is expected to commence production in the first quarter of the current fiscal.

In another significant achievement, KPTL is also targeting opportunities in converting existing ICE ICVs into EVs and is the first to get AIS 123 (EV retro-fitment) certification for N3 category in India. In line with this, it has completed the capex for setting up a CV Re-Powering plant at Chakan, Pune with a capacity of retrofitting 1,000 units per annum.

Building team competency and skill development, introduction of new, pioneering technologies and ensuring deep localization with dedicated plants for E-mobility products is under progress. KPTL believes that its customers will be benefited with high performance, reliable and robust products at affordable prices. Bharat Forge together with KPTL aims to build the right solutions to cater the varied market needs and enhance revenue and profitability of the e-mobility business. This would be important in light of the Ministry of Heavy Industries' (MHI) announcement to reduce subsidies under FAME-II norms with effect from June 1, 2023.

FINANCIAL REVIEW

STANDALONE

Analysis of Standalone Profit and Loss Statement

(₹ in Million)

Particulars	FY 2022-23	FY 2021-22	% Change
Total Revenue	75,727.12	62,546.12	21.07%
Raw Material	32,833.46	25,525.97	28.63%
Manufacturing Expenses	11,199.38	9,267.02	20.85%
Manpower Cost	5,430.06	5,057.85	7.36%
Other Expenditure	6,975.99	5,897.15	18.29%
Total Expenditure	56,438.89	45,747.99	23.37%
EBITDA	19,288.23	16,798.13	14.82%
EBITDA (%)	25.47%	26.86%	-
Depreciation	4,259.57	4,117.91	3.44%
Interest	2,126.89	1,073.01	98.22%
Other Income	1,504.96	1,675.02	(10.15)%
PBT	14,406.73	13,282.23	8.47%
Exchange Gain/ (Loss)	(177.13)	359.17	-
PBT	14,229.60	13,641.40	4.31%
Exceptional Items Gain/ (Loss)	(402.13)	318.03	-
PBT	13,827.47	13,959.43	(0.95)%
Taxation	3,372.73	3,181.40	-
PAT	10,454.74	10,778.03	(3.00)%

Analysis of Standalone Profit and Loss Statement

(₹ in Million)

Particulars	March 31, 2023	March 31, 2022
Long-Term Debt	17,622.84	17,776.41
Working Capital Loan and Bill Discounting	26,733.41	21,215.48
Equity	76,999.99	71,097.75
Cash	22,066.85	24,817.92
D/E	0.58	0.55
D/E (Net)	0.29	0.20
RoCE (Net of Surplus Funds)	16.2%	16.7%
RoNW	13.6%	15.2%

(D/E – Debt Equity, RoCE – Return on Capital Employed, RoNW – Return on Net Worth)

The Company delivered a strong performance in FY 2022-23 with 21% growth in revenues from ₹62,546.12 million in FY 2021-22 to ₹75,727.11 million. The growth was driven by robust exports of automotive and industrial segments and broad-based performance across all business segments and geographies. The EBITDA increased 15% from ₹16,804.16 million in FY 2021-22 to ₹19,279.55 million in FY 2022-23. The EBITDA margins declined by 140 bps to 25.5% driven by higher raw material, energy costs and changes to product mix.

The Company won new orders worth ₹3,900 crore across automotive and industrial segments providing good earnings visibility in the short-medium term.

Key Financial Ratios

Key financial ratios along with the details of significant changes (25% or more) in FY 2023 compared to FY 2022 is as follows:

Particulars	FY 2022-23	FY 2021-22	% Change	Reasons for Change
Debtors Turnover Ratio (in times)	2.64	3.06	-13.7%	Increase in exports
Inventory Turnover Ratio (in times)	2.77	2.57	7.8%	Increase in COGS as RM prices rose
Interest Service Coverage Ratio (in times)	9.17	16.40	-44.1%	Increase in interest rates
Current Ratio (in times)	1.36	1.67	-18.6%	Increase in working capital borrowing
Debt Equity Ratio (in times)	0.58	0.55	5.5%	
Operating Margin (%)	25.24	27.43	-	Changes to product mix
Net Profit Margin (%)	13.81	17.23	-	Higher interest expense and foreign exchange loss

CONSOLIDATED

Analysis of Consolidated Profit and Loss Statement

(₹ in Million)

Particulars	FY 2022-23	FY 2021-22	% Change
Total Revenue	129,102.59	104,610.78	23.41%
Raw Material	59,613.53	42,159.62	41.40%
Manufacturing Expenses	19,877.33	16,352.68	21.55%
Manpower Cost	15,631.00	14,646.83	6.72%
Other Expenditure	16,216.33	11,641.63	39.30%
Total Expenditure	111,338.19	84,800.76	31.29%
EBITDA	17,764.40	19,810.02	(10.33)%
EBITDA (%)	13.76%	18.94%	-
Depreciation	7,355.86	7,303.01	0.72%
Interest	2,986.20	1,604.05	86.17%
Other Income	1,728.57	1,959.00	(11.76)%
PBT	9,150.91	12,861.96	(28.85)%
Exchange Gain/ (Loss)	(89.17)	349.33	-
PBT	9,061.74	13,211.29	(31.41)%
Exceptional Items Gain/ (Loss)	(457.91)	924.05	-
Share of (Loss)/Profit of Associates and Joint Ventures	(334.38)	(330.2)	-
PBT	8,269.45	13,805.14	(40.10)%
Taxation	3,185.58	3,034.53	-
PAT	5,083.87	10,770.61	(52.80)%

Analysis of Consolidated Balance Sheet Statement

(₹ in Million)

Particulars	March 31, 2023	March 31, 2022
Long-Term Debt	24,436.19	23,150.94
Working Capital Loan and Bill Discounting	44,087.14	33,394.44
Equity	67,415.98	66,267.51
Cash	31,405	27,334
Long-Term D/E	1.02	0.86
Long-Term D/E (Net)	0.54	0.44

On a consolidated basis, the Company's revenues increased 23% from ₹104,610.78 million in FY 2021-22 to ₹129,103 million in FY 2022-23. Profitability growth was weaker with EBITDA margin dropping to 13.8% in FY 2022-23. The weakness was driven by the challenges faced in ramp-up of aluminum operations, pending cost recoveries. We believe that most of these challenges are behind us and an improvement is in order for FY 2024.

HUMAN RESOURCES

Bharat Forge introduced BFL 2.0 organizational framework in FY 2022-23. Aligned to this, the Company has re-organized itself into Business Unit (BU) and Corporate Function structure. The BU structure was created to provide desired focus, build the necessary resources for the businesses to fully realize the growth potential. Independent leadership teams were built for these units by dedicated business leaders. At the Company level, enterprise functions namely Finance, Human Resources, Information Technology, Legal, and Technology were strengthened to support the BUs, while ensuring world-class governance. OLR (Organization and Leadership Review) process was implemented to build organization and leadership capability to support the business strategy. This process also identified critical roles, helped assess talent, and build succession plans for short and medium term. The entire OLR process was led and driven by the Business/Function Heads and facilitated by the HR team.

As part of BFL 2.0, every business head along with his leadership team, defined the BU growth strategy. This got translated into Annual Operating Plan (AOP) and Balanced Score Card (BSC) for every business, facilitated by Strategy and Business Excellence team. The Company also implemented a new Performance Management System (PMS 2.0) wherein individual goals were cascaded from the BU scorecard in lead-lag indicators all the way down to team leaders. As part of the new PMS system, new measures of performance and descriptors for performance were defined. To drive performance-oriented culture, the Company has also re-defined its new variable pay program for its manager grade employees basis achievements of BU and individual targets. A major communication campaign was conducted to launch and explain the new PMS process and its nuances (like performance dialog), facilitated by the HR Team.

To support these transformational changes, the HR Organization is also undergoing change. There are three sub-organization getting created within the HR Organization, namely, Human Resource Business Partner (HRBP), Specialized COEs and HR Shared Services. While HRBP organization directly works with Business Units in Organization Design & Development; COEs that are subject matter experts (in the area of Talent Management, Compensation & Benefits) define related framework and policies. The HR Shared Services team standardize, centralize and automate all the HR Transaction thereby enhancing employee experience.

During the year, the Company has concluded a long-term wage agreement with its union at the Mundhwa Plant for 3 years from 2022 to 2025. The Company also continued with Industry 4.0 training for its workers to build a digital workplace and improve their understanding of products and processes. It continues to partner with unions to ensure cordial and proactive industrial relations across all the plants.

INFORMATION TECHNOLOGY

Bharat Forge made substantial investments in IT in the last few years. To fully leverage its benefits, the Company has started the journey towards harvesting data from various line of business systems into an enterprise grade data-lake and is building advanced Artificial Intelligence and

Machine Learning algorithms to pinpoint focus areas for enhanced efficiency from business processes.

FY 2022-23 was a key turning point when it comes to Industry 4.0 implementation. The Company shifted its focus to preventive/predictive approach as well as remote operations monitoring of its global footprint. As a first step, the Company has equipped its newest plant with real-time operations monitoring center through Industry 4.0 from India command center. This will be progressively rolled-out across other factories.

Infrastructure modernization started with creation of BFLs own internal hosted cloud and overhaul of its network technology providing state-of-the-art, scalable and secure footprint.

Information security remains a priority amidst the global onslaught of malware and ransomware threats that have impacted many organizations. Bharat Forge further strengthened its posture with establishment of Security Operations Center for proactive identification and mitigation of cyber threats. Considering business expansion and diversification, data leakage protection has been implemented. The Company further intends to strengthen cyber security by going beyond just preventing the cyber-attacks, to being able to withstand and recover from them.

Generative AI, hyper automation and other emerging technologies will play a key role in current as well as future business models of Bharat Forge. As such incubation and rapid adoption of next technologies in day-to-day business will be an area of emphasis. Towards that end, partnerships with startups and educational institutions will be established to create a culture of technology innovation, re-engineering the current processes and delivery models.

CORPORATE SOCIAL RESPONSIBILITY

Over the last eight years, Bharat Forge is contributing in the development of villages with the philosophy of giving back to the society through social inclusion, aimed at development of the nation. Corporates along with monetary resources can transfer their management skills, speed and technology for social development processes, with the result the changes that take place are rapid and significant.

Bharat Forge Limited being catalyst in the process of village development and other areas like education, health, skill development, women empowerment and sport could positively impact / reach out to more than 213,000 lives.

The Company is developing 100 villages on five key indicators with the long-term objective of improving the income level of the farmers and transforming the villages into Green villages by working on environment sustainability as well as social factors. For the year FY 2022-23, the Company applied for certification of these Green villages with IGBC (Indian Green Building Council) of CII. After the 1st round of assessment by their team, feedback was shared on the Company's progress. Three of the villages including Dhamner, Saygaon and Nagzari were rated as Platinum and other three villages of Takale, Rui and Targaon were rated under Gold category.

To expand the green cover in the villages, BFL is undertaking various initiatives driven by participation from the village population. The Company planted more than 1 lakh trees, conserved 2,207 trillion m^3 of water through different water harvesting structures, established 155.97 KW of solar system in villages and also organized the 'Swachha Sundar Gaon Competition' to make the villages clean. Along with this, the Company is also striving to make few urban societies as Green Societies and has installed 500 composter planters to convert their kitchen and garden waste into manure.

The key initiatives undertaken by the Company during FY 2022-23 across its five focus areas are as follows:

Under Skill Development

- The Company strives for imparting skills to the rural youth for making them entrepreneur. Towards this, Centre of Excellence (CoE) and an Incubation Centre at Vidya Pratishthan in Baramati has been set up. New edge technology skills like Robotics, IoT (Internet of Things), AIML (Artificial intelligence and machine learning), Data Analytics etc. will be imparted to the students. This Incubation Centre will support new incubatees to convert their ideas into reality. The focus of this program is women empowerment with more than 60% of students being girls.
- The Company provided sponsorship and mentorship to 20 rural female students from Student Welfare Association for pursuing engineering/diploma courses. The Company's employees are taking lead in mentoring them.
- The Company trained 338 farmers through Agriculture Development Trust (ADT) Baramati, for improved technology in agriculture. Recently, ADT has collaborated with Microsoft and Oxford for improved technology in agriculture.
- The Company is industry partner with four Government Industrial Training institutes (ITIs) for quality training and infrastructure developments.

Health Initiative

For the betterment of health of the villagers, Bharat Forge has constructed underground sewerage to make the villages clean and hygienic. The Company also conducted 11 cancer screening camps for 908 rural women folk to drive awareness on the same. Further, the Company set up seven telemedicine centers and made Doctor available to 11,000 people from remote places with the help of technology.

Educational Initiative

The educational program focuses on uplifting children from underprivileged background as well as infrastructure improvement of Government schools.

The Company is providing non-formal education to 14,000 children from 130 slum communities through Pratham Pune Education Foundation and Jnana Prabodhini. The Company has also constructed schools and toilets at village Salve and Sonari. Further, it organized different activities and campaigns this year including 'Har Ghar Tiranga Campaign' for 15,500 children and people from communities and 'Balchetna Shibir' for 5,400 children from communities.

Women Empowerment

The community development program aims at empowering 350 women of underprivileged sections by providing vocational training, business enterprise support, and other resources to promote entrepreneurship ecosystem.

Sports Initiative

The sport's focus included supporting five sports talents across the country where the sportsperson are now representing India at International level.

We have received following awards for our CSR Initiatives and efforts

Amity CSR Award 2022

Bharat Forge was declared the winner of the prestigious "Amity CSR Award 2022" in the Manufacturing Sector category on October 29, 2022. We were declared winners among 54 companies that participated, This Award was given at Amity Global Business School, Pune.

Best CSR Project Award 2023

Bharat Forge Limited received the "Best CSR Project of the Year Award 2023" by UBS Forum in the 7th Edition of Corporate Social Responsibility Awards, held on March 14, 2023 at ITC Grand Maratha, Mumbai. We're grateful for this recognition and thank our team and partners for their dedicated efforts.

RISK MANAGEMENT

The Company has a well-devised risk management process aimed at identifying, prioritizing, mitigating and monitoring risks. The key risks impacting its business include economic, foreign exchange, raw material, technology, funding, talent and cyber security risks. The Company has undertaken measures to mitigate these risks.

Risks

- Challenges on inflation and supply chain persists globally. These macroeconomic conditions remain critical to business growth of the Company
- Central bank globally are increasing rates to cool down inflation. This may have an adverse impact on the Company's end customers demand and subsequently impact growth
- Ensuring proper working of all our equipment is a key operational risk. Any shortfall on that front may impact the Company's ability to meet customer requirements on time
- With rising shortage of skilled labor, retaining workers remains a risk for the Company to mitigate
- Ensuring worker safety remains a critical operational risk across the Company's plants
- Changing technology paradigm and dynamic customer needs are important to remain relevant and sustain business growth
- Given the global nature of the Company's business, any disruption of movement of goods to its customers is a key operational risk

Opportunities

- The government has developed numerous programs to help manufacturers, such as the Production Linked Incentive (PLI) Scheme, which is a cornerstone of the government's endeavor to achieve an Atmanirbhar Bharat
- The scheme's goal is to stimulate domestic manufacturing in strategic and emerging areas, improve the cost competitiveness of domestically-made goods, and increase local capacity and economies of scale
- The technology transition from ICE to New mobility technology is opening up new opportunities as the Company works with its customers in their transition journey
- The geopolitical tension and the high cost of various inputs needed for manufacturing including labor especially in Europe is making global companies to shift some of their supply chain into India
- Increase in defence spending by all major countries and the focus on infrastructure globally is acting as a tailwind for the Company's industrial business
- Domestic producers are given a preference in the defence sector which will provide new opportunities to the industry

Threats

- A faster shift to new mobility transport will have a meaningful impact on our business
- Several new companies are entering the market, and existing rivals in adjacent product categories are also increasing their offerings

Read more on our risks and mitigations on **Page 27**

Internal Control Systems and their Adequacy

The Company has a robust internal control system that authorizes, records, and reports transactions to safeguard assets and protect against loss from unauthorized use or disposition. The internal controls ensure the reliability of data and financial information to maintain accountability of assets. These internal controls are supplemented by extensive internal audits, management review, and documented policies, guidelines, and procedures.

Board's Report

For the year ended March 31, 2023

To the Members,

Your Directors have pleasure in presenting the 62nd (Sixty Second) Annual Report on the business and operations of the Company together with the audited financial statements for the Financial Year ended March 31, 2023.

1. Financial Highlights

The financial performance of the Company on a standalone and consolidated basis for the Financial Year ended March 31, 2023, as compared with the previous year is summarised below:

In ₹ Million

	Standalone		Consolidated	
Particulars	**31-Mar-23**	**31-Mar-22**	**31-Mar-23**	**31-Mar-22**
Total Income	**77,232.08**	**64,221.14**	**130,831.16**	**106,569.78**
Exports Revenue	**44,502.75**	**36,620.65**	**95,345.27**	**78,064.18**
Net Profit				
Profit for the year before Taxation and Exceptional item	**14,229.60**	**13,641.40**	**9,061.74**	**13,211.29**
Share of (loss)/Profit of associates and Joint Venture	-	-	(334.38)	(330.20)
Add/(Less): Exceptional item	**(402.13)**	**318.03**	**(457.91)**	**924.05**
Provision for Taxation:				
Current Tax	3,759.26	3,328.22	3,951.57	3,529.58
Deferred Tax	(386.53)	(146.82)	(765.99)	(495.05)
Profit for the year	**10,454.74**	**10,778.03**	**5,083.87**	**10,770.61**
Less: Non-controlling interest	-	-	(199.77)	(46.95)
Profit for the year attributable to equity holders of parent	10,454.74	10,778.03	5,283.64	10,817.56
Items of other Comprehensive Income for the year (Net of tax)	277.34	1,700.77	479.58	1,889.47
Total	**10,732.08**	**12,478.80**	**5,763.22**	**12,707.03**
Balance of Profit from Previous year	57,175.05	46,325.81	50,841.56	39,764.24
Profit available for Appropriation	67,907.13	58,804.61	56,604.78	52,471.12
Appropriations:				
Interim Dividend on Equity Shares	698.38	698.38	698.38	698.38
Tax on above dividend	-	-	-	-
Final Dividend on Equity Shares	2,560.74	931.18	2,560.74	931.18
Tax on above dividend	-	-	-	-
Transfer to General Reserve	-	-	-	-
Surplus retained in the Statement of Profit and Loss	64,648.01	57,175.05	53,345.66	50,841.56

2. Dividend

The Board, in its meeting held on November 14, 2022, declared an interim dividend of ₹ 1.50/- per equity share (i.e. 75%) of the face value of ₹ 2/- each aggregating to ₹ 698.38 Million subject to deduction of income tax at source.

Based on the Company's performance, the Directors are pleased to recommend, for the approval of members, a final dividend of ₹ 5.50/- per equity share (i.e. 275%) of the face value of ₹ 2/- each. The final dividend on equity shares, if approved by the members, would involve a cash outflow of ₹ 2,560.74 million and shall be subject to deduction of income tax at source.

The dividend pay-out has been determined in accordance with the Dividend Distribution Policy of the Company.

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time-to-time ("Listing Regulations"), the Company had adopted the Dividend Distribution Policy, which is available on the Company's website at: https://www.bharatforge.com/assets/pdf/investor/download/Dividend-Distribution-Policy.pdf

3. Reserves

During the year under review, the Company does not propose to transfer any amount to the General Reserve. An amount of ₹ 64,648.01 million is proposed to be retained as surplus in the Profit and Loss account.

4. Performance of the Company

The financial year 2022-23 saw a complete restoration of economic activity with no major disruptions. Rebound in economic activity coupled with partial easing of supply-side challenges ensured that the automotive industry had a very strong year. Despite continuing inflationary challenges due to the geopolitical crisis, all the businesses of your Company performed well. At the close of the financial year 2022-23 revenue stood at ₹ 75,727 million representing a 21.1% year-on-year growth. A strong performance was achieved on the back of record exports.

While your Company grew at a swift pace, the balance sheet continues to be sufficiently liquid with leverage levels remaining in check.

Domestic Business

Automotive Market: As the domestic economy revived, latent demand accumulated over the pandemic years led to pick-up in Passenger Vehicle ("PV") and Commercial Vehicles ("CV") sales. The product premiumisation trend witnessed in the PV business continued with Utility Vehicle sales now accounting for ~50% of the PV market. This has created a lucrative opportunity for your Company to tap into the domestic PV market.

The domestic CV industry continued to gallop ahead due to a combination of factors. Strong economic rebound, improving fleet operator profitability and enhanced road connectivity have put the CV OEMs in a sweet spot. The expanding share of Medium and Heavy CVs ("M&HCVs") in the overall mix has meant that your Company's core strengths and the market's needs were aligned in a major way. Going ahead, the government's focus on infrastructure upgrades and general improvement in utilisation levels across sectors augurs well for M&HCV demand.

Industrial: The Industrial business during the financial year 2022-23 has grown by 11% to ₹ 12,978 million, however, if we normalise for the one-time impact of oxygen cylinder supply in financial year 2021-22 the year-on-year growth is 37%. The Company has, over the years, become proficient in the Industrial business, thanks to products built in critical-use areas. This product repository, when combined with a conducive policy environment and improving industrial demand represents a long runway for success.

In addition to the existing forging business, with the acquisition of J S Auto Cast Foundry India Private Limited ("JSA"), a Coimbatore based casting and machining company, your Company has added ferrous casting (upto 400 Kg) as an additional offering to its clients. JSA has a strong presence in wind energy, hydraulics, earth moving and off-highway with a total capacity of 1,00,000 MTPA. Through this acquisition, your Company has significant cross-sell opportunities for our existing customers.

International Business

Automotive Market: The Company witnessed record exports during the year under review and the bulk of this growth was supported by demand momentum on the automobiles side with PV revenue up 71% YoY. As most markets removed COVID-19 restrictions, demand for personal mobility has only accelerated. The production too increased with improving chip supplies helping drive a strong growth. Your Company's consistent efforts at diversifying its Automobile basket beyond CV held it in good stead as the financial year 2022-23, PV performance surpassed all expectations. Going ahead, as growth rates come to more realistic levels, the Company remains confident of its PV strategy.

CV business continued to do well, supported by a resilient Class 8 demand and some market share gains by your Company. Fleet replacement demand across key markets of US and Europe continues to give comfort. Your Company continues to be a supplier of choice across US and European OEMs due to its consistent track record for defect-free delivery.

Industrial: The growth in the Industrial exports during the financial year 2022-23 remains broad-based with high-horsepower engines and Aerospace driving most of the incremental performance. A good pick-up in industrial activity and impending 5G roll-out across markets helped drive the demand for engines. The Aerospace business recorded revenue in excess of $20 million as program ramp ups from major OEM customers began. Going ahead, this business is expected to see exponential growth as your Company is one of the handful organisations certified by regulatory and industry bodies (NADCAP) for aerospace component supplies.

In the financial year 2022-23, despite unfortunate geo-political events, your Company was able to record healthy export growth. Your Company's dependable supply quality and long-standing customer relationships are likely to hold it in good stead in the times to come.

Standalone & Consolidated

In the financial year 2022-23, the revenue of the Company increased by 21.1% as compared to the last financial year 2021-22 on a standalone basis whereas Profit after Tax stood at ₹ 10,454.74 million.

On a consolidated basis, the Company, its subsidiaries and joint venture companies achieved total revenue of ₹ 130,831.16 Million as against ₹ 106,569.78 million, an increase of 22.7%.

5. Particulars of Loans, Guarantees or Investments under Section 186 of the Companies Act, 2013 ("Act")

Particulars of loans, guarantees and investments covered under Section 186 of the Act, forms part of notes to the financial statements provided in this Annual Report.

6. Particulars of Contracts or Arrangements with Related Parties

All contracts or arrangements entered into by and between the Company with Related Parties are on an arm's length basis and in the ordinary course of business. All Related Party Transactions are placed before the Audit Committee for prior approval.

Pursuant to Section 134 of the Act, read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of transactions with related parties are provided in **Form No. AOC-2** which is annexed as

Annexure "A" to this report. Related Party disclosures as per Ind AS 24 have been provided in **Note 39** to the financial statements.

The Related Party Transaction Policy as amended in line with the requirements of Listing Regulations has been displayed on the Company's website at: https://www.bharatforge.com/assets/pdf/investor/download/BFL.RPT-Policy.pdf

7. Deposits

During the year under review, the Company has neither accepted nor renewed any deposits under Chapter V of the Act.

8. Internal Financial Controls

Your Company has in place adequate internal financial controls, with reference to financial statements, commensurate with the size, scale, and complexity of its operations. An extensive risk-based programme of internal audits and management reviews provides assurance to the Board regarding the adequacy and efficacy of internal controls. The internal audit plan is also aligned with the business objectives of the Company which is reviewed and approved by the Audit Committee. Significant audit observations, if any, along with corrective actions thereon are presented to the Audit Committee. Further, the Audit Committee monitors the adequacy and effectiveness of your Company's internal control framework. The internal control system has been designed to ensure that financial and other records are reliable for preparing financial and other statements and for maintaining accountability of assets.

9. Risk Management

The Company has a robust risk management framework comprising of risk governance structure and defined risk management processes. The Board of Directors of the Company has formed a Finance and Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The Finance and Risk Management Committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The Audit Committee has additional oversight in the area of financial risks and controls. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The development and implementation of risk management policy has been covered in the Management Discussion and Analysis (MDA), which forms part of this report.

10. Material Changes and Commitments – if any, affecting the financial position of the Company

There are no adverse material changes or commitments that occurred after March 31, 2023, which may affect the financial position of the Company or may require disclosure.

11. Significant and Material Orders

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in the future.

There are no applications made or proceedings pending under the Insolvency and Bankruptcy Code, 2016 as at the end of the financial year, nor has the Company done any one-time settlement with any Bank or Financial institution.

12. State of Company's Affairs

Discussion on the state of affairs of the Company has been covered as part of the Management Discussion and Analysis (MDA). MDA for the year under review, as stipulated under Regulation 34 of Listing Regulations, is presented in a separate section forming part of this Annual Report.

13. Share Capital

The paid-up Equity Share Capital of the Company as on March 31, 2023, stood at ₹ 931.18 million.

During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2023, none of the Directors of the Company hold any instruments convertible into equity shares of the Company.

Debt

During the financial year 2022-23, the Company issued and allotted 2,000 listed, rated, unsecured, redeemable, non-convertible debentures of the face value of ₹ 1 Million each for cash aggregating to ₹ 2,000 Million to identified investors on a private placement basis.

14. Transfer of Unpaid and Unclaimed Amounts to Investor Education and Protection Fund ('IEPF')

Pursuant to the provisions of the Act and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), as amended from time-to-time, the declared dividends, which remained unpaid or unclaimed for a period of 7 (seven) years and shares in relation to such unpaid/unclaimed dividend shall be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government.

Accordingly, during the year, the Company transferred the dividends unpaid or unclaimed for a period of 7 (seven) years from the date they became due for payment along with the shares thereof, to IEPF. The shareholders have an option to claim their shares and/or amount of dividend transferred to IEPF. No claim shall be entertained against the Company for the amounts and shares so transferred.

The list of equity shareholders whose shares are transferred to IEPF can be accessed on the website of the Company at the link: https://www.bharatforge.com/investors/shareholders-information/unclaimed-dividend

The Company has sent notices to respective shareholders who have not claimed a dividend for 7 (seven) consecutive years and whose shares were liable to be transferred to IEPF during the financial year 2022-23. The newspaper advertisement stating the same has also been published in Loksatta, Marathi, Pune and Business Standard - All Editions newspapers on June 18, 2022, November 25, 2022 and January 07, 2023. The list of equity shareholders whose shares are liable to be transferred or which have been transferred to IEPF, as the case may be, can be accessed on the website of the Company at the link: https://www.bharatforge.com/investors/shareholders-information/unclaimed-dividend

15. Annual Return

In accordance with Sections 92(3) read with 134(3)(a) of the Act, the extract of the Annual Return of the Company for the financial year 2022-23 is available on the website of the Company at https://www.bharatforge.com/investors/agm

16. Directors' Responsibility Statement

Based on the framework of Internal Financial Controls and compliance systems established and maintained by the Company, the work performed by the Internal Auditors, Statutory Auditors and Secretarial Auditors, including the Audit of Internal Financial Controls over financial reporting by the Statutory Auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2022-23.

Pursuant to Section 134(5) of the Act, the Directors confirm that:

a. in preparation of the annual accounts for the financial year ended March 31, 2023, the applicable Accounting Standards have been followed and there were no material departures;

b. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2023, and of the profit of the Company for that period;

c. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. they have prepared the annual accounts on a going concern basis;

e. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

f. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

17. Directors and Key Managerial Personnel (KMP)

In terms of the provisions of the Act and the Articles of Association of the Company, Mr. S. E. Tandale (DIN: 00266833), Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment. A resolution seeking shareholders' approval for his re-appointment along with other required details forms part of the Notice convening the 62nd Annual General Meeting ("AGM") of the Company.

The shareholders at its 61st AGM held on Friday, August 12, 2022, regularised the appointments of Mr. K. B. S. Anand (DIN: 03518282) and Ms. Sonia Singh (DIN: 07108778) as Non-Executive Independent Directors for a term of 3 (three) consecutive years up to June 26, 2025.

Material changes in the Board structure which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report

a. The Board at its meeting held on Tuesday, February 14, 2023, approved the re-appointments of Mr. B. N. Kalyani (DIN: 00089380) as Chairman and Managing Director for a term of 5 (five) consecutive years from March 30, 2023 up to March 29, 2028, and Mr. G. K. Agarwal (DIN: 00037678) as the Deputy Managing Director for a term of 1 (one) year from April 01, 2023 up to March 31, 2024. The resolutions have been recommended to shareholders for their approval by way of postal ballot notice dated April 14, 2023.

b. Considering the invaluable contribution made by Mr. Amit Kalyani (DIN: 00089430) over a period of time and to further entrust Mr. Amit Kalyani with larger responsibilities with the aim of expanding the business multifold, the Board at its meeting held on Friday, May 05, 2023, approved re-designation of Mr. Amit Kalyani as Joint Managing Director of the Company with an immediate effect.

c. Mr. Kishore Saletore (DIN: 01705850) tendered his resignation from the post of Executive Director and Chief Financial Officer ("CFO") of the Company with effect from closure of business hours on Friday, June 30, 2023. The Board at its meeting held on Friday, May 05, 2023, accepted the resignation and put on record its sincere appreciation for the contributions made by Mr. Saletore during his association with the Company as a Director and CFO.

d. The Board at its meeting held on Friday, May 05, 2023, approved the appointment of Mr. Kedar Dixit as the CFO and designated as Key Managerial Personnel of the Company with effect from Saturday, July 01, 2023.

Independent Directors' Declaration

The Company has received the necessary declarations from each Independent Director in accordance with Section 149(7) of the Act and Regulations 16(1)(b) and 25(8) of the Listing Regulations, that he/she meets the criteria of independence as laid out in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations. In the opinion of the Board, there has been no change in the circumstances which may affect their status as Independent Directors of the Company and the Board is satisfied of the integrity, expertise, and experience of all Independent Directors on the Board.

18. Number of Meetings of the Board

The Board met 4 (four) times during the year. Also, a separate meeting of Independent Directors as prescribed under Schedule IV of the Act, was held during the year under review. The details of meetings of the Board of Directors are provided in the Report on Corporate Governance that forms part of this Annual Report. The intervening gap between the meetings was within the period prescribed under the Act.

19. Board Evaluation

Led by the Nomination and Remuneration Committee, a formal evaluation of the performance of the Board, its Committees, the Chairperson, and the individual Directors was carried out using individual questionnaires.

As part of the evaluation process, the performance of Non-Independent Directors, the Chairperson and the Board was conducted by the Independent Directors. The performance evaluation of the respective Committees and that of Independent and Non-Independent Directors was done by the Board excluding the Director being evaluated.

20. Familiarisation Programme

The Company regularly provides orientation and business overview to its Directors by way of detailed presentations by the various business and functional heads at Board meetings and through other interactive programmes. Such meetings/programmes include briefings on domestic and global business of the Company. Besides this, the Directors are regularly updated about the Company's new projects, R&D initiatives, changes in the regulatory environment and strategic direction. The Board members are also provided with relevant documents, reports and internal policies to facilitate familiarisation with the Company's procedures and practices, from time to time.

The details of the familiarisation programmes for Independent Directors are posted on the website of the Company and can be accessed at: https://www.bharatforge.com/assets/pdf/investor/familiarisation-programme-for-independent-directors.pdf

21. Business Responsibility and Sustainability Report

In accordance with the Listing Regulations, the Business Responsibility and Sustainability Report (BRSR) forms a part of this Annual Report describing the initiatives undertaken by the Company from an environmental, social and governance perspective during the year under review.

22. Information Pursuant to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

In terms of Section 136 of the Act, the Reports and Accounts are being sent to the shareholders excluding the information required under Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Any shareholder interested in obtaining the same may write to the Company Secretary at secretarial@bharatforge.com.

The statement containing the information as required under the provisions of Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in **Annexure "B"** and forms part of this Report.

23. Nomination and Remuneration Policy

The Nomination and Remuneration Policy of the Company, inter alia, provides that the Nomination and Remuneration Committee shall formulate the criteria for appointment of Directors on the Board of the Company and persons holding Senior Management positions in the Company, including their remuneration and other matters as provided under Section 178 of the Act and Listing Regulations.

The Policy is also available on the Company's website at: https://www.bharatforge.com/assets/pdf/investor/download/NOMINATION_AND_REMUNERATION_POLICY.PDF

24. Corporate Governance

The Company has been practising the principles of good corporate governance over the years. A separate section on corporate governance and a certificate from the Practicing Company Secretary regarding compliance with the conditions of corporate governance as stipulated under the Listing Regulations forms part of this Annual Report. The Chairman and Managing Director and the Chief Financial Officer of the Company have certified to the Board on financial statements and other matters in accordance with Regulation 17 (8) of the Listing Regulations pertaining to CEO/CFO certification for the financial year ended March 31, 2023.

25. Subsidiaries, Joint Ventures, and Associate Companies

During the year under review, the Company undertook following investments/acquisitions/internal restructuring:

a. The Company has subscribed to 26% of paid-up share capital of Avaada MHVidarbha Private Limited ("Avaada") on April 19, 2022, as a condition precedent to purchase of solar power on a Single Captive User basis under the provisions of Electricity Act, 2003. Subsequent to the above, Avaada became an associate of the Company.

b. The Company has acquired 100% shareholding of J S Auto Cast Foundry India Private Limited, a Coimbatore-based casting and machining company through its wholly owned subsidiary - BF Industrial Solutions Limited ("BFISL") on July 01, 2022.

c. The Company has incorporated a Wholly Owned subsidiary (WOS) Kalyani Lightweighting Technology Solutions Limited on July 12, 2022, with a view of creating a separate vertical for aluminum business and for light weighting technology.

d. Kalyani Powertrain Limited ("KPL"), a WOS of the Company has incorporated a WOS in the name of "Electroforge Limited" on July 25, 2022, which will cater to the e-mobility vertical under KPL. Consequent to the above, Electroforge Limited has become a step-down subsidiary of the Company.

e. A Joint Venture Agreement was executed between Kalyani Strategic Systems Limited ("KSSL") a WOS of the Company and Open Joint Stock Company Dastan Transnational Corporation Ltd. ("Dastan"), whereby 49% of equity holding of Sagar-Manas Technologies Limited ("SMTL") has been transferred on September 20, 2022, by KSSL to Dastan. Consequently, SMTL has become a subsidiary of KSSL as against the earlier status of WOS and step-down subsidiary of the Company.

f. The Company through BF Infrastructure Limited ("BFIL") – its WOS, has executed a Share Purchase Agreement on February 28, 2023, with PNC Infratech Limited and Ferrovia Transrail Solutions Private Limited ("Ferrovia") for purchase of 51% shareholding in Ferrovia. Subsequently, with effect from March 02, 2023, BFIL's shareholding in Ferrovia has increased from 49% to 100% resulting in Ferrovia becoming a WOS of BFIL and a step-down subsidiary of the Company.

g. In order to house all defence related investments of the Company under one entity, the Company has transferred its stake held in its WOS, Analogic Controls India Limited ("ACIL") and its associate Aeron Systems Private Limited ("Aeron") to its WOS KSSL on September 30, 2022, and March 31, 2023, respectively. Consequently, ACIL became a WOS of KSSL and a step-down subsidiary of the Company. To further consolidate the defence business, with effect from March 10, 2023, ACIL has merged into KSSL.

As on March 31, 2023, the Company has 33 (Thirty-three) subsidiaries (including step-down subsidiaries) and 3 (Three) associate companies and 2 (Two) joint venture companies. In accordance with Section 129(3) of the Act, the Company has prepared the consolidated financial statement, which forms part of this Annual Report. Further, a statement containing salient features of the financial statements of our subsidiaries in the prescribed **Form AOC-1** is presented in a separate section forming part of the financial statements.

Performance of Material Subsidiaries:

i. **Bharat Forge CDP GmbH:**

Bharat Forge CDP GmbH ("BF CDP") is the step-down subsidiary of the Company located in Ennepetal, Germany.

BF CDP is engaged in the business of manufacturing of forged and machined components for commercial vehicle, passenger vehicle and industrial applications. BF CDP recorded revenue of ₹ 18,558 million (Eur 221.66 million) as on March 31, 2023.

ii. **Bharat Forge International Limited:**

Bharat Forge International Limited ("BF International") is a wholly owned subsidiary of the Company located in England, United Kingdom. BF International is engaged in the business of trading forged and machined components for the automotive and industrial sectors and has a revenue of ₹ 33,708 million (USD 419.30 million) for the year ended March 31, 2023.

Pursuant to Section 136 of the Act, the audited financial statements, including the consolidated financial statements and related information of the Company and separate audited accounts in respect of subsidiaries, are available on the website of the Company at: https://www.bharatforge.com/investors/reports/annual-reports

26. Audit Committee

The Audit Committee comprises of Mr. P. G. Pawar, Independent Director as Chairperson, Mr. P. H. Ravikumar, Independent Director, and Mr. Vimal Bhandari, Independent Director as members.

All the recommendations made by the Audit Committee were deliberated and accepted by the Board during the financial year 2022-23.

27. Auditors

A. Statutory Auditors and Audit Report

At the 61st Annual General Meeting of the Company held on Friday, August 12, 2022, M/s. B S R & CO LLP, Chartered Accountants (ICAI Firm Registration No. 101248W/W-100022) were appointed as Statutory Auditors to hold office for a period of 5 (five) consecutive years till the conclusion of 66th Annual General Meeting to be held in the year 2027.

The Auditor's Report for the financial year 2022-23 does not contain any qualification, reservation or adverse remark. The Auditor's Report is enclosed with the Financial Statements in this Annual Report.

B. Secretarial Auditor and the Audit

The Board has appointed M/s. SVD & Associates, Company Secretaries, Pune, to conduct Secretarial Audit for the financial year 2022-23. The Secretarial Audit Report for the financial year ended March 31, 2023, is appended as Annexure "C" to this report.

The observations of the Secretarial Auditor in their report are self-explanatory and therefore, the Directors do not have any further comments to offer on the same.

Further, as required under Section 204 of the Act and rules thereunder, the Board has appointed M/s. SVD & Associates, Company Secretaries, Pune, to also conduct the Secretarial Audit for the financial year 2023-24.

C. **Cost Auditors**

The Board of Directors, on the recommendation of the Audit Committee, has appointed M/s. Dhananjay V. Joshi & Associates, Cost Accountants, Pune, (Firm Registration No.: 00030) as Cost Auditors to audit the cost accounts of the Company for the financial year 2023-24. As required under the Act, a resolution seeking shareholders' approval for the remuneration payable to the Cost Auditors forms part of the Notice convening the 62nd Annual General Meeting.

In accordance with the provisions of Section 148(1) of the Act, read with the Companies (Cost Records & Audit) Rules, 2014, the Company has maintained cost records.

The Cost Audit report for the financial year 2021-22 was filed with the Ministry of Corporate Affairs on October 17, 2022.

D. **Reporting of fraud by auditors**

During the year under review, the Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Act to the Audit Committee.

28. Corporate Social Responsibility Activities

The Company has been carrying out various Corporate Social Responsibility (CSR) activities. These activities are carried out in terms of Section 135 read with Schedule VII of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended from time-to-time.

The brief outline of the Corporate Social Responsibility (CSR) policy of the Company and the initiatives undertaken by the Company on CSR activities during the year under review are set out in **Annexure "D"** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. For other details regarding the CSR Committee, please refer to the Corporate Governance Report, which forms a part of this report. The CSR policy is also available on the Company's website at the link: https://www.bharatforge.com/assets/pdf/investor/download/BFL-CSR-Policy-Signed.pdf

29. Obligation of the Company under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition, and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act) and the Rules made thereunder. All women associated (permanent, temporary, contractual and trainees) as well as any women visiting the Company's office premises or women service providers are covered under this Policy.

During the year, the Internal Complaints Committee of the Company constituted under the POSH Act has received 4 (four) complaints, which are undergoing investigation as on March 31, 2023. The pending cases were registered in Q4 FY 2022-23 and are in various stages of enquiry/redressal. Further, the Company reached out to 952 employees through awareness sessions for creating greater awareness with respect to the Company's Policy on Sexual Harassment at workplace. During the year under review, a video-based training on POSH awareness was rolled out to all the employees and is being hosted on the employee portal to create greater awareness on this subject.

30. Vigil Mechanism

Pursuant to the provisions of Section 177(9) of the Act, read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of the Listing Regulations and in accordance with the requirements of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Board of Directors had approved the Policy on Vigil Mechanism/Whistle Blower and the same has been hosted on the website of the Company. Over the years, the Company has established a reputation for doing business with integrity and displays zero tolerance for any form of unethical behaviour. The mechanism under the Policy has been appropriately communicated within and outside the organisation. This Policy *inter-alia* provides direct access to the Chairperson of the Audit Committee. It is affirmed that no personnel of the Company have been denied access to the Audit Committee.

The Company reached out to employees through physical/virtual sessions with an aim of creating greater awareness on this subject. During the year under review, the Company has received 4 (four) complaints under the said mechanism, the details of which is tabulated below:

Number of complaints received during the year	Number of complaints resolved during the year	Number of complaints remaining unresolved/undergoing investigaton as on March 31, 2023
4	1	3

The pending cases were registered in Q4 FY 2022-23 and are in various stages of enquiry / redressal.

The Whistle Blower Policy of the Company has been displayed on the Company's website at the link: https://www.bharatforge.com/assets/pdf/investor/download/BFL-Whistle-Blower-Policy-Signed.pdf

31. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to the conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 134(3)(m) of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014 are appended as Annexure "E" to this report.

32. Compliance with Secretarial Standards

The Company complies with all applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

33. Acknowledgement

Your Directors would like to express their sincere appreciation for the positive co-operation received from the Government of India, Governments of various States in India, Financial Institutions and the Bankers. The Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers, workers and staff of the Company resulting in the successful performance of the Company during the year.

The Board also takes this opportunity to express its deep gratitude for the continued co-operation and support received from its valued shareholders.

The Directors express their special thanks to Mr. B. N. Kalyani, Chairman and Managing Director, for his untiring efforts for the progress of the Company.

For and on behalf of the Board of Directors

B. N. KALYANI
Chairman and Managing Director
DIN: 00089380

Pune: May 05, 2023

Annexure "A"

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013, including certain arm's length transactions under third proviso thereto

1. **Details of contracts or arrangements or transactions not at arm's length basis**

   There are no contracts or arrangements, or transactions entered into by the Company during the year ended March 31, 2023, which are not at arm's length basis.

2. **Details of material contracts or arrangements or transactions at arm's length basis**

a]	Name(s) of the related party and nature of relationship	Bharat Forge International Limited (Wholly owned subsidiary)	Kalyani Steels Limited	Saarloha Advanced Materials Private Limited
b]	Nature of contracts/ arrangements/ transactions	Sale of Goods, etc.	Purchase of Raw Material - Steel, Sale of Scrap etc.	Purchase of raw material – specialty steel, sale of scrap, job work, leasing of land/premises etc.
c]	Duration of the contracts/ arrangements/ transactions	On ongoing basis	On ongoing basis	On ongoing basis
d]	Salient terms of the contracts or arrangements or transactions including the value, if any	In tune with market parameters. Estimated annual value of ₹ 30,000 million	In tune with market parameters. Estimated annual value of ₹ 20,000 million	In tune with market parameters. Estimated annual value of ₹ 25,000 million
e]	Date(s) of approval by the Board, if any	May 22, 2018	May 22, 2018	May 20, 2019
f]	Amount paid as advances, if any	Nil	₹470 million	₹250 million

For and on behalf of the Board of Directors

B. N. KALYANI
Chairman and Managing Director
DIN: 00089380

Pune: May 05, 2023

Annexure "B"

Information Pursuant to Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. **The ratio of the remuneration of each director to the median remuneration of the employees of the Company:**

Sr. No.	Name of the Director	Designation	Ratio of remuneration of each Director to the median remuneration of the employees of the Company
1.	Mr. B. N. Kalyani	Chairman and Managing Director	222.22
2.	Mr. Amit Kalyani*	Joint Managing Director	54.13
3.	Mr. G. K. Agarwal	Deputy Managing Director	51.96
4.	Mr. B. P. Kalyani	Executive Director	44.74
5.	Mr. S. E. Tandale	Executive Director	52.08
6.	Mr. K. M. Saletore	Executive Director and Chief Financial Officer	38.92

* Designated as Joint Managing Director w.e.f May 05, 2023

2. **The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary**

Sr. No.	Name of the Director	Designation	% Increase/(decrease) in the Remuneration
1.	Mr. B. N. Kalyani	Chairman and Managing Director	2.11
2.	Mr. Amit Kalyani*	Joint Managing Director	4.26
3.	Mr. G. K. Agarwal	Deputy Managing Director	(3.79)
4.	Mr. B. P. Kalyani	Executive Director	(8.35)
5.	Mr. S. E. Tandale	Executive Director	2.15
6.	Mr. K. M. Saletore	Executive Director and Chief Financial Officer	(8.32)
7.	Ms. T. R. Chaudhari	Company Secretary	14.90

* Designated as Joint Managing Director w.e.f May 05, 2023

Note for point 1 and 2:

The Independent Directors of the Company are entitled to sitting fees and commission as per the statutory provisions and the limits approved by the Nomination and Remuneration Committee/Board Members. The details of remuneration of Non-Executive Directors are provided in the Corporate Governance Report. The ratio of remuneration and percentage increase of remuneration for Non-Executive Directors are therefore not considered for the purpose above.

3. **The percentage increase in the median remuneration of employees in the financial year: 7.56%**

4. **The number of permanent employees on the roll of the Company: 3913**

5. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial**

remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average percentile increase in salaries of managerial personnel: (4.57) %

Average percentile increase in salaries of non-managerial personnel: 10.25%

The increase in remuneration is not solely based on company performance but also includes various other factors like individual performance, experience, skill-sets, academic background, industry trends, economic situation and future growth prospects etc. besides Company performance. There are no exceptional circumstances for increase in the managerial remuneration.

6. **Affirmation that the remuneration is as per the remuneration policy of the Company:**

   The remuneration paid to the Directors is as per the Remuneration policy of the Company.

7. **Particulars of employees posted and working in a country outside India, not being Directors or their relatives, drawing more than sixty lakh rupees per Financial Year or five lakh rupees per month:**

   There are no such cases.

Annexure "C"

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Pursuant to Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,

The Members,

Bharat Forge Limited,

Mundhwa Pune Cantonment Pune- 411036.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Bharat Forge Limited** having CIN: L25209PN1961PLC012046 (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

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

We have examined the books, papers, minute books, forms and returns filed, and other records maintained by the Company for the financial year ended on March 31, 2023 according to the provisions of:

(i) The Companies Act, 2013, as amended from time to time (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, External Commercial Borrowings and Overseas Direct Investment, wherever applicable;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), Regulations 2018; **(not applicable to the Company during the audit period)** (Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), Regulations 2009 **("SEBI ICDR" to the extent applicable for settlement application);**

   d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 **(not applicable to the Company during the audit period);**

e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations 2021;

f) Securities and Exchange Board of India (Settlement Proceedings) Regulations, 2018 (Settlement Regulations);

g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **(not applicable to the Company during the audit period);**

h) The Securities and Exchange Board of India **(Delisting of Equity Shares) Regulation 2021 (not applicable to the Company during the audit period);** and

i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(not applicable to the Company during the audit period).**

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, no other law was applicable specifically to the Company.

We have also examined compliance with the applicable clauses and regulations of the following:

(i) Secretarial Standards issued by 'The Institute of Company Secretaries of India'; and

(ii) The Listing Agreement entered into by the Company with Stock Exchange(s) pursuant to The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as 'SEBI LODR').

During the year under review, it is observed that:

Under the internal scrutiny, the Company had noticed that three entities ("said entities") that hold an insignificant number of shares in the Company and qualify as "promoter group" under Regulation 2(1)(pp) r/w Regulation 2(1)(zb) of the SEBI ICDR had inadvertently not been classified as such, in the Company's shareholding pattern as disseminated on stock exchange platforms. The aforesaid inadvertent error has been voluntarily rectified by the Company from the quarter ending December 31, 2015 to the quarter ending March 31, 2022 and accordingly approached SEBI for settlement in terms of the Settlement Regulations. In consideration of the same, the High Powered Advisory Committee of SEBI directed to pay the settlement of INR 9,18,000/- which was duly paid by the Company on November 10, 2022 and order was received by the Company on November 30, 2022.

The Company has complied with the provisions of the Act, rules, regulations, guidelines, standards made thereunder except:

1. National Stock Exchange of India Limited (NSE) vide letter dated September 14, 2022 has imposed a penalty of ₹ 1,000/- for delayed submission of statement under Regulation 52(7)/(7A) of SEBI LODR, which has been paid by the Company within prescribed time.

We further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Further, in the incidences where, for the purpose of any Board or Committee Meeting, notice, agenda or notes to agenda are circulated with shorter period of less than seven days, all the Directors including Independent Directors have consented to the shorter period of circulation of the same.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

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

We further report that during the audit period, there were no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. except the following:

1. The Company has subscribed to 26% of paid-up share capital of Avaada MHVidarbha Private Limited ("Avaada") on April 19, 2022, as a condition precedent to purchase of solar power on a Single Captive User basis under the provisions of Electricity Act, 2003, subsequently Avaada became an associate of the Company.

2. The Company has allotted 2,000 (Two Thousand) rated, listed, unsecured, redeemable, non-convertible debentures bearing a face value of INR 10,00,000 (Rupees One Million only) each, aggregating to INR 2,00,00,00,000 (Rupees Two Thousand Million Only) to the investors identified by the Committee on private placement basis.

3. The Company has acquired 100% shareholding of JS Auto Cast Foundry India Private Limited ("JS Auto"), a Coimbatore based casting and machining Company through its wholly owned subsidiary - BF Industrial Solutions Limited ("BFISL") on July 01, 2022.

4. The Company has incorporated a Wholly Owned subsidiary (WOS) "Kalyani Lightweighting Technology Solutions Limited" ("KLTSL") on July 12, 2022, with a view of creating a separate vertical for aluminium business and for light weighting technology.

5. Kalyani Powertrain Limited ("KPL"), WOS of the Company has incorporated a WOS in the name of "Electroforge Limited" on July 25, 2022, which will cater to the e-mobility vertical under KPL.

6. A Joint Venture Agreement, ("Agreement") was executed between Kalyani Strategic Systems Limited ("KSSL"), a WOS of the Company and Open Joint Stock Company Dastan Transnational Corporation Ltd. ("Dastan"), whereby 49% of equity holding of Sagar-Manas Technologies Limited ("SMTL") has been transferred on September 20, 2022, by KSSL to Dastan. Consequently, SMTL has become a subsidiary of KSSL as against the earlier status of WOS and step-down subsidiary of the Company.

7. In order to house all defence related investments of the Company under one entity, the Company has transferred its stake held in following Companies to its WOS 'Kalyani Strategic Systems Limited' ("KSSL"):

    a. 100% stake in 'Analogic Controls India Limited' ("ACIL") on September 30, 2022. Thereafter, ACIL was amalgamated into KSSL with effect from March 10, 2023.

    b. 37.14 % stake in 'Aeron Systems Private Limited ("Aeron") on March 31, 2023.

8. The Board of Directors of the Company in their meeting held on February 14, 2023, have re-appointed following Directors, subject to the approval of members:

    a. Mr. B. N. Kalyani (DIN: 00089380) as the Managing Director of the Company for a period of 5 (five) years with effect from March 30, 2023 (i.e. from March 30, 2023 to March 29, 2028) and designated as Chairman and Managing Director of the Company;

b. Mr. G. K. Agarwal (DIN: 00037678) as a Deputy Managing Director of the Company for a period of 1 (one) year with effect from April 1, 2023 (i.e. from April 1, 2023 to March 31, 2024).

9. BF Infrastructure Limited ("BFIL") – WOS has executed a Share Purchase Agreement on February 28, 2023, with PNC Infratech Limited ("PNC") and Ferrovia Transrail Solutions Private Limited ("Ferrovia") for purchase of 51% shareholding in Ferrovia. Subsequently, BFIL's shareholding in Ferrovia has increased from 49% to 100% resulting in Ferrovia becoming a WOS of BFIL and step-down subsidiary of the Company.

For **SVD & Associates**
Company Secretaries

Sridhar Mudaliar
Partner
FCS No: 6156
C P No: 2664

Place: Pune
Date: May 05, 2023

Peer Review No: P2013MH075200
UDIN: F006156E000254767

Note: This report is to be read with letter of even date by the Secretarial Auditors, which is annexed as Annexure A and forms an integral part of this report.

'ANNEXURE A'

To,
The Members,
Bharat Forge Limited,
Mundhwa Pune Cantonment Pune- 411036.

Our Secretarial Audit Report of even date is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.

3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.

4. We have relied on the documents and evidence provided physically and through electronic mode.

5. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, etc.

Disclaimer

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

7. We have not verified the correctness and appropriateness of the financial records and books of accounts of the Company.

For **SVD & Associates**
Company Secretaries

Sridhar Mudaliar
Partner
FCS No: 6156
C P No: 2664

Place: Pune
Date: May 05, 2023

Peer Review No: P2013MH075200
UDIN: F006156E000254767

Annexure "D"

ANNUAL REPORT ON CSR ACTIVITIES

[Pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. Brief outline on Corporate Social Responsibility Policy of the Company:

At Bharat Forge, our attempt is to constantly keep reshaping our Corporate Social Responsibility ("CSR") initiatives and realign ourselves to better suit the Government's vision for social development. This belief of giving back has driven us to accomplish more every year, through our CSR efforts under the governance of our CSR Committee Leaders.

Our motto is to focus on sustainable business practices for the betterment of business as well as society.

Our CSR policy aims to have a dedicated approach to the development of the community by expending in the areas of Village Development (works on 5 major indicators - Water harvesting, livelihood, health, education and internal roads), primary, secondary and tertiary education for the underprivileged children, skills development, health and hygiene, cleanliness, Swachh Bharat, women empowerment, sustainability, environment and ecological protection and encouragement to nationally recognised sports through one or more implementing agencies/trusts.

The projects undertaken by the Company are within the broad framework of Schedule VII of the Companies Act, 2013 ("Act"). Amidst the COVID-19 crisis, as a part of CSR, Bharat Forge initiated several aid programmes to help sections of the community tackle the socio-economic disruptions caused by the crisis. Our COVID-19 initiatives also attempted to raise awareness in the society about sanitation, social distancing and imparted instructions about the do's and don'ts, in order to mitigate the spread of the virus.

The detailed policy and gist of the CSR activities can be viewed on the Company website at: https://www.bharatforge.com/assets/pdf/investor/download/BFL-CSR-Policy-Signed.pdf

2. Composition of CSR Committee:

Sr. No.	Name of the Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. P. G. Pawar	Independent Director, Chairperson of CSR Committee	1	1
2.	Mr. B. N. Kalyani	Chairman and Managing Director, Member of CSR Committee	1	1
3.	Mr. Amit Kalyani*	Joint Managing Director, Member of CSR Committee	1	1

* Designated as Joint Managing Director w.e.f May 05, 2023

3. Provide the web-link where composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

- The composition of CSR committee is available at- https://www.bharatforge.com/sustainability/csr-committee
- The CSR Policy of the Company is available at- https://www.bharatforge.com/assets/pdf/csr/csr-policy02920.pdf
- The CSR projects undertaken by the Company are available at-

Village Development	https://www.bharatforge.com/sustainability/csr-programmes/village-development
Education	https://www.bharatforge.com/sustainability/csr-programmes/education
Skill Development	https://www.bharatforge.com/sustainability/csr-programmes/skill-development
Women empowerment and community development	https://www.bharatforge.com/sustainability/csr-programmes/women-empowerment-and-community-development
Sports	https://www.bharatforge.com/sustainability/csr-programmes/sports

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable

The Company takes cognizance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 ("CSR Rules"). The Company has undertaken the impact assessment of its CSR projects for financial year 2022-23 through independent agencies. The summary of the aforesaid impact assessment can be accessed on the Company's website at: https://www.bharatforge.com/sustainability/downloads/third-party-assessment-reports

5. **(a) Average net profit of the Company as per Section 135(5):** ₹ 7,588.87 million

(b) Two per cent of average net profit of the Company as per Section 135(5): ₹ 151.78 million

However, the Company budgeted CSR Annual Action Plan for FY 2022-23 to the tune of ₹160.50 million

(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

(d) Amount required to be set off for the financial year, if any: Nil

(e) Total CSR obligation for the financial year [(b)+(c)-(d)]: ₹ 151.78 million

6. **(a) Amount spent on CSR Projects (both Ongoing Projects and other than Ongoing Projects):** ₹ 125.49 million

i. **Ongoing Projects (Refer Annexure "D1"):** ₹ 105.20 million

ii. **Other than Ongoing Projects (Refer Annexure "D1"):** ₹ 20.29 million

(b) Amount spent on Administrative Overheads: ₹ 5.33 Million (4.05% of the total CSR expenditure for the financial year)

(c) **Amount spent on Impact Assessment, if applicable:** ₹ 0.67 Million (0.5% of the total CSR expenditure for the financial year)

(d) **Total amount spent for the Financial Year [(a)+(b)+(c)]:** ₹ 131.49 Million

(e) **CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year. (In ₹ Million)	Amount Unspent (in ₹ Million)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
131.49	29.01	April 30, 2023	-	-	-

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

Sr. No.	Particulars	Amount (in ₹ Million)
1.	Two per cent of the average net profit of the company as per section 135(5)	151.78
2.	Total amount spent for the Financial Year	131.49
3.	Excess amount spent for the financial year [(ii)-(i)]	NA
4.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NA
5.	Amount available for set off in succeeding financial years [(iii)-(iv)]	NA

7. Details of Unspent CSR amount for the preceding three financial years:

Sr. No.	Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹ Million)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in ₹ Million)	Amount spent in the financial year (in ₹ Million)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any		Amount remaining to be spent in succeeding financial years (in ₹ Million)	Deficiency, if any
					Amount (in ₹ Million)	Date of transfer		
1.	2020-21	26.85	-	FY 21-22: 14.73 FY 22-23: 12.12	-	-	-	-
2.	2021-22	25.80	6.19	FY 22-23: 19.61	-	-	6.19	-
	TOTAL	**52.65**	**6.19**	**46.46**	**-**	**-**	**6.19**	**-**

8. Whether any Capital Assets have been created or acquired through CSR amount spent in Financial Year: No

Furnish the details relating to such asset(s) created or acquired through CSR amount spent in the Financial Year - NA

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5):

The Company needs to mandatorily spend an amount of ₹ 151.78 Million towards CSR activities during the financial year 2022-2023. As certain ongoing CSR projects began in this financial year 2022-23, the amount of these projects will be spent in a phased manner. The unspent amount of ₹ 29.01 Million pertaining to our ongoing CSR projects has been transferred to Unspent CSR Account 2022-2023.

B. N. KALYANI
Chairman and Managing Director
DIN: 00089380

P. G. PAWAR
Chairperson, CSR Committee
DIN:00018985

Annexure D1

Details of CSR amount spent against ongoing projects for the financial year:

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project Duration (in years)	Amount allocated for the project (in ₹ Million)	Amount spent in the current financial Year (in ₹ Million)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹ Million)	Mode of Imple-men-tation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1	**Environment Projects**											
	i. Tree Plantation, Solar Lamps & Waste Management	(iv)	Yes/No	Maharashtra	Satara, Pune, Ahmednagar, Solapur	3 Years	50	41.80	8.20	No	Agriculture Development Trust & Know How foundation	CSR00001043 & CSR00002818
	ii. Swachh Sunder Gaon Competition				Satara		1.50	1.50	0.00	Yes	-	-
	iii. Pune Cantonment Garden Maintenance		Yes		Pune Ghorpadi		1.20	1.17	0.03	Yes	-	-
2	Village Development Project- Working on 5 major indicators- water, internal roads, livelihood, health & education											
	i. Water	(x)	Yes/No	Maharashtra	Satara, Pune, Ahmednagar, Solapur, Osmanabad & Kolhapur	3 Years	40.16	30.09	10.07	No	Maharashtra Arogya Mandal & Deepstambha Charitable Trust	CSR00002233 & CSR00000755
	ii. Internal Roads and solar lamps											
	iii. Livelihood											

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project Duration (in years)	Amount allocated for the project (in ₹ Million)	Amount spent in the current financial Year (in ₹ Million)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹ Million)	Mode of Imple-men-tation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
	iv. Health - Under health, below are the initiatives											
	a) COVID-19 Initiatives for Prevention & Cure in villages	(i)	Yes/No	Maharashtra	Pune & Satara	3 Years	0.50	0.00	0.50	Yes	-	-
	b) Telemedicine						8.00	6.26	1.74	Yes, with expertise obtained from Doorstep Health Services Private Limited		-
	c) Cancer screening camps						1.50	0.00	1.50	No	Pune Neurosciences Trust and Research Society	CSR00003785
	v. Education-Infrastructure Development & Mission Sanitation of Schools (ZP & Govt.)	(ii)	Yes	Maharashtra	Pune	3 Years	1.00	0.91	0.09	Yes	-	-

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project		Project Duration (in years)	Amount allocated for the project (in ₹ Million)	Amount spent in the current financial Year (in ₹ Million)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹ Million)	Mode of Imple-men-tation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
3	Pratham Pune	(ii)	Yes	Maharashtra	Pune	3 Years	7.00	6.86	0.14	No	Pratham	CSR00001197
4	Pradyna Vikas	(ii)	Yes	Maharashtra	Pune		1.55	1.51	0.04	No	Jnana Prabodhini	CSR00002565
5	Anubhav Shala Khelghar	(ii)	Yes	Maharashtra	Pune		1.30	1.25	0.05	No	Jnana Prabodhini	CSR00002565
6	Developments of Industrial Training Institute at Khed, Bhor & Malegaon & Karjat	(ii)	Yes/No	Maharashtra	Pune & Ahmednagar	3 Years	5.00	1.07	3.93	Yes	-	-
7	Centre of Excellence in RF & Microwave Technology		Yes	Maharashtra	Pune		2.50	0.00	2.50	Yes	-	-
8	Community Development & Women Empowerment	(iii)	Yes	Maharashtra	Pune		0.80	0.58	0.22	Yes	-	-
9	Lakshya	(vii)	Yes	Maharashtra	Pune	3 Years	2.70	2.70	0.00	No	Lakshya	CSR00002633
10	Support to Shivshrushti Project	(v)	Yes	Maharashtra	Pune	3 Years	9.50	9.50	0.00	No	Maharaja Shi-vachhatrapati Pratishthan Trust	CSR00009176
Total							134.21	105.20	29.01			

Details of CSR amount spent against other than ongoing projects for the financial year:

S. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in ₹ Million)	Mode of Implementa-tion - Direct (Yes/ No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number
1	One time Rural development & other initiatives	(x)	Yes No	Maharashtra	Pune Satara	7.59	Yes	-	-
2	Educational Sponsorship - Vidyarthi Sahayak Samiti & School development	(ii)	Yes	Maharashtra	Pune	5.00	No	Vidyarthi Sahayyak Samiti	CSR00004583
3	Educational Initiative (one time project) support to Manobal Project of Deepstambh Foundation		No	Maharashtra	Jalgaon	3.00	No	Deepstambh Foundation	CSR00015434
4	Education initiative (one time project) support for School building at Salave village Dist. Satara		No	Maharashtra	Satara	3.70	Yes	-	-
5	Education initiative (one time project) support to The Institute of Engineers(India)		No	Maharashtra	Ahmednagar	1.00	No	The Institute of Engineers (India)	CSR00033499
Total						20.29	20.29		

Annexure "E"

INFORMATION AS PER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2023

A. CONSERVATION OF ENERGY

I. Steps taken for Conservation of Energy:

Process Equipment

- High-efficient quench pump for induction hardening machine leading to reduction of consumption by 386.10 MWh/Annum & emission by 305 tCO2e
- Installation of VFD in ventilation blower leading to reduction of consumption by 70.6 MWh/Annum & emission by 55.8 tCO2e
- Replacement of conventional burners with high-velocity burners for HT Iso-Annealing furnaces leading to reduction in energy consumption by 15%
- Application of Pyro bloc insulation in continuous furnaces leading to reduction of consumption by 170 kWh/MT
- Addition of recuperative system for combustion air of furnace leading to reduction of consumption by 60 kWh/MT
- Application of Furnace skin coating for heat loss reduction leading to reduction of consumption by 28.5 MWh/Annum & emission by 23 tCO2e.
- Idle time reduction in Hydraulic power pack Pump leading to reduction of consumption by 69.9 MWh/Annum & emission by 55 tCO2e.
- Installation of Automatic Power Factor correction panel leading to reduction of consumption by 45.5 MWh/Annum & emission by 36 tCO2e
- Energy Efficient modular heater for 8000 T press line

Compressor

- VFD installation in compressor operation leading to reduction of consumption by 300 MWh/Annum & emission by 237 tCO2e.
- Implementation of compressor ring main system leading to reduction of consumption by 167.2 MWh/Annum & emission by 132 tCO2e.
- Common controller for all six compressors leading to reduction of consumption by 62 MWh/Annum & emission by 49 tCO2e.

Cooling Tower & Chiller

- High-efficient pump for coolant circulation in chiller leading to reduction of consumption by 38 MWh/Annum & emission by 30 tCO2e.
- Idle time reduction in cooling tower pumps leading to reduction of consumption by 26.7 MWh/Annum & emission by 21 tCO2e.

Lighting

- Replacement of Metal halide lamps with energy-efficient LEDs resulting in reduction of consumption by 1120.3 MWh/Annum & emission by 885 tCO2e.
- Implementation of motion sensor leading to savings of 2.22 MWh/Annum

Projects under implementation

- Conversion of Fuel-Fired into an energy-efficient Induction Billet Heater (IBH) in forging line
- Upgradation of existing Induction Billet Heater (IBH)
- Pneumatic to electrical door operation for HT Furnaces.
- Replacement of old compressors with energy-efficient compressors
- Changeover of compressor condenser cooling from air to water
- Energy- efficient cooling water pump.
- Implementation of VFD in Agitation/Cooling Tower/Circulation pump with reference to the temperature difference
- Energy-efficient treated water pump

II. Steps taken for utilising alternate source of energy:

- Increased use of Solar Energy
- Additional Solar Capacity of 10 MW commissioned in January 2023 for Mundhwa Plant
- Mundhwa Plant – Present Solar Power Capacity is of 45.65 MW, Wind Power Capacity is of 16.26 MW
- 15 MW Solar Power Plant commissioned in January 2023 for Baramati Plant.
- Baramati Plant – Present Solar Power Capacity is of 15 MW and Wind Power capacity is of 8.2 MW
- With the above additions, the use of non-conventional electrical power at Mundhwa Plant increased to 38% and Baramati Plant to 12%
- Replacement of Oils (Furnace oil, LDO, Biodiesel & SKO) by cleaner fuels (PNG & LPG) in furnace operations leading to the elimination of 5840 KL of Oil & reduction in emission by 6745 tCO2e
- Conversion of diesel-operated forklifts to electrically-operated forklifts leading to a reduction of 10.6 KL of diesel & emission of 29 tCO2e. Planned to utilise renewable energy for these forklifts to make them "Green Forklifts" in the near future

III. The Capital investment on energy conservation equipment:

The Company has not made any capital investments on energy conservation equipment during the year.

B. TECHNOLOGY ABSORPTION:

I. Efforts made towards technology absorption:

- Design and Development of a 15 Kg payload capacity Quadcopter Unmanned Aerial Vehicle
- Design and Development of High-Altitude Surveillance Hexacopter Unmanned Aerial Vehicle
- Design & development of micro drone weighing less than 2 kg with 25 min endurance with day & night HD camera for surveillance
- Alternative drone power source feasibility study & implementation: Hydrogen Fuel cell, solid-state battery, Li-Ion battery, IC engine, etc.
- Feasibility study and technical literature for EMI EMC qualification & testing as per standard 461 E/F/G for drones
- CMS scale-free technology for reducing scale and improving the surface quality of forging and steel mills
- Hot extrusion punch life Improvement by Deep Cryogenic treatment

- Establishing cleanliness procedures for automotive components
- Machining database of 300M steel for the aerospace industry
- Vacuum brazing of liquid-cooled plates
- Hard lock nut technology introduction for the manufacturing industry
- Introduction of Switched Reluctance Motor for the EV industry
- Aluminum Horizontal Casting Machine: Trough/Launder Leakage and Cracking issues in USA and Germany plants

  - Present bottom heating of trough is replaced by top heating with modification in the refractory lining and addition of top heaters
- Development of ADI cast by design of chemistry and optimisation of heat treatment
- Design and development of closed die forging process for Waspaloy (Nickel based superalloy) to be used in critical application of aerospace sector
- Design and development of closed die forging process for Hastelloy S (Nickel based superalloy) to be used in critical application of aerospace sector
- Optimisation of heat treatment to achieve required mechanical properties of Ti6242
- Development of green energy technology for sustainability and self-sufficiency in terms of energy demands using hydrogen
- Development of solar plus windmill hybrid energy prototype for sustainable and self-sufficient green energy
- Development of Tantalum coating for gun barrel life enhancement
- Development and adoption of cold jet technology for faster cleaning of forging equipment and robots
- Capability demonstration to qualify for a manufacturing partner
- Understand technology on digital platforms and implement it here
- Development of swage Autofrettage process for gun barrel
- Design and development of EV suspension components
- Technology development for cold forgings and Precision/near net shape forgings
- Forging components design optimization to develop products with better strength-weight ratio and reliability
- Design innovation of suspension components from Steel casting to Aluminum forging design
- Development of Track Link for Construction & Mining application
- Development of Hollow Rotor Shaft through Cold Forging
- Development of Shell through Forging Route
- Crankshaft forging die life enhancement with process innovation
- Engraving standardisation for Reduce Rolls using CAM Program
- Development of Deburring operation using CAM for eliminating grinding of sharp edges on die block
- Process innovation for sprocket segment for effective material utilisation
- Crankshaft design innovation of Bolted counterweight design to integral counterweight design for light weighting
- Advancement in Die Inspection process by introducing Optical 3D Scanner
- Installation of dust extraction & collection system for a healthy work environment
- Die life improvement by using alternate material grades
- Design innovation to enhance forging press slide adjustment lever life
- Application of Industry 4.0 to identify the Press Webb Conveyor Chain jam location
- Conversion of Time-based Maintenance to Condition-based maintenance with the help of Industry 4.0
- Application of Industry 4.0 to protect low voltage DC control circuit with pinpoint accuracy
- Low-cost Ethernet ready IIOT device with PLC and HMI facility to accommodate all types of signal interfaces using Industry 4.0
- Titanium Gas Bottle forging development
- Innovation for Gear Die life enhancement
- High Impact Value Descaler application for Pinion parts

Technical Papers:

Following technical papers were published and presented at various international conferences:

1) Role of Friction Time on the Joint Characteristics of Continuous Drive Friction-Welded Inconel 718 and EN24 Steel, Journal of Materials Engineering & Performance, IF-2
2) Innovative Method for Eccentric Shaft Machining: Elliptical Orbital Internal Milling, National Conference on Advanced Materials and Manufacturing Technologies AMMT 2023 Kerala
3) Study the effect of Tool Path Optimization on Physical and Microstructural Properties on Milling H13 die steel, National Conference on Advanced Materials and Manufacturing Technologies AMMT 2023 Kerala
4) Effect of Aging Treatment on Toughness and Hardness Behavior in Custom 450 PH Steel, Journal of Materials Engineering and Performance
5) Deformation behavior and flow properties of 28CrMoNiV59 steel, 9th Gleeble User Workshop India KIIT, Bhubaneswar 2023.
6) Microstructural evolution during hot deformation and its validation with Simulation for Nickel based Superalloy, 9th Gleeble User Workshop India KIIT, Bhubaneswar 2023.
7) Corrosion behavior of SS304L and SS316L Stainless steel in KOH Environment, NIIS CORCON 2022, 14th – 17th September Udaipur, India
8) Development of Optimized Mechanical Properties of AISI 4340 Steel: Role of Quenching and Partitioning Process, Metals and Materials International

IP Generation:

During the year 2022 – 2023, a total of 7 patents were filed and grants of 9 patents and 1 design registration have been received.

With this, the Company now has in its portfolio 83 patent families with 30 jurisdiction-wise grants and 4 designs with 2 registered designs.

II. The benefits derived like product improvement, cost reduction, product development, and import substitution:

- Development of Carbon fiber composite drone parts for import substitution
- In-house development of Aluminum structural parts for cost reduction
- Drone product improved by developing quadcopter for 20 kg payload reduced 4 motors and the associated cost.
- Development of GMI-Based Sensor for Analyzing Grinding Burns
- Indigenous development of the cooling system for the manufacturing industry
- New business development in the area of exotic alloys (ring rolling & closed die forging for Waspaloy, Hastelloy, IN718, Aluminum & Ti6Al4V).
- New business development in E-vehicles, green energy & Make in India initiative (Hydrogen production, Solar & wind energy & life enhancement.)
- Cost and cycle time reduction (cold jet technology)
- Development of Innovative manufacturing processes
- Development of Innovative Lightweight products
- Speedy development of products from trial to market with FTQ
- Business diversification
- Product Life Improvement

III. In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year):

Details of Technology Imported (product)	Year of import	Has technology been fully absorbed	If not fully absorbed, areas where absorption has not taken place and the reasons thereof
VITAL Ventilator technology by JPL, NASA	2020	Yes	-
Establishment of green hydrogen generation laboratory	2022	Yes	-
Laser Shock Peening Technology	2021	In progress	Technology evaluated for some products

IV. Expenditure on Research and Development:

In ₹ Million

Sl. No.	Particulars	Amount
i)	Capital	21.41
ii)	Recurring	581.72
iii)	Total R&D expenditure	603.13
iv)	Total Income	77,232.08
v)	Total R&D expenditure as a percentage of total income	0.78%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

I. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans:

i. Despite the geopolitical turmoil, the Company has delivered a very strong performance, registering the highest export ever in the history of the Company. The Company has also received various awards for 'Supplier of the Year', 'Sustainability', etc. from strategic customers.

ii. The Company has embodied the "Last Man Standing" strategy across its core products by wining business from its strategic customers.

iii. During the year under review, the Company witnessed quantum growth in the Passenger Vehicle segment while introducing new products in other segments.

iv. The Company is highly focused on growth initiatives in all segments and in all geographies. The Company has initiated several actions both internal and external to improve speed to market and competitiveness in order to secure new business despite stiff competition, geopolitical situation and inflationary pressures.

II. Total foreign exchange earnings and outgo for the financial year is as follows:

i. Total Foreign Exchange earnings : ₹ 44,756.16 million

ii. Total Foreign Exchange outgo : ₹ 6,562.62 million

Report on Corporate Governance

I. Corporate Governance Philosophy

Bharat Forge Limited ("the Company") believes that effective corporate governance practices constitute a strong foundation on which successful commercial enterprises are built to last. The Company's philosophy on corporate governance oversees business strategies and ensures transparency, fiscal accountability, ethical corporate behaviour, and fairness to all the stakeholders comprising of regulators, employees, customers, vendors, investors and society at large.

We recognise the importance of protecting and respecting the rights of our stakeholders. We value their perspectives and strive to foster a collaborative and transparent relationship. Ethical conduct and integrity are at the core of our corporate governance philosophy. We uphold high ethical standards throughout our organisation and expect our directors, executives and employees to demonstrate honesty, integrity and professionalism in all their interactions.

We maintain effective internal control mechanisms to safeguard our assets, ensure compliance with all applicable laws and regulations, and promote sound business practices. Regular monitoring and evaluation of risks are fundamental to our governance approach.

We are committed to long-term sustainability and social responsibility. Our corporate governance philosophy extends beyond financial performance and encompasses our environmental and social impact. We strive to minimise our ecological footprint, support responsible sourcing and contribute positively to the communities in which we operate.

Continuous improvement is a fundamental principle of our corporate governance philosophy. We regularly evaluate and enhance our governance practices to adapt to changing business environments, emerging risks, and evolving regulatory requirements. We embrace innovation, leverage technology, and invest in the development of our workforce to remain at the forefront of effective corporate governance practices.

By adhering to our corporate governance philosophy, we aim to build trust, foster long-term relationships, and create sustainable value for our stakeholders. We are committed to maintaining the highest standards of governance, demonstrating integrity, and acting in the best interests of our stakeholders at all times.

This report is prepared with adherence to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the report comprehends all the requirements as applicable under Regulations 17 to 27 read with Para C and D of Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

II. Board of Directors

Composition of the Board

The Company's Board of Directors ("Board") provides entrepreneurial leadership and strategic direction to the management. It is collectively responsible for promoting effective oversight, ensuring strategic alignment and upholding ethical standards. The Board is dedicated to good governance and international best practices. It is committed to ensuring a decisive attitude from the top that requires a commitment from all Directors and employees to the values of integrity, transparency, and continuous oversight of the Company's performance. We have a diverse and independent Board, composed of individuals with a breadth of experience and expertise. The Company's policy is to maintain an optimum combination of Executive, Non-Executive, independent and woman directors as we believe that an active, well-informed, diversified and independent Board is necessary to ensure the highest standards of corporate governance.

As on March 31, 2023, the Company's Board comprises 14 (Fourteen) Directors. The Board consists of 6 (Six) Executive Directors (including the Chairman and Managing Director, who is a Promoter Director) and 8 (Eight) Non-Executive Independent Directors including 2 (Two) Women Independent Directors. The composition of the Board is in conformity with Regulation 17 of the Listing Regulations.

Confirmation from Directors

All the Directors on the Board of the Company have confirmed that they are not debarred or disqualified from being appointed or continuing to act as Directors of the Company in terms of any order of the Securities and Exchange Board of India ("SEBI"), Ministry of Corporate Affairs ("MCA") or any such statutory authority/ies.

All Independent Directors are Non-Executive Directors as defined under Regulation 16(1) (b) of the Listing Regulations read with Section 149(6) of the Companies Act, 2013 ("the Act") along with rules framed thereunder. In terms of Regulation 25(8) of Listing Regulations, they have also confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties as Independent Directors. Based on the declarations received from the Independent Directors, the Board of Directors have confirmed that they meet the criteria of independence as mentioned under Regulation 16(1) (b) of the Listing Regulations and that they are independent of the management and the Company.

Number of Board Meetings and Attendance of Directors

During the financial year 2022-23, the Board of the Company met 4 (Four) times, in compliance with the provisions of the Act and Listing Regulations with a maximum and minimum time gap of 94 (Ninety-Four) and 86 (Eighty-Six) days respectively between two Board Meetings. The attendance of the Directors in the Board meetings and Annual General Meeting ("AGM") held during the financial year 2022-23 is given hereunder in Table 1:

Table 1: Number of Board meetings and attendance of Directors

Name of the Directors	Board Meetings (P – Present/A – Absent/NA – Not applicable)				Total	AGM
	16.05.2022	11.08.2022	14.11.2022	14.02.2023	4	12.08.2022
Mr. B. N. Kalyani	P	P	P	P	4	P
Mr. P. G. Pawar	P	P	P	P	4	P
Mrs. Lalita D. Gupte	P	P	P	P	4	P
Mr. P. H. Ravikumar	P	P	P	P	4	P
Mr. Dipak Mane	P	P	P	P	4	P
Mr. Murali Sivaraman	P	P	P	P	4	P
Mr. Vimal Bhandari	P	P	P	P	4	P
Mr. K. B. S. Anand@	NA	P	P	P	3	P
Ms. Sonia Singh@	NA	P	P	P	3	P
Mr. Amit Kalyani	P	P	P	P	4	P
Mr. G. K. Agarwal	P	P	P	P	4	P
Mr. B. P. Kalyani	P	P	P	A	3	P
Mr. S. E. Tandale	P	P	P	P	4	P
Mr. Kishore Saletore	P	P	P	P	4	P

@ Appointed as an Independent Director w.e.f. June 27, 2022.

Information Supplied to the Board

The Company provides information as set out in Regulation 17 read with Part A of Schedule II of Listing Regulations to the Board and the Board Committees to the extent it is applicable and relevant. Such information is submitted either as part of the agenda papers in advance of the respective Meetings or by way of presentations and discussions during the meetings. In special and exceptional circumstances, additional or supplementary items on the agenda are permitted with the consent of all the Independent Directors. The Board periodically reviews compliance reports of laws applicable to the Company, prepared and placed before the Board by the Management.

Directors' Directorship(s) and Committee Membership(s)/Chairmanship(s)

The name and categories of the Directors on the Board, the number of Directorship(s) and Committee Membership(s)/Chairmanship(s) held by each one of them in other Indian Public Limited Companies as on March 31, 2023, are given herein below in Table 2:

Table 2: Directors' Directorships and Committee Membership(s)/Chairmanship(s)

Name of the Directors	Category	No. of Directorship(s) and Committee Membership(s)/ Chairmanship(s) in Indian Companies including the Company as on March 31, 2023*			Directorship in other listed entity (Category of Directorship)
		Number of Directorship(s)	Committee Membership(s)	Committee Chairmanship(s)	
Mr. B. N. Kalyani	Promoter-Executive	5	3	Nil	1. Hikal Limited \$ 2. Kalyani Steels Limited \$ 3. BF Utilities Limited \$ 4. Automotive Axles Limited \$
Mr. P. G. Pawar	Independent Non-Executive	1	2	2	--
Mrs. Lalita D. Gupte	Independent Non-Executive	4	5	Nil	1. TVS Motor Company Limited # 2. ICICI Lombard General Insurance Company Limited # 3. Godrej Properties Limited #
Mr. P. H. Ravikumar	Independent Non-Executive	2	5	2	1. Aditya Birla Capital Limited #
Mr. Vimal Bhandari	Independent Non-Executive	6	7	2	1. Kalpataru Power Transmission Limited # 2. RBL Bank Limited \$ 3. JK Tyres & Industries Limited # 4. DCM Shriram Limited # 5. Escorts Kubota Limited #
Mr. Dipak Mane	Independent Non-Executive	1	Nil	Nil	--
Mr. Murali Sivaraman	Independent Non-Executive	4	4	1	1. Huhtamaki PPL Limited # 2. ICICI Lombard General Insurance Company Limited # 3. Medplus Health Services Limited #
Mr. K. B. S. Anand@	Independent Non-Executive	6	5	1	1. UFO Moviez India Limited # 2. Lupin Limited # 3. Tata Chemicals Limited # 4. Borosil Limited # 5. Galaxy Surfactants Limited #
Ms. Sonia Singh@	Independent Non-Executive	2	2	1	1. Kansai Nerolac Paints Limited #
Mr. G. K. Agarwal	Executive	1	Nil	Nil	--
Mr. Amit Kalyani^	Promoter-Executive	7	2	Nil	1. Hikal Limited \$ 2. Kalyani Steels Limited \$ 3. BF Utilities Limited \$ 4. BF Investment Limited \$ 5. Kalyani Investment Company Limited \$ 6. Schaeffler India Limited #
Mr. B. P. Kalyani	Executive	1	Nil	Nil	--
Mr. S. E. Tandale	Executive	1	Nil	Nil	--
Mr. Kishore Saletore	Executive	1	1	Nil	--

* Other Directorships do not include Foreign Companies. In accordance with Regulation 26(1)(b) of Listing Regulations, Memberships/Chairmanships of only the Audit Committee and Stakeholders' Relationship Committee in all Indian Public Limited Companies have been considered. The number of directorships, committee memberships of all Directors is within the respective limits prescribed under the Act and Listing Regulations.

\$ Non-Independent, Non-Executive.

\# Independent, Non-Executive.

@ Appointed as an Independent Director wef June 27, 2022

^ Designated as Joint Managing Director w.e.f May 05, 2023

Independent Directors

In the opinion of the Board of Directors, each Independent Director fulfills the conditions specified in Section 149(6) of the Act and Listing Regulations, each one is independent of the Management. The terms and conditions of appointment of the Independent Directors are disclosed on the website of the Company viz. https://www.bharatforge.com/assets/pdf/investor/Terms_of_Appointment_of_Independent_Director-clean.pdf

Your Company recognises the crucial role that the Independent Directors play in ensuring an efficient and transparent work environment hence, during the year 2022-23, 1 (one) meeting of Independent Directors was held on May 13, 2022, without the presence of any Non-Independent Director. The Independent Directors, inter alia, reviewed the performance of Non-Independent Directors and the Board as a whole. The outcome of the meeting was presented to the Board along with the course of actions taken for implementing the observations/suggestions received from the Independent Directors.

All new Independent Directors inducted to the Board are introduced to our Company culture through orientation sessions. Executive directors and senior management provide an overview of operations and familiarise the new non-executive directors on matters related to our values and commitments. They are also introduced to the organisation structure, services, Group structure and subsidiaries, constitution, Board procedures and business strategy. The details of familiarisation programme for the Independent Directors are available on the website of the Company and can be accessed at the link: https://www.bharatforge.com/assets/pdf/investor/familiarisation-programme-for-independent-directors.pdf

III. Committees of The Board

As on March 31, 2023, the Company has an Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholder's Relationship Committee, Finance and Risk Management Committee, and ESG Committee. The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles, which are considered to be performed by the members of the respective Board Committees. The Company's guidelines relating to Board Meetings are also applicable to Committee Meetings. Each Committee has the authority to engage outside experts, advisors, and counsels to the extent it considers appropriate to assist in its work. Minutes of the proceedings of the Committee Meetings are placed before the Board Meeting for perusal and noting. The Company Secretary acts as the Secretary of all the Board Committees.

IV. Requirement of core skills/expertise/competencies for the Board of Directors as identified for Companies Business

The Board has constituted a Nomination and Remuneration Committee delegated to fix criteria for identifying, screening, recruiting and recommending a candidate having an appropriate mix of diversity, skills, expertise and Competencies for better anticipating the risks and opportunities in building a long-term sustainable business of the Company.

The criteria for selection of a candidate have been fixed by the Nomination and Remuneration Committee considering the following:

1. The size and status of the Company;
2. The geographical spread of the Company;
3. Optimum balance of skills and expertise in view of the objectives and activities of the Company;
4. Professional qualifications, expertise and experience in specific areas of relevance to the Company;
5. Avoidance of any present or potential conflict of interest;
6. Integrity, honesty, transparency.

The below table summarises the key qualifications, skills and attributes which are taken into consideration while nominating to serve on the Board:

Table 3: Key Qualifications, Skills and Attributes

Sr. No.	Areas of expertise required	Description
A1	Strategy and Planning	Ability to think strategically; identify and critically assess strategic opportunities and threats. Develop effective strategies in the context of the strategic objectives of the Company, relevant policies, and priorities.
A2	Business operations	Experience in driving business success in markets around the world with an understanding of diverse business environments, economic conditions, cultures, and regulatory frameworks and a broad perspective on market opportunities.
A3	Technology	Signficant background in technology resulting in knowledge of how to anticipate technological trends, generate disruptive innovation and extend or create new business models.
A4	Sales and Marketing	Experience in developing strategies to grow sales and market share, build brand awareness and equity and enhance Company reputation.
A5	Finance Acumen	Ability to comprehend, interpret and guide on financial management, reporting, controls, and analysis.
A6	Governance and Risk Management	Experience in the application of Corporate Governance principles. Ability to identify key risks to the Company in a wide range of areas including legal and regulatory compliance.

In the table below, the specific areas of focus or expertise of individual board members have been highlighted. However, the absence of a mark against a member's name does not necessarily mean the member does not possess the corresponding qualification or skills.

Table 4: Areas of Expertise

Name of the Directors	Areas of Expertise					
	A1	A2	A3	A4	A5	A6
Mr. B. N. Kalyani	✓	✓	✓	✓	✓	✓
Mr. P. G. Pawar	✓	✓	✓	–	✓	✓
Mr. Vimal Bhandari	✓	✓	✓	✓	✓	✓
Mr. P. H. Ravikumar	✓	✓	✓	✓	✓	✓
Mrs. Lalita D. Gupte	✓	✓	–	✓	✓	✓
Mr. Dipak Mane	✓	✓	✓	✓	✓	–
Mr. Murali Sivaraman	✓	✓	–	✓	✓	✓
Mr. K. B. S. Anand*	✓	✓	–	✓	–	✓
Ms. Sonia Singh*	✓	✓	–	✓	–	–
Mr. G. K. Agarwal	✓	✓	✓	✓	✓	✓
Mr. Amit Kalyani	✓	✓	✓	✓	✓	✓
Mr. B. P. Kalyani	✓	✓	✓	–	–	✓
Mr. S. E. Tandale	✓	✓	✓	✓	✓	✓
Mr. Kishore Saletore	✓	✓	–	–	✓	✓

* Appointed as an Independent Director w.e.f. June 27, 2022

V. Board Committees

1. Audit Committee

The Company has constituted an Audit committee in line with the provisions of Regulation 18 of Listing Regulations and Section 177 of the Act.

The Audit Committee assists the Board in discharging its responsibility to oversee the quality and integrity of the accounting, auditing, and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting statements, the appointment, independence, performance, and remuneration of the Statutory Auditors, including the Cost Auditors and the performance of Internal Auditors of the Company.

All the members of the Audit Committee possess accounting, economic, legal, and financial management expertise.

The Annual General Meeting ("AGM") held on Friday, August 12, 2022, was attended by the Chairman of the Committee, Mr. P. G. Pawar, to answer shareholders' queries.

The meetings of the Audit Committee are also attended by the Chairman and Managing Director, Executive Directors, Chief Financial Officer, Statutory Auditors, Internal Auditors, and other Management representatives as special invitees as and when required.

The Company Secretary acts as the Secretary to the Audit Committee Meeting.

Table 5: Composition of Audit Committee

Name of the Director	Category of Directorship	Committee Position
Mr. P. G. Pawar	Independent Director	Chairperson
Mr. P. H. Ravikumar	Independent Director	Member
Mr. Vimal Bhandari	Independent Director	Member

The primary roles/responsibilities of the Audit Committee are:

a. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

b. Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;

c. Approval of payment of remuneration to Statutory Auditors for any other services rendered by the Statutory Auditors;

d. Reviewing, with the management, the Annual Financial Statements and Auditor's Report thereon before submission to the Board for approval; and

e. Reviewing, with the management, the quarterly Financial Statements before submission to the Board for approval/the statement of uses/application of funds raised through an issue/Approval or any subsequent modification of transactions of the Company with related parties.

The detailed terms of reference pursuant to the provisions of the Listing Regulations and in accordance with the Act are placed on the website of the Company:- https://www.bharatforge.com/assets/pdf/investor/download/tr-audit-committee.pdf

2. Nomination and Remuneration Committee

The Company has constituted a Nomination and Remuneration Committee in line with the provisions of Regulation 19 Listing Regulations and Section 178 of the Act.

Table 6: Composition of Nomination and Remuneration Committee

Name of the Director	Category of Directorship	Committee Position
Mr. Dipak Mane^	Independent Director	Chairperson
Mr. P. G. Pawar #	Independent Director	Member
Mr. Vimal Bhandari	Independent Director	Member

^ Designated as Chairperson of the Committee w.e.f. August 12, 2022.

Held office of Chairperson of the Committee till August 12, 2022.

The primary roles/responsibilities of the Nomination and Remuneration Committee are:

a. To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a remuneration policy, for the Directors, Key Managerial Personnel and other employees;

b. To identify qualified persons to become Directors and Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out the evaluation of every Director's performance;

c. To extend or continue the term of appointment of the Independent Director based on the performance report of the Independent Director;

d. To formulate criteria for evaluation of the performance of the Independent Directors and Board of Directors; and

e. To devise a policy on diversity of the Board of Directors.

Performance Evaluation Criteria for Directors

The Nomination and Remuneration Committee has devised criteria for the evaluation of the performance of the Directors including Independent Directors. The said criteria provide certain parameters like attendance, acquaintance with business, communication inter se with board members, effective participation, compliance with the Code of Conduct etc. which is in compliance with applicable laws, regulations and guidelines.

Policy on Director's Appointment and Remuneration

The Nomination and Remuneration Policy of the Company has been formulated in accordance with the Act and Listing Regulations. The Policy is designed to guide the Board in relation to the appointment, removal of Directors, Key Managerial Personnel and Senior Management and recommend to the Board on remuneration payable to them. The policy enables the Company to retain, motivate and promote talent and to ensure long-term sustainability of talented managerial persons and create a competitive advantage.

The current policy along with the terms of reference of the committee is available on Company's website: https://www.bharatforge.com/assets/pdf/investor/download/NOMINATION_AND_REMUNERATION_POLICY.PDF

Reward Philosophy

At Bharat Forge, our Total Rewards Philosophy forms one of the major cornerstones of our approach to corporate governance and is aligned with the business and people strategy. It guides us in ensuring that our decisions are aligned with external benchmarks, maintain internal parity, comply with regulations, and take into account both employer affordability and employee perspectives. Our approach to rewards extends beyond just salary increments, as we believe in providing holistic rewards that encompass various benefits. We understand the need of rewards in the form of career advancement opportunities, global mobility initiatives, higher education support, etc. In addition, we also have rewards and recognition program in place for timely appreciation of our star performers and thus motivating them to continue to outperform.

This Total Rewards framework ensures equitable compensation aligned with skills and roles of individuals and workplace benefits that foster an encouraging environment for our employees. Moreover, we empower our workforce by offering opportunities to contribute to social causes, fueling their motivation and solidifying their association with our organization.

We prioritize the three Cs: Competitiveness, Contextualization, and Cause. This means that our rewards are competitive in the market, tailored to individual needs and preferences, and aligned with the greater causes and aspirations of our employees. In terms of execution, we are committed to ensuring a fair, equitable and meritocratic management of our Total Rewards program.

This philosophy guides us in creating a robust and purposeful rewards program that enriches the employee experience, drives performance, and contributes to the overall success and sustainability of our organization.

a) Variable Pay (Short Term Incentive/Commission/Performance Incentive) Policy

Performance Incentives (Short Term Incentive/ Variable Pay/ Commission) have been strategically designed to reward the valuable contributions made by our employees in accomplishing our business objectives. These incentives serve as a powerful motivation for our workforce, driving them to continuously strive for excellence and attain remarkable results. Our Variable Pay program offers eligible employees the chance to partake in the company's growth but also present a substantial earning opportunity for those who consistently demonstrate exceptional performance. The disbursement of these incentives aligns with the Company policy, which takes into account both individual and organizational performance throughout the fiscal year.

b) LTCI

The LTCI (Long-Term Cash Incentive) plan is a discretionary program designed to reward employees who have displayed exceptional potential for future business growth.

The primary objectives of this plan are as follows:

(i) To attract, retain, and motivate talented individuals who play a critical role within the organisation, recognising their significant contributions.

(ii) To align the interests of employees with the overall goals and objectives of the company.

(iii) To provide a framework that enables our employees to create long-term financial prosperity.

(iv) To empower employees to actively engage in their own wealth creation journey promoting a sense of ownership to their own compensation and commitment to achieving exceptional results.

By implementing the LTCI plan, we aim to cultivate a workforce that is motivated and committed to achieving long-term success, while also fostering a strong connection between individual employee and the organization's overall growth and strike competitiveness in our compensation structure aligned with industry trends. To determine individual performance, company performance and potential of the employee we follow a comprehensive appraisal process, balance scorecard approach and organization leadership review process respectively.

3. Corporate Social Responsibility (CSR) Committee

The Company has constituted the Corporate Social Responsibility Committee in line with the provisions of Section 135 of the Act.

Table 7: Composition of the CSR Committee

Name of the Director	Category of Directorship	Committee Position
Mr. P. G. Pawar	Independent Director	Chairperson
Mr. B. N. Kalyani	Chairman and Managing Director	Member
Mr. Amit Kalyani*	Joint Managing Director	Member

* Designated as Joint Managing Director w.e.f. May 05, 2023

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring the implementation of the framework of the CSR Policy.

The primary roles/responsibilities of the Corporate Social Responsibility Committee are:

a. To formulate and recommend to the Board, a CSR Policy in terms of Schedule VII of the Act including a statement containing the approach and direction given by the Board, guiding principles for selection, implementation and monitoring of CSR projects/programs, as well as formulation of the Annual Action Plan;

b. To recommend to the Board, the Annual Action Plan in accordance with the applicable laws;

c. To recommend the amount of expenditure to be incurred on the CSR projects/programmes, list of projects to be undertaken within the purview of Schedule VII to the Act,

d. To monitor the progress of the annual action plan and the multi-year programmes, their manner of execution, modalities of fund utilisation, project implementation schedules, reporting mechanism along with details of need and impact assessment for projects as required, etc.;

e. To monitor the CSR Policy of the Company from time to time; and

f. To act in terms of any consequent statutory modification(s)/amendment(s)/revision(s) to any of the applicable provisions to the said Committee;

The CSR policy of the Company including the terms of reference is disclosed on the Company's website at the link: https://www.bharatforge.com/assets/pdf/investor/download/BFL-CSR-Policy-Signed.pdf

4. Stakeholders Relationship Committee

The Company has constituted the Stakeholders Relationship Committee in line with the provisions of Regulation 20 of the Listing Regulations and Section 178 of the Act.

Table 8: Composition of the Stakeholders Relationship Committee

Name of the Director	Category of Directorship	Committee Position
Mr. P. G. Pawar	Independent Director	Chairperson
Mr. B. N. Kalyani	Chairman and Managing Director	Member
Mrs. Lalita D. Gupte	Independent Director	Member

The primary roles/responsibilities of the Stakeholder Relationship Committee are:

a. To specifically look into the redressal of grievances of shareholders, debenture holders and other securities holders;

b. To consider and resolve the grievances of the securities holders of the Company including complaints related to the transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends etc.;

c. To act in terms of any consequent statutory modification(s)/amendment(s)/revision(s) to any of the applicable provisions to the said Committee;

d. To review measures taken for the effective exercise of voting rights by shareholders;

e. Review of adherence to the service standards in respect of various services being rendered by the registrar and share transfer agent; and

f. To review various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the security shareholders of the entity.

The details of the Investor Complaints received and redressed are mentioned below:

Table 9: Number and nature of complaints received and redressed during the year 2022-23.

Nature of complaint	No. of complaints received	No. of complaints redressed	No. of complaints pending as on March 31, 2023
Non-receipt of shares lodged for transfer/ transmission	1	1	Nil
Non-receipt of Bonus Shares	2	2	Nil
Non-receipt of Duplicate Share Certificate	1	1	Nil
Non-receipt of Dividends	2	2	Nil
Non-receipt of Sub-divided Shares	Nil	Nil	Nil
Non-receipt of Annual Report	Nil	Nil	Nil
Change of address	Nil	Nil	Nil
Others	1	1	Nil
Total	7	7	Nil

The detailed term of reference is disclosed on the Company's website at the link: https://www.bharatforge.com/assets/pdf/investor/download/tr-stakeholders-relationship-committee.pdf

5. **Finance and Risk Management Committee**

The Company has constituted Finance and Risk Management Committee in line with the provisions of Regulation 21 of the Listing Regulations.

Table 10: Composition of the Finance and Risk Management Committee

Name of the Director	Category of Directorship	Committee Position
Mr. B. N. Kalyani	Chairman and Managing Director	Chairperson
Mr. Amit Kalyani*	Joint Managing Director	Member
Mr. Vimal Bhandari	Independent Director	Member
Mr. Murali Sivaraman	Independent Director	Member

*Designated as Joint Managing Director w.e.f. May 05, 2023

The primary roles/responsibilities of the Finance and Risk Management Committee are:

a. To formulate a detailed risk management policy and a business continuity plan;

b. To formulate a framework for the identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG-related risks), information, cyber security risks or any other risk as may be determined by the Committee;

c. To formulate measures for risk mitigation including systems and processes for internal control of identified risks/monitor and oversee implementation of the risk management policy/evaluating the adequacy of risk management systems;

d. To ensure that appropriate methodology, processes, and systems are in place to monitor and evaluate risks associated with the business of the Company; and

e. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

The detailed term of reference is disclosed on the Company's website at the link: https://www.bharatforge.com/assets/pdf/investor/download/risk-management-policy.pdf

6. **Environmental, Social and Governance Committee**

The Company voluntarily constituted the Environmental, Social and Governance ("ESG") Committee in order to support and improve the Company's ongoing commitment to the environmental, health and safety, corporate social responsibility, corporate governance, sustainability, and other public policy matters relevant to the Company.

Table 11: Composition of ESG Committee

Name of the Director	Category of Directorship	Committee Position
Mr. Amit Kalyani*	Joint Managing Director	Chairperson
Mr. Murali Sivaraman	Independent Director	Member
Mr. Dipak Mane	Independent Director	Member

*Designated as Joint Managing Director w.e.f. May 05, 2023

The primary roles/responsibilities of the Environmental, Social and Governance Committee are:

a. To guide the Board in developing and implementing the ESG Strategy, Initiatives and Policies for the Company.

b. To review emerging risks and opportunities associated with ESG issues relative to the Company that have the potential to impact the reputation and business performance of the Company in consultation with the Risk Management Committee of the Board.

c. To ensure that the Company is taking appropriate measures to implement actions to further its ESG Strategy. The Committee shall have access to any internal information necessary to fulfil its role, in this regard.

d. To review and oversee the development and implementation of targets, standards and metrics established by management to assess and track the Company's ESG performance.

e. To review any statutory requirements for Sustainability reporting including reporting under the Annual Report of the Company.

With its diverse portfolio and substantial presence in multiple markets, the Company recognised the importance of ESG factors in shaping its long-term sustainability and value creation for stakeholders. During the year, the ESG Committee, according to its comprehensively established roadmap, reported a favourable impact on 12 (Twelve) of the 17 (Seventeen) Sustainable Development Goals ("SDGs") adopted by the United Nations. The Company embarked on a comprehensive ESG initiative, which led the Company to get improved ESG ratings by leading ESG rating agencies. This improvement in our rating is testament to our commitment to sustainability and responsible business practices.

Table 12: Number of Committee Meetings held and attendance record:-

Name of the Committee	Audit Committee	Nomination and Remuneration Committee	Stakeholders' Relationship Committee	Corporate Social Responsibility Committee	Finance and Risk Management Committee	ESG committee
No. of meetings held	5	3	1	1	2	1
Date of meetings	1. May 16, 2022 2. August 11, 2022 3. November 14, 2022 4. February 14, 2023 5. March 31, 2023	1. May 13, 2022 2. November 11, 2022 3. February 13, 2023	1. May 13, 2022	1. May 13, 2022	1. May 04, 2022 2. October 28, 2022	1. May 13, 2022
			No. of Meetings Attended			
Name of Member						
Mr. P. G. Pawar	5	3	1	1	-	-
Mr. P. H. Ravikumar	5	-	-	-	-	-
Mr. Vimal Bhandari	5	3	-	-	1	-
Mr. B. N. Kalyani	-	-	1	1	1	-
Mr. Amit Kalyani	-	-	-	1	1	1
Mrs. Lalita D. Gupte	-	-	1	-	-	-
Mr. Dipak Mane	-	3	-	-	-	1
Mr. Murali Sivaraman	-	-	-	-	1	1
Whether quorum was present for all the meetings	The necessary quorum was present for all the above committee meetings					

Functional Committee

The Board is authorised to constitute one or more functional committees delegating thereto powers and duties with respect to specific purposes. Meetings of such Committees are held, as and when the need arises. The time schedule for holding the meetings of such Functional Committees is finalised in consultation with Committee Members.

Compliance Officer

Ms. Tejaswini Chaudhari, Company Secretary, is the Compliance Officer for complying with requirements of Securities Laws and Listing Regulations.

Remuneration of Directors

Information on the remuneration of Directors for the year ended March 31, 2023, is given below in Table 13:

Table 13: Remuneration paid or payable to Directors for the year ended March 31, 2023 and relationships of the Directors with each other

In ₹

Name of the Director	Relationship with other Directors*	Sitting Fees**	Salary and Perquisites	Provident Fund and Superannuation Fund	Commission***	Total
Mr. B. N. Kalyani	Father of Mr. Amit Kalyani	NA	152,488,479	6,624,000	41,340,000	200,452,479
Mr. P. G. Pawar	None	575,000	NA	NA	1,437,500	2,012,500
Mrs. Lalita D. Gupte	None	225,000	NA	NA	562,500	787,500
Mr. P. H. Ravikumar	None	450,000	NA	NA	1,125,000	1,575,000
Mr. Dipak Mane	None	300,000	NA	NA	750,000	1,050,000
Mr. Murali Sivaraman	None	250,000	NA	NA	625,000	875,000
Mr. Vimal Bhandari	None	550,000	NA	NA	1,375,000	1,925,000
Mr. K. B. S. Anand	None	150,000	NA	NA	375,000	525,000
Ms. Sonia Singh	None	150,000	NA	NA	375,000	525,000
Mr. Amit Kalyani	Son of Mr. B. N. Kalyani	NA	40,565,318	3,392,640	3,180,000	47,137,958
Mr. G. K. Agarwal	None	NA	40,633,778	1,468,800	3,000,000	45,102,578
Mr. B. P. Kalyani	None	NA	26,785,538	1,496,880	14,750,000	43,032,418
Mr. S. E. Tandale	None	NA	29,976,260	1,643,040	15,782,500	47,401,800
Mr. Kishore Saletore	None	NA	23,503,765	983,880	6,825,000	31,312,645

Notes:

* Determined on the basis of criteria of Section 2(77) of the Act.

** Sitting fees include payment of fees for attending Board and Committee meetings.

*** Commission proposed and payable after approval of accounts by the Shareholders in the ensuing AGM.

Further, the Company makes all travel and other arrangements for Directors for their participation in the Board and other committee meetings or reimburses such expenses, if any.

The Remuneration payments in the Company are made with the aim of rewarding performance, based on the review of achievements. Payments and Commission to Non-Executive Directors is decided, based on multiple criteria including seniority/experience, number of years on the Board, Board/Committee meetings attended, Director's position on the Company's Board/Committees, other relevant factors, and performance of the Company. There are no pecuniary relationships or transactions of the Non-Executive Directors/Independent Directors vis-a-vis the Company.

Details of Equity Shares of the Company held by Directors as on March 31, 2023, are given below in Table 14:

Table 14: Details of equity shares of the Company held by Directors as on March 31, 2023

Name of the Director	Number of equity shares held of ₹ 2/- each
Mr. B. N. Kalyani	78,150
Mr. Amit Kalyani	700,350
Mr. B. P. Kalyani	6,510
Mr. G. K. Agarwal	4,910
Mr. Kishore Saletore	900
Mr. S. E. Tandale	208
Mr. P. H. Ravikumar	6,625

Other Directors do not hold any equity share of the Company. The Company does not have any Convertible Instruments as on March 31, 2023.

The tenure of the office of the Managing Director and Whole-time Directors is for 5 (five) years. The Board has the discretion to decide the notice period of the Managing Director and Whole-time Directors. There is no separate provision for payment of severance fees.

VI. General Body Meetings

Annual General Meeting

The date, time, and venue for the last 3 (Three) Annual General Meetings are given in Table 15 below:

Table 15: Details of the last three Annual General Meetings

	Day and Date of AGM		
Financial year	**Friday, August 12, 2022**	**Friday, August 13, 2021**	**Wednesday, September 23, 2020**
Venue	Registered office of the Company through video conferencing	Registered office of the Company through video conferencing	Registered office of the Company through video conferencing
Time	11:00 a.m. (I.S.T)	11:30 a.m. (I.S.T)	11:00 a.m. (I.S.T)
Special Resolutions Passed	1. Appointment of Mr. K. B. S. Anand (DIN: 03518282) as an Independent Director of the Company 2. Appointment of Ms. Sonia Singh (DIN: 07108778) as an Independent Director of the Company	None	None

No Extraordinary General Meeting of the Members was held during the year 2022-23.

Postal Ballot

No resolution was passed through postal ballot during the year FY 2022-23.

The Board on the basis of recommendations of the Nomination and Remuneration Committee, proposed the re-appointment of Mr. B. N. Kalyani and Mr. G. K. Agarwal. Pursuant to the provisions of Listing Regulations, the approval of shareholders for appointment or re-appointment of the Director is required to be taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier.

Since, the proposed re-appointments of Mr. B. N. Kalyani and Mr. G. K. Agarwal are with effect from March 30, 2023 and April 01, 2023, respectively, and the upcoming annual shareholder's meeting is scheduled on August 10, 2023, in order to comply with the extant Listing Regulations, it was proposed to seek shareholder's approval by way of postal ballot.

In consideration of the above, the Board of Directors has, in its meeting held on Tuesday, February 14, 2023, given the approval to conduct Postal Ballot by electronic mode (i.e. through remote e-voting) for obtaining members' approval by special resolution for:

1. Re-appointment of Mr. B. N. Kalyani (DIN: 00089380) as the Managing Director of the Company for a period of 5 (five) years with effect from March 30, 2023; and
2. Re-appointment of Mr. G. K. Agarwal (DIN 00037678) as a Deputy Managing Director of the Company for a period of 1 (one) year with effect from April 01, 2023.

VII. Other Disclosures

1. Related Party Transactions

All transactions entered into by and between the Company and related parties during the financial year were in the ordinary course of business. These have been approved by the Audit Committee. The Board has approved a policy for related party transactions which has been uploaded on the Company's website at the link: https://www.bharatforge.com/assets/pdf/investor/download/BFL.RPT-Policy.pdf

None of the transactions with any of the related parties conflicted with the interest of the Company. The attention of the Members is drawn to the disclosure set out in Note No. 39 of Financial Statements.

2. Loans and Advances to Firms/Companies in which directors are interested

The details of loans and advances given during the year as well as outstanding as on the year ended March 31, 2023 are covered under Note No. 42, under the head 'Loans and advances in the nature of loans given to subsidiaries/associates and firms/Companies in which directors are interested', forming part of Notes to Standalone Financial Statements.

3. Details of non-compliance

During the last three years, there were no instances of non-compliance and penalty, or strictures imposed on the Company by Stock Exchanges, SEBI or any other statutory authority, on any matter related to capital markets except, National Stock Exchange of India Limited ("NSE") vide letter dated September 14, 2022 had imposed a penalty of ₹ 1000/- for delayed submission of statement under Regulation 52(7)/(7A) of LODR, which has been paid by the Company within the prescribed time.

Further, the NSE vide its letter dated August 02, 2022, reversed the penalty of ₹ 1000/- , which was imposed for delayed submission of a report under Regulation 13(3) of Listing Regulations for the quarter ended September 30, 2021.

4. Establishment of Vigil/Whistle Blower Mechanism

The Company promotes ethical behaviour across all its business activities and has put in place a Policy called Whistle Blower Policy in compliance with the requirements of Vigil Mechanism as stipulated under Regulation 22 of the Listing Regulations and Section 177(9) of the Act, which provides a mechanism for reporting illegal or unethical behaviour. The Whistle Blower mechanism provides a secured framework through which Directors, Employees and all stakeholders of the Company can voice their concerns about illegal or unethical behaviour, actual or suspected fraud or violation of the

Company's Codes or Policies. During the financial year 2022-23, the Whistle Blower Policy has been amended in order to simplify the reporting mechanism with an option of anonymous reporting, by introducing various channels to the Stakeholders to raise their concerns to the Ombudsperson of the Company. The Policy also provides for direct access to the Chairperson of the audit committee in appropriate or exceptional cases.

The Company affirms that no personnel has been denied access to the Audit Committee and all the Stakeholders of the Company and its subsidiaries are encouraged and expected to raise their concerns.

The Company has also taken various initiatives for spreading awareness by:

1. Creating a separate web page for Whistle blower reporting along with the Frequently Asked Questions (FAQs), which can be accessed at https://www.bharatforge.com/contact-us/contact;
2. Creating dedicated e-mail IDs whistleblower@bharatforge.com and auditcommittee@bharatforge.com;
3. Conducting various periodical awareness sessions and circulating the audio-visual modules to its employees on Whistle Blower reporting mechanism.

The Policy is being communicated to the employees and posted on the Company's intranet. The Whistle Blower Policy/Vigil Mechanism has been disclosed on the Company's website at the link: https://www.bharatforge.com/assets/pdf/investor/download/BFL-Whistle-Blower-Policy-Signed.pdf

5. Policy on Determining "Material" Subsidiaries

This Policy has been framed in accordance with the requirements of Regulation 23 of Listing Regulations (including statutory enactments/amendments thereof) and is intended to identify Material Subsidiaries and establish a governance framework for such subsidiaries. The details of the policy on determining "Material" subsidiaries have been disclosed on the Company's website at the link: https://www.bharatforge.com/assets/pdf/investor/download/Policy-on-Material-Subsidiary-BFL.pdf

6. Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards as prescribed under Section 133 of the Act. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

7. Risk Management

Business risk evaluation and Management is an ongoing process within the Company. The assessment is periodically examined by the Board.

8. Commodity Price Risk/Foreign Exchange Risk and Hedging activities

The Company has managed the Foreign Exchange risk with appropriate hedging activities in accordance with the policies of the Company. The Company used Forward Exchange Contracts to hedge against its Foreign Currency exposures relating to firm commitments. There were no materially uncovered exchange rate risks in the context of the Company's Foreign Exchange exposures. The Company's exposure to market risks for commodities and currencies is detailed in Note No. 50, under the head 'Financial risk management objectives and policies', forming part of Notes to Financial Statements.

9. CEO/MD and CFO Certification

The Chairman and Managing Director and the Chief Financial Officer of the Company give annual certifications on financial reporting and internal controls to the Board in terms of Regulation 17 read with Part B of Schedule II of Listing Regulations. The said Certificate is annexed and forms part of the Annual Report. The Chairman and Managing Director and the Chief Financial Officer also give quarterly certification on financial results, while placing the financial results before the Board in terms of Regulation 33(2) of the Listing Regulations.

10. Certificate from Practicing Company Secretary

The Company has obtained a Certificate dated May 05, 2023, from the Practicing Company Secretary stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by SEBI, MCA or any such Authority.

11. Code of Conduct

The Company has adopted a Code of Conduct ("the Code") for Directors and Senior Management of the Company. The Code has been circulated to all the members of the Board and Senior Management and the same is available on the Company's website at the link: https://www.bharatforge.com/assets/pdf/investor/Code-of-Conduct.pdf

The Board members and Senior Management personnel have affirmed their compliance with the code. A declaration to this effect signed by the Chairman and Managing Director of the Company is contained in this Annual Report.

12. Subsidiary Companies

The Audit Committee reviews the quarterly financial statements of the Company and the investments made by its unlisted subsidiary companies. The minutes of the Board Meetings along with a report on significant developments of the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company. The Company has a policy for determining material subsidiaries which is disclosed on its website: https://www.bharatforge.com/assets/pdf/investor/download/Policy-on-Material-Subsidiary-BFL.pdf

13. Disclosure by Management to the Board

Disclosures relating to financial and commercial transactions where senior management may have personal interest that might have been in potential conflict with the interest of the Company are provided to the Board.

14. Complaints pertaining to sexual harassment

The details of complaints filed, disposed of and pending during the financial year pertaining to sexual harassment are provided in the Business Responsibility and Sustainability Report of this Annual Report.

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

Sr. No.	Name of Material Subsidiaries	Date of Incorporation	Place of Incorporation	Name of Statutory Auditors	Date of appointment of Statutory Auditors
1	Bharat Forge International Limited	December 03, 2010	London	Eacotts & Eacotts International Limited	May 02, 2023
2	Bharat Forge CDP GmbH	August 24, 2015	Ennepetal	WUP Truehand GmbH	March 17, 2022

16. Details of total fees paid to Statutory Auditors

The details of total fees for all services paid by the Company and its subsidiaries, on a consolidated basis to the Statutory Auditors and all entries in the network firm/network entity of which the Statutory Auditors is a part, is given in Table 16 below:

Table 16: Total fees for all services paid by the Company and its subsidiaries.

Particulars	₹ (Full figure)
S.R.B.C. & Co. LLP	
Audit Fee	-
Limited Review	2,066,666
Others (including certification fees)	2,825,000
Reimbursement of Expenses	627,198
Sub Total	**5,518,864**
BSR & CO LLP	
Audit Fee	12,464,000
Limited Review	5,816,000
Others (including certification fees)	1,440,000
Reimbursement of Expenses	500,000
Sub Total	**20,220,000**
Total	**25,738,864**

VIII. Compliance with Mandatory and Non-Mandatory Requirements

The Company has complied with applicable mandatory requirements of Listing Regulations. The Company has adopted the following non-mandatory requirements of Listing Regulations.

1. **The Board**

The Company has Executive Chairman and the office with required facilities is provided and maintained at the Company's expense for the use of the Chairman.

2. **Audit Qualification**

The Company is in the regime of unqualified/unmodified financial statement.

3. **Reporting of Internal Auditors**

The Internal Auditors of the Company report to the Audit Committee periodically to ensure the independence of the Internal Audit function.

IX. Means of Communication

The Company puts forth vital information about the Company and its performance, including quarterly results, official news releases and communication to investors and analysts on Company's website: www.bharatforge.com, regularly for the benefit of the public at large.

During the year, the quarterly, half-yearly and annual results of the Company's performance have been published in leading newspapers, such as Business Standard – English (all editions) and Loksatta – Marathi (Pune). News releases, Official news and media releases are sent to the Stock Exchanges.

1. **Website**

The Company's website contains a separate dedicated section titled "Investors". The basic information about the Company, as called for in terms of Regulation 46 and Regulation 62 of Listing Regulations, is provided on the Company's website: www.bharatforge.com and the same is updated from time to time.

As per the BSE Circular dated July 04, 2022 SEBI directed to disseminate certain requirements in sub-regulation 2 of Regulation 46 and sub-regulation 1 of Regulation 62 of Listing Regulations for equity and debt listed entities, respectively, under a separate section on its website in order to easily navigate the disclosures under the aforesaid Regulations.

In consideration of the above, separate sections have been created under the Investors tab as tabulated below:

SECTION I	Disclosure under Regulation 46 of Listing Regulations
SECTION II	Disclosure under Regulation 62 of Listing Regulations

2. **Presentations to Institutional Investors/Analysts**

Detailed presentations are made to Institutional Investors and Financial Analysts on the unaudited quarterly financial results as well as the annual audited financial results of the Company.

3. **Filing with Stock Exchanges**

Information to Stock Exchanges is now being filed online on NSE Electronic Application Processing System ("NEAPS")/National Stock Exchange of India ("NSE") Listing Centre for NSE and Bombay Stock Exchange ("BSE") Listing Centre for BSE.

4. **Annual Report**

An annual Report containing, inter alia, Audited Financial Statements, Consolidated Financial Statements, Board's Report, Independent Auditor's Report and other important information, is circulated to members and others entitled thereto. The Management Discussion and Analysis (MDA) Report and Business Responsibility and Sustainability Report (BRSR) forms part of the Annual Report and is displayed on the Company's website: www.bharatforge.com

X. General Shareholder Information

1. **Company Registration Details**

The Company is registered in the State of Maharashtra, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L25209PN1961PLC012046.

2. **Annual General Meeting**

Day : Thursday

Date : August 10, 2023

Time : 11:00 a.m.

Venue : Through Video Conferencing

3. **Financial Year**

April 1, 2022 to March 31, 2023.

4. **Financial Reporting Calendar (Tentative) for FY 2023-24**

Quarter ending June 30, 2023	on or before August 15, 2023
Quarter ending September 30, 2023	on or before November 14, 2023
Quarter ending December 31, 2023	on or before February 15, 2024
Audited results for the financial year 2023-2024	on or before May 29, 2024

5. **Dividend**

The Board has recommended a Final Dividend of ₹ 5.50 (Rupees Five and Fifty Paisa) per equity share of ₹ 2/- each (275%) for the year ended March 31, 2023. If approved, it shall be paid on or after August 18, 2023.

6. **Unclaimed Dividends/Shares**

Section 124 of the Act read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules') mandates that companies shall transfer dividend that has remained unclaimed for a period of 7 (Seven) consecutive years from the unpaid dividend account to the Investor Education and Protection Fund (IEPF). Further, the Rules also mandate that the shares on which dividend has not been paid or claimed for 7 (Seven) consecutive years or more be transferred to the IEPF. The details are given in Table 17, below:

Table 17: Details of unclaimed dividends and their corresponding shares that would become eligible to be transferred to IEPF on the dates mentioned below:

Financial Year	Type of Dividend	Dividend per share (₹)	Date of Declaration	Due date for transfer to IEPF	Amount (₹)*
2015-16	Interim	4.00	March 11, 2016	April 14, 2023	2,777,420
2015-16	Final	0.50	August 05, 2016	September 10, 2023	434,449
2016-17	Interim	2.50	February 08, 2017	March 16, 2024	1,903,218
2016-17	Final	5.00	August 10, 2017	September 15, 2024	3,297,485
2017-18	Interim	2.00	November 08, 2017	December 13, 2024	3,126,064
2017-18	Final	2.50	August 09, 2018	September 22, 2025	2,862,763
2018-19	Interim	2.50	November 02, 2018	January 05, 2026	2,816,218
2018-19	Final	2.50	August 13, 2019	September 18, 2026	2,972,313
2019-20	Interim-I	1.50	November 08, 2019	December 13, 2026	2,153,685
2019-20	Interim-II	2.00	February 24, 2020	March 29, 2027	3,109,558
2020-21	No dividend declared				
2020-21	Final	2.00	August 13, 2021	October 13, 2028	2,098,321
2021-22	Interim	1.50	November 12,2021	January 12, 2028	1,481,131
2021-22	Final	2.00	August 12, 2022	September 14, 2029	4,934,438
2022-23	Interim	1.50	November 14, 2022	December 20, 2029	1,323,279

* Amount unclaimed as on March 31, 2023.

Shareholders may note that both the unclaimed dividends and corresponding shares transferred to IEPF, including all benefits accruing on such shares, if any, can be claimed back only from IEPF after following the procedure prescribed in the Rules. No claim shall lie in respect thereof with the Company.

During the year, the Company has credited ₹ 3,101,185/- (Rupees Thirty-One Lakhs One Thousand One Hundred and Eighty-Five Only) on September 26, 2022, lying in the unpaid/unclaimed dividend account, to IEPF.

Shares transferred to IEPF

In terms of Section 124(6) of the Act read with the Rules, the Company has sent the notice to respective shareholders who have not claimed dividends for (7) seven consecutive years and whose shares are liable to be transferred to IEPF during the financial year 2022-23. An advertisement stating the same has also been published in newspapers. The list of equity shareholders whose shares are liable to be transferred to IEPF can be accessed on the website of the Company at the link: https://www.bharatforge.com/investors/shareholders-information/iepf

During the year, the Company has not transferred any shares to the demat account of IEPF Authority.

Equity Shares in Suspense Account

In compliance with Regulation 39(4) of the Listing Regulations, the Company reports the details in respect of equity shares lying in the suspense account in the Table 11 given below:

Table 18: Equity Shares lying in the Suspense Account

Particulars	No. of Shareholders	Number of Equity Shares of ₹ 2/- each
Aggregate number of Shareholders and the outstanding shares in the suspense account lying as on April 1, 2022	58	59430
Shareholders who approached the Company for the transfer of shares from the suspense account during the year	01	100
Shareholders to whom shares were transferred from the suspense account during the year	01	100
Shares transferred to the Demat Account of IEPF Authority during the year	Nil	Nil
Aggregate number of Shareholders and the outstanding shares in the suspense account lying as on March 31, 2023	57	59330

The voting rights on the said shares shall remain frozen till the rightful owners of such shares claim the shares.

7. **Securities listed on Stock Exchanges**

Table 19: Listing details

(a) Equity Shares

Stock Exchanges	Securities (ISIN)	Stock code
BSE Limited ('BSE') Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001, Maharashtra, India	Equity Shares (INE465A01025)	500493
National Stock Exchange of India Limited ('NSE') Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Mumbai - 400 051, Maharashtra, India	Equity Shares (INE465A01025)	BHARATFORG

(b) Non-Convertible Debentures

Stock Exchanges	Securities (ISIN)	Stock code	Debenture Trustee
National Stock Exchange of India Limited ('NSE') Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Mumbai - 400 051, Maharashtra, India	Unsecured, Redeemable, Non-Convertible Debentures (INE465A08012)	BHFG25	AXIS TRUSTEE SERVICES LIMITED Address: The Ruby, 2nd Floor, SW, 29 Senapati Bapat Marg, Dadar (W), Mumbai, 400 028 Contact No: 022-6230 0451 E-mail: rahul.vaishya@axistrustee.com
	Unsecured, Redeemable, Non-Convertible Debentures (INE465A08020)		

All Annual listing fees due during the financial year have been paid.

8. Market Price Data

The details of the monthly high and low prices and volumes at BSE & NSE during the year 2022-23 is given in Table 20 below:

Table 20: High and Low Prices and Trading Volumes on the BSE and NSE

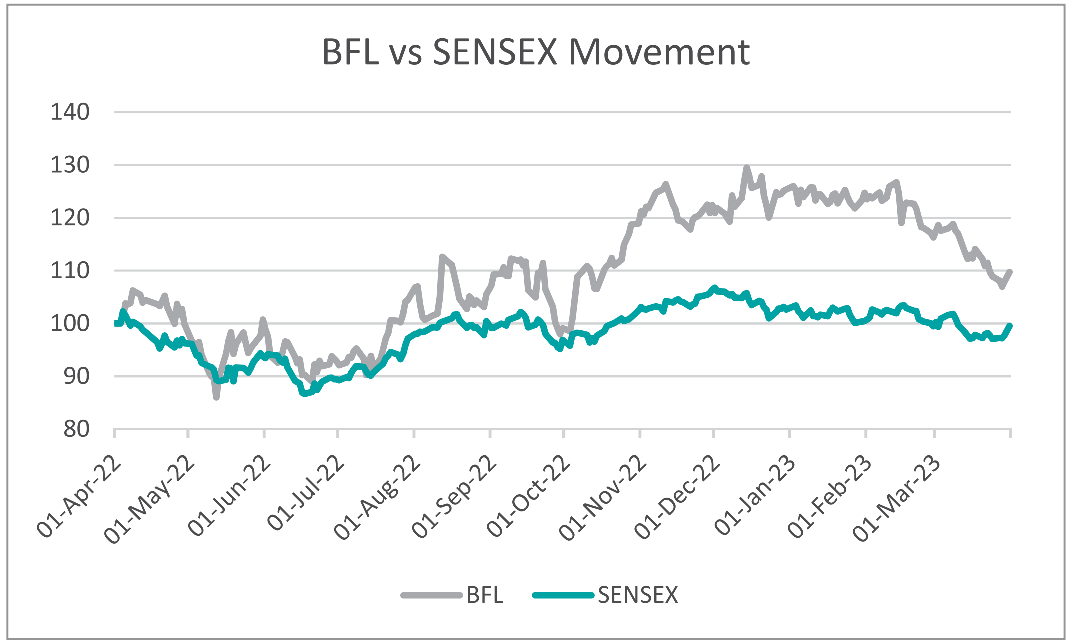
Month	NSE			BSE		
	High (₹)*	Low (₹)*	Volume (Nos.)	High (₹)*	Low (₹)*	Volume (Nos.)
April, 2022	753.85	694.20	21,480,325	753.15	694.35	545,805
May, 2022	723.70	597.00	34,013,058	723.75	597.50	1,389,476
June, 2022	712.45	615.00	28,864,651	712.15	615.00	1,394,756
July, 2022	742.50	630.00	29,874,518	742.35	630.00	1,054,220
August, 2022	799.20	700.10	39,233,852	800.00	700.00	1,637,480
September, 2022	801.15	677.35	35,467,394	801.05	677.85	1,265,780
October, 2022	847.00	683.00	35,877,887	847.15	683.05	1,949,221
November, 2022	896.70	816.00	30,134,140	896.40	816.40	1,286,228
December, 2022	919.45	827.40	31,220,982	919.50	827.75	794,639
January, 2023	891.85	839.60	16,426,939	891.95	839.95	791,783
February, 2023	910.00	811.65	32,180,775	910.00	811.80	819,281
March, 2023	845.00	745.40	18,976,170	845.75	745.60	524,634

* Price in ₹ per Equity Share

9. Stock Performance

Chart 'A' plots the movement of Bharat Forge's equity shares adjusted closing prices compared to the BSE Sensex.

Chart A: Bharat Forge's Share Performance vs. BSE Sensex



10. Share Transfer Agents, Share Transfer and Demat System

The Company has engaged the services of registrar and share transfer agent M/s. Link Intime India Pvt. Ltd. ("RTA") for the equity shares listed on NSE and BSE in addition to the debentures, which are listed on NSE. All the requests relating to transfer, transmission, splitting of Share certificates, dematerialisation and rematerialisation processing, payment of dividends etc. are done by the share transfer agent. Pursuant to the SEBI circular dated January 25, 2022, securities of the Company shall be issued in dematerliased form only while processing service requests in relation to the issue of duplicate securities certificates, renewal/exchange of securities certificates, endorsement, sub-division/ splitting of securities certificate, consolidation of securities certificates/folios, transmission and transposition. The Company's equity shares are traded on the Stock Exchanges compulsorily in the Demat mode segment. The Board's Executive Committee meets as and when required to deal with matters concerning the securities of the Company.

As per Regulation 40 of the Listing Regulations, as amended, securities of listed entities can be transferred only in dematerialised form, with effect from April 01, 2019. Members holding shares in physical form are requested to consider converting their holdings to dematerialised form.

Further, Pursuant to the SEBI Circular dated March 16, 2023, those holding shares in physical mode have been requested to furnish PAN, nomination, contact details, bank account details and specimen signature for their corresponding folios. The folios shall be frozen, if any of these details are not available on or after October 01, 2023. Shareholders may refer to details at RTA's web link at https://web.linkintime.co.in/KYC-downloads.html and also at Company's web link https://www.bharatforge.com/investors/shareholders-information/shareholder-download

11. Reconciliation of Share capital

In compliance with the requirements of SEBI, the Company has, at the end of every quarter, submitted a Certificate of Reconciliation of Share Capital reconciling the total shares held by both the depositories, NSDL and CDSL and in physical form, duly certified by a qualified Practicing Company Secretary, to the stock exchanges where the Company's securities are listed. This certificate is also placed periodically before the Board of Directors of the Company at its Board Meetings.

12. Code of Conduct for Prevention of Insider Trading Practices

The Company has adopted a Comprehensive Code of Conduct for the Prevention of Insider Trading and Fair Disclosure of Unpublished Price Sensitive Information in the securities of the Company, by its Directors, Promoters, Key Managerial Personnel and Designated Persons under the SEBI (Prohibition of Insider Trading) Regulations, 2015 ('SEBI PIT Regulations'). This Code lays down guidelines for procedures to be followed and disclosures to be made by insiders while trading in securities of the Company. It also includes practices and procedures for Fair Disclosure of Unpublished Price Sensitive Information.

The Company has in place an online tool for ensuring compliance with the provisions of the SEBI PIT Regulations and the Code of Conduct for the Prevention of Insider Trading. During the year, online modules/videos have been introduced which include regulatory requirements and roles and responsibilities of Designated Persons. The periodical awareness sessions are conducted for the Designated Persons to ensure that the provisions of the SEBI PIT Regulations are complied with in true letter and spirit.

13. **Shareholding as on March 31, 2023**

Table 21: Pattern of shareholding by ownership as on March 31, 2023

Category of Shareholders	No. of Shareholders	No. of Shares held (₹ 2/- each)	Shareholding %
Promoters[1^]	**27**	**210,690,874**	**45.25**
Public[2]	**162,077**	**254,896,958**	**54.75**
A. Institutions			
Mutual Funds (including Unit Trust of India)	30	92,621,429	19.89
Alternative Investment Funds	19	1,571,187	0.34
Foreign Portfolio Investors	447	75,283,304	16.17
Financial Institutions/Banks	11	694,890	0.15
Insurance Companies	22	26,185,207	5.624
Central Government/State Government(s)/ President of India	0	0	0.00
B. Non-Institutions			
Individuals	152,933	39,258,208	8.43
NBFCs registered with RBI	2	5,980	0.001
Others	8,613	19,276,753	4.14
Non-Promoter-Non-Public Shareholder	1	800	0.00
Total	**162,105**	**465,588,632**	**100**

1 and 2: For the definition of the Promoter's shareholding and public shareholding, refer to Regulation 38 of the Listing Regulations.

^ The Company on a suo-moto basis has voluntarily approached the SEBI for settlement in terms of the Settlement Regulations in order to rectify and include the name of three entities in the category "promoter group" and rectified the said inadvertent error by submitting the revised Shareholding patterns for the period starting from the quarter ending December 31, 2015 to the quarter ending March 31, 2022 and by paying ₹ 918,000/- as directed by SEBI for settlement.

Table 22: Distribution Schedule as on March 31, 2023

Category (Shares)	Number of shareholders*	Number of shares held of ₹ 2/- each	Shareholding %
1 to 5000	165,270	25,856,022	5.55
5001 to 10000	870	6,303,595	1.35
10001 to 20000	416	5,879,440	1.26
20001 to 30000	144	3,550,820	0.76
30001 to 40000	73	2,526,241	0.54
40001 to 50000	49	2,205,089	0.47
50001 to 100000	129	9,048,677	1.94
100001 and above	280	410,218,748	88.11
Total	**167,231**	**465,588,632**	**100.00**

* Number of Shareholders without clubbing the PAN for Public shareholding

14. **Dematerialisation of Shares as on March 31, 2023**

The Company's Equity Shares are under compulsory demat trading. As on March 31, 2023, dematerialised shares accounted for 97.12% (97.05% up to March 31, 2022) of total Equity share capital. The details of dematerialisation are given in Table 23 below:

Table 23: Dematerialisation of Shares as on March 31, 2023

Particulars	Position as on March 31, 2023		Position as on March 31, 2022		Net Change during 2022-2023	
	No. of Shares	% to total Shareholding	No. of Shares	% to total Shareholding	No. of Shares	% to total Shareholding
Physical	13,419,849	2.88	13,716,902	2.95	(297,053)	(0.06)
Demat:						
NSDL	429,932,057	92.34	434,711,147	93.37	(4,779,090)	(1.03)
CDSL	22,236,726	4.78	17,160,583	3.69	5,076,143	1.09
Sub-Total	**452,168,783**	**97.12**	**451,871,730**	**97.05**	**297,053**	**0.06**
Total	**46,55,88,632**	**100**	**46,55,88,632**	**100**	**-**	**-**

15. **Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity**

Outstanding GDRs as on March 31, 2023, represent 800 Equity Shares of the Company's paid-up equity Share Capital. Therefore, there will be no further impact on the Equity Share Capital of the Company.

Table 24: Details of public funding obtained in the last three years and its implication on paid-up Equity Share Capital

Financial Year	Amount Raised through Public Funding (₹)	Effect on Paid-up Equity Share Capital (₹)
2022-23	NIL	NIL
2021-22	NIL	NIL
2020-21	NIL	NIL

16. **Plant Locations:**

The Company is running its diversified businesses from different manufacturing units located as follows:

Table 25: Plant Locations

Sr. No.	Location	Landmarks	Address
1.	Pune, Maharashtra	Mundhwa	Mundhwa, Pune Cantonment, Pune – 411 036, Maharashtra, India.
2.	Pune, Maharashtra	Chakan	Gat No.635, Kuruli Village, Chakan, Tal- Khed, District Pune – 410 501, Maharashtra, India.
3.	Satara, Maharashtra	Satara	Opposite Jarandeshwar Railway Station, Post - Vadhuth, District Satara – 415 011, Maharashtra, India.
4.	Pune, Maharashtra	Baramati	Tandulwadi & Wanjarwadi, Tal. Baramati, Dist. Pune – 413 206, Maharashtra, India.
5.	Pune, Maharashtra	Lonikand	Shed - B, Gat No. - 41/1, Tulapur Phata, Nagar Road, Lonikand, Pune – 412216, Maharashtra, India.
6.	Nellore, Andhra Pradesh	Mambattu	Industrial Park, Village-Mambattu, Ph-II, Tada Mandal, SPSR, Nellore District, Andhra Pradesh, India.

17. **Investor Correspondence Address:**

Shareholders may note that the share transfers, dividend payments and all other investor-related activities are attended to and processed at the office of the Company's RTA. For any grievances/ complaints, shareholders may contact the RTA, Link Intime India Pvt. Ltd. at the following address:

Registrar and Transfer Agents (RTA):

Link Intime India Pvt. Ltd.
C101, 247 Park, L B S Marg,
Vikhroli (West) Mumbai 400083
Contact No-022-49186270
Email: rnt.helpdesk@linkintime.co.in

For any escalations, shareholders may write to the Company at secretarial@bharatforge.com.

For addresses and contact details for investor queries, RTA, depositary banks, depositories for equity shares in India and stock exchanges, please refer to the Investor Contacts section on the website of the Company.

18. Credit Ratings

The Credit Ratings of the Company for all the credit facilities as on March 31, 2023, are given below in Table 26:

Table 26: Credit Ratings Given to the Company.

Sr. No.	Particulars	ICRA Rating	CARE Rating
1.	Long Term – Fund Based/Working Capital Facilities	[ICRA]AA+(Stable) reaffirmed	CARE AA+ (Stable); reaffirmed
2.	Long Term/Short Term – Fund Based/Term Loan	[ICRA]AA+ (Stable)/[ICRA] A1+; reaffirmed	-
3.	Non-Fund Based Facilities	[ICRA]A1+; reaffirmed	CARE A1+; reaffirmed
4.	Long Term – Non-Convertible Debentures	[ICRA]AA+ (Stable); reaffirmed	CARE AA+ (Stable); assigned
5.	Issuer Rating	[ICRA]AA+(Stable); reaffirmed	-
6.	Long Term/Short Term – Unallocated Limits	[ICRA]AA+ (Stable)/[ICRA]A1+; reaffirmed	-

19. Compliance Certificate by the Practicing Company Secretary on Corporate Governance

Certificate from the Practicing Company Secretary SVD & Associates, Company Secretaries, Pune confirming compliance with the conditions of Corporate Governance, as stipulated under Listing Regulations is attached.

DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

I, B. N. Kalyani, Chairman and Managing Director of Bharat Forge Limited, hereby declare that all the Board members and senior managerial personnel have affirmed for the year ended March 31, 2023, compliance with the Code of Conduct of the Company laid down for them.

B. N. KALYANI
Chairman and Managing Director
DIN: 00089380

Place: Pune
Date: May 05, 2023

TO THE BOARD OF DIRECTORS OF BHARAT FORGE LIMITED CERTIFICATION BY CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER OF THE COMPANY

(Under Regulation 17 read with Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

We the undersigned, in our respective capacities as Chairman and Managing Director and Chief Financial Officer of Bharat Forge Limited, ("the Company") certify that:

a) We have reviewed financial statements and the cash flow statement for the year 2022-23 and that to the best of our knowledge and belief:

   i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and

   ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2022-23 which are fraudulent, illegal or violate the Company's Code of Conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the Auditors and the Audit Committee:

   i) significant changes in internal control if any, over financial reporting during the year;

   ii) significant changes in accounting policies if any, during the year and that the same have been disclosed in the notes to the financial statement; and

   iii) instances of significant fraud, if any, of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

KISHORE SALETORE
Chief Financial Officer

B. N. KALYANI
Chairman and Managing Director
DIN: 00089380

Place: Pune
Date: May 05, 2023

Business Responsibility & Sustainability Reporting

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the Listed Entity	L25209PN1961PLC012046
2.	Name of the Listed Entity	Bharat Forge Limited
3.	Year of Incorporation	1961
4.	Registered office address	Mundhwa, Pune Cantonment, Pune - 411 036, Maharashtra, India.
5.	Corporate address	Mundhwa, Pune Cantonment, Pune - 411 036, Maharashtra, India.
6.	E-mail	secretarial@bharatforge.com
7.	Telephone	+91-20-67042777
8.	Website	www.bharatforge.com
9.	Financial year for which reporting is being done	FY 2022-23
10.	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange of India Limited (NSE)/ BSE Limited (BSE)
11.	Paid-up Capital	931.27 million
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR Report	Mr. Arularasu K, Vice President, Mobile: +91 7391901050/Telephone: +91 020-67043173/Email ID: Arularasu.K@kalyani.in
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together)	The disclosures under this report are made on Standalone basis.

II. Products/services

14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% Of Turnover of the Entity
1.	Manufacturing	• Metal & Metal Products	94

15. Products/Services sold by the entity (accounting for 90% of the entity's turnover):

S. No.	Product/Service	NIC Code	% Of total Turnover contributed
1.	• Steel Forgings • Finished Machined Crankshafts • Front Axles assembly and components	25910 3099	94

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	5	8	13
International	0	0	0

17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States & Union Territories)	21
International (No. of Countries)	31

b. What is the contribution of exports as a percentage of total turnover of the entity?

58.90%

c. A brief on types of customers

Bharat Forge is a global leader in metal forging and serves several sectors including Automotive, Railways, Aerospace, Defence, Marine, Oil & Gas, Power, Construction and Mining. Some of BFL's largest customers include Daimler Group, VW Group, Meritor and Dana etc. The Company also has extensive collaboration with major truck manufacturers. Being the world's largest forging Company and amongst one of the best aerospace and automotive forging Companies; the Company has transcontinental presence spread across India, Germany, Sweden, France and North America. BFL is also a leading supplier of various components for the aviation sector making it a renowned name amongst aerospace forging companies in India and around the world.

IV. Employees

18. Details as at the end of Financial Year

a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
	EMPLOYEES					
1.	Permanent (D)	2478	2436	98.31	42	1.69
2.	Other than Permanent (E)	352	341	96.88	11	3.12
3.	Total employees (D + E)	2830	2777	98.13	53	1.87
	WORKERS					
1.	Permanent (F)	1435	1434	99.93	1	0.07
2.	Other than Permanent (G)	4223	4223	100	0	0
3.	Total Workers (F + G)	5658	5657	99.98	1	0.02

b. Differently abled employees and workers

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
	DIFFERENTLY ABLED EMPLOYEES					
1.	Permanent (D)	0	0	0	0	0
2.	Other than Permanent (E)	0	0	0	0	0
3.	Total differently abled employees (D + E)	0	0	0	0	0
	DIFFERENTLY ABLED WORKERS					
1.	Permanent (F)	0	0	0	0	0
2.	Other than Permanent (G)	0	0	0	0	0
3.	Total differently abled Workers (F + G)	0	0	0	0	0

19. Participation/inclusion/representation of women

	Total (A)	No. and percentage of females	
		No. (B)	% (B/A)
Board of Directors	14	2	14.29%
Key Management Personnel*	21	1	4.76%

*Note: Key Management Personnel includes Sr. Vice President and above

20. Turnover rate for permanent employees and workers

	FY'23 (Turnover rate in current FY)			FY'22 (Turnover rate in previous FY)			FY'21 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	10.37%	21.95%	10.56%	6.94%	30.23%	7.96%	8.49%	33.04%	8.16%
Permanent Workers	8.16%	0 %	8.16%	14.07%	0%	14.07%	1.03%	0%	1.03%

V. Holding, subsidiary and associate companies (including joint venture)

21. a. Name of the holding/subsidiary/associate companies/joint ventures (A) –

Please refer to Form AOC-1 annexed to the Financial Statements of Annual Report for the above information.

The Company's subsidiaries, associates, and joint venture companies do not participate in its Business Responsibility initiatives.

VI. CSR details

22. i. **Whether CSR is applicable as per Section 135 of Companies Act, 2013:** Yes

ii. **Turnover:** ₹ 75,727.12 million

iii. **Net worth:** ₹ 76,999.99 million

VII. Transparency and Disclosures Compliances

23. Complaints/grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct (NGRBC)

Stakeholder group from whom complaint is received	Grievance Redressal Mechanisms in Place (Yes/No) (If yes, then provide web-link for grievance redressal policy)	FY 2022-23			FY 2021-22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes https://www.bharatforge.com/contact-us/contact	0	0		0	0	
Investors (other than shareholders)	NA	NA	NA		NA	NA	
Shareholders	Yes As per SEBI Listing Regulations.	0	0		1	0	
Employees and workers	Yes http://bflapp.bharatforge.com/hronline/Pages/GrievancePolicy.aspx	0	0		0	0	
Customers	Yes https://www.bharatforge.com/contact-us/contact	113	3	Action taken against 3 complaints & are under monitoring stage.	92	2	All complaints are closed
Value Chain Partners	Yes https://www.bharatforge.com/contact-us/contact	0	0		0	0	

Note: The customer complaints received are attributable to Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner.

24. Overview of the entity's material responsible business conduct issues: Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along with its financial implications, as per the following format:

S. No.	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implication of the risk or opportunity (indicate positive/negative implications)
1	Disaster recovery	Risk	• Business interruption due to natural calamities like earthquakes, cyclones, floods, etc. • Inadequate disaster recovery planning • Business Interruption due to COVID-19	• Adequate protection against calamities including appropriate insurance • Introduced additional mitigation to overcome interruptions due to pandemic situations • Speed to market	Disruption to business operations leads to negative financial implication

S. No.	Material issue identified	Indicate whether risk or opportunity	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implication of the risk or opportunity (indicate positive/negative implications)
2	Health, safety and environment	Risk	• Non-compliance with safety measures by employees • Non-awareness of the hazardous nature of chemicals • Not following COVID-19 safety measures.	• Strict adherence to BBS (behaviour-based safety system) • Focus on reducing the generation of effluents and arresting at the source • Detailed SOP for COVID-19, employee training & adherence followed strictly. • Medical check-up, vaccination drive as per Govt. Regulations • Encouraging work from home & multitasking industry 4.0, use of digital technology	Incidents impact employee morale and business reputation leading to a negative financial implication
3	Climate change	Opportunity	The potential carbon routes for reducing GHG emissions offer distinct operational and energy supply opportunities.	• Clean energy integration in existing electric networks. • Investment of capital in assets that will serve diversified electricity and fuel retrofitting on the energy supply system.	Initiatives taken around climate change have a positive implication towards business
4	Intellectual property	Risk	• Leakage of confidential information • IP rights clashes can happen in collaborative research projects. • IP infringement actions from outside firms.	• Patent filing, • Regular patent awareness sessions • Consultation with experienced patent attorneys, • Data exchange with vendors/ customers only through secured mode, • Periodic infosec audits, • Entering into NDA with parties for exchanging information, • Antivirus upgradation.	Impacts the brand reputation in the industry thereby leading to financial loss
5	Innovation	Risk	• Risk of better solutions that meet new requirements, technological advancements, upgradation or existing market needs.	• Structured technology development projects. • New focus areas are identified to develop future capability needs. • Focus on light weighting and EV.	Innovation in the industry may impact the business negatively if not considered immediately
6	IT data centre & far site disaster recovery (DR)	Risk	• Near site DR is available. Far site DR is proposed. • Risk of inadequate data centre & far sight DR	• The disaster recovery (DR) strategy is being updated continuously. • Hosted DR proposal is in review with management.	Business continuity gets impacted leading to financial loss
7	Training and education	Opportunity	• Skilled employees and workers form an asset to the Company. The highly trained employees and workers perform their tasks more efficiently, in less time and with fewer chances of injury.	• Providing a needs-based and innovative range of training courses, notably in forward-thinking fields of expertise like digitalisation • Attracting and developing the right talent, ensuring professional development and personal well-being throughout their tenure with the Company. • Providing programmes that are specifically designed for roles which require upgraded skills	Consistent efforts would lead to a positive impact due to improvement in productivity, reduction in defects, etc.
8	Maintenance	Risk	• Risk of sub-optimal maintenance plan due to manual updating of ODR and MGR reports resulting in un-economical maintenance costs	• Operational performance (OEE) & maintenance (PM & breakdown) are being monitored through SAP for all the major plants.	Business continuity gets impacted leading to financial loss
9	Data protection	Risk	• Risk of confidential data leakage via USB drives/flash drives • Exposure of Company data because of work from home and access to respective data	• All privileged system accesses are reviewed periodically & data leakage prevention (DLP) systems are implemented at these equipment • Two-factor authentication provided through VPN for all remote Access. • Restricted data access control & data encryption to monitor work from home activities.	Impacts the brand reputation in the industry thereby leading to financial loss
10	Pollution-free environment	Risk	• Failure to provide a safe working environment exposes BFL to compensation liabilities, sub-optimal productivity, loss of business reputation and other costs.	• All the necessary pollution control norms for air, noise etc. are followed. • Disposal of hazardous waste is monitored within permissible limits.	Incidents impact business reputation leading to a negative financial implication
11	Sustained performance & quality	Risk	• Risk of customer being lost, in the course of business • Dissatisfaction amongst the customer due to lack of attention, focus, etc.	• Enhance customer satisfaction • Coefficient - alignment in strategies, partner of choice • Providing end-to-end solutions, dual shore business model	Impacts the brand reputation in the industry thereby leading to financial loss
12	Brand risk/ reputation	Risk	• Risk of threat or danger to the name or standing of business or entity. • Actions involving the Company directly or indirectly may damage the brand name.	• Worldwide brand-building activities are an ongoing process. • Participation in exhibitions and trade fairs. • Good reputation and relations with major trade companies.	Impacts the brand reputation in the industry thereby leading to financial loss

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

The National Guidelines for Responsible Business Conduct (NGRBC) as prescribed by the Ministry of Corporate Affairs advocates nine principles referred as P1-P9 as given below:

P1	Businesses should conduct and govern themselves with integrity in a manner that is ethical, transparent and accountable
P2	Businesses should provide goods and services in a manner that is sustainable and safe
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains

P4	Businesses should respect the interests of and be responsive towards all its stakeholders
P5	Businesses should respect and promote human rights
P6	Businesses should respect, protect and make efforts to restore the environment
P7	Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
P8	Businesses should promote inclusive growth and equitable development
P9	Businesses should engage with and provide value to their consumers in a responsible manner

Disclosure Questions	P 1	P 2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1. a. Whether your entity's policy/ policies cover each principle and its core elements of the NGRBCs. (Yes/No) ^	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes/No) {Refer Note 1}	Y	Y	Y	Y	NA	Y	Y	Y	Y
c. Web link of the policies, if available	Policies on HR, ISO, CSR, Insider Trading, Related Party Transactions are available on links such as: https://www.bharatforge.com/sustainability/governance/#top								
2. Whether the entity has translated the policy into procedures. (Yes/ No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4. Name the national and international codes/certifications/ labels/standards	Y[a]	Y[b]	Y[d]	Y	Y	Y[c]	Y	Y	Y

The Company has obtained 26 certifications under national and international codes/certifications/labels/ standards

a. BFL Code of conduct

b. Quality systems -

- ISO 9001:2015 (QMS Certification for Non-Automotive Parts)
- IATF 16949:2016 (QMS Certification for Automotive Parts)
- AS 9100 Rev D (QMS Certification for Aviation Parts)
- API-20B & API-Q1 (American Petroleum Institute certification for Petroleum products)
- NABL: ISO/IEC 17025: 2017 (National Accreditation Board for Testing and Calibration Laboratories)
- Lloyd's Register (Approved for Closed Die C/S Forgings surface induction hardening of C/S)
- Pressure Equipment Directive 2014 and Pressure Equipment Safety Regulation 2016 Certificate (Lloyd's Register EC Certificate for CDFD and HFD Parts)
- Nadcap (Aerospace, Heat Treating, Measurement and Inspection, Metallic Materials Manufacturing, Non-Destructive Testing)
- ISO 27001:2013 (Data Security Management System)

c. ISO 14001:2015 (Environment Management System Certification)

d. ISO 45001:2018 (Safety Management System Certification)

Disclosure Questions	P 1	P 2	P3	P4	P5	P6	P7	P8	P9
5. Specific commitments, goals, targets set by the entity with defined timelines, if any.	Bharat Forge Limited is committed to obtaining the ISO 50001 Energy Management Certification in the coming year.								
6. Performance of the entity against specific commitments, goals and targets along with reasons in case the same are not met.	Bharat Forge ESG Roadmap with specific commitments, goals and targets has been developed. This is being measured periodically & updates provided to Board's ESG Committee at regular intervals.								
GOVERNANCE, LEADERSHIP AND OVERSIGHT									
7. Statement by director responsible for the business responsibility report, highlighting ESG-related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure) "ESG Committee at the board level oversees the ESG/Sustainability initiatives of the company. A roadmap with specific goals and targets is in place. Implementation of actions are monitored for their progress and updates shared with all the stakeholders on a periodical basis."									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).	ESG Committee continuously evaluates the Company's social, environmental, governance, and economic obligations.								
9. Does the entity have a specified Committee of the Board/Director responsible for decision-making on sustainability related issues? (Yes/No). If yes, provide details.	Yes. Bharat Forge has set up an ESG Committee, which continuously evaluates the Company's social, environmental, governance, and economic obligations. Further details regarding the ESG Committee are provided in the Corporate Governance section of the Annual Report.								

10. **Details of Review of NGRBCs by the Company:**

Subject for Review	Indicate whether review was undertaken by Director/ Committee of the Board/Any other Committee									Frequency (Annually/Half Yearly/ Quarterly/Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow-up action	The ESG Committee Meeting on May 13, 2022 discussed issues relating to ESG Ratings, Sustainability scores and recycled quantity. As suggested by the committee, the performance of the company against these issues is to be assessed by the ESG team.													Annually				
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	The Company complies with all legal responsibilities that are relevant to the principles, and in case of any non-compliances, the ESG committee looks into and rectifies the issues.													Annually				

11. **Has the entity carried out independent assessment/evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide the name of the agency.**

Yes. The Policies on Quality, Safety, Health and Environment are subject to internal and external audits as part of the ISO Systems certification process and ongoing periodic assessments. Other policies are periodically evaluated for their efficacy through the Internal Audit mechanism. DQS India (Deutsch Quality Systems Private Limited) is the agency that carries out these assessments.

12. **If answer to question (1) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated:**

Not applicable as all principles are covered by respective policies

SECTION C: PRINCIPLE-WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorised as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

ESSENTIAL INDICATORS

1. **Percentage coverage by training and awareness programmes on any of the principles during the financial year.**

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	% Of persons in respective category covered by the awareness programmes
Board of Directors & Key Managerial Personnel (KMP)	Nil	Nil	Nil
Employees other than Board of Directors or KMPs	37	POSH, Stress Management, Team Building, Personal Effectiveness, Communication Skills, Effective Business Communication Skills	55.26%
Workers	37	POSH, Stress Management, Team Building, Personal Effectiveness, Communication Skills	20%

Note: KMPs include all employees at the Sr. Vice President level and above.

2. **Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: The entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as disclosed on the entity's website):**
   No fines/penalties/punishments/awards/compounding fees/settlement amount were paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year

3. **Of the instances disclosed in Question 2 above, details of the Appeal/Revision preferred in cases where monetary or non-monetary action has been appealed.**
   Not Applicable

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**
   Yes, Bharat Forge has zero tolerance for any form of corruption or bribery and has an Anti-Corruption and Anti Bribery Policy which commands strict actions against anyone caught engaging in such unethical behaviour. The policy applies to all employees of the Company, its subsidiaries, joint ventures, and affiliates at all levels and in all locations around the world. In every sector of action, all employees are required to act with utmost honesty. All the Company's facilities must adhere to anti-bribery and anti-corruption laws and regulations. All agents, suppliers, contractors, and business partners are informed of the Company's zero-tolerance policy for bribery and corruption during the commencement of the Company's business engagement with them. At the time of joining, new employees are given a copy of the policy to read. All existing associates are also informed of the policy. Trainings are conducted throughout the Company as part of the prevention, identification, and detection of anti-corruption issues.

   Wherever it operates, the Company maintains the highest standards and does not tolerate bribery or corruption. The policy can be accessed at: https://www.bharatforge.com/assets/pdf/investor/download/Anti-Corruption_and_Bribery_Policy.pdf

5. **Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption:**
   No disciplinary action was taken by any law enforcement agency against any of the Company's Directors, KMPs, employees, or workers for the charges of bribery or corruption.

6. **Details of complaints with regard to conflict of interest:**
   No complaints with regard to conflict of interest in the reporting period

7. **Provide details of any corrective action taken or under way on issues related to fines/penalties/action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest.**
   Not Applicable

LEADERSHIP INDICATORS

i. **Awareness programmes conducted for value chain partners on any of the principles during the financial year.**

Total no of awareness programmes held	Topics/principles covered in training	% Of value chain partners covered (by value of business done with such partners) under the awareness programmes
2	Business Ethics and Sustainability	77.11%

ii. **Does the entity have processes in place to avoid/manage conflict of interests involving members of the board? (Yes/No) If yes, provide details of the same.**
Yes, Bharat Forge has processes in place to avoid/manage conflict of interest involving members of the board and it is as per the Terms of Appointment of Directors to the Board. The Company's Code of Conduct states that the Board members and Senior Management of the Company are needed to abstain from discussion, voting, or otherwise influencing a decision on any matter in which they have or may have a conflict of interest; restrict themselves from serving as a Director of any Company that is in direct competition with the Company, or must take prior approval from the Company's Board of Directors before accepting such position.

PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe

ESSENTIAL INDICATORS

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	FY 2022-23	FY 2021-22
Capex	₹ 3,006.26 million 3.97% of total revenue	₹ 3,783.65 million 5.89% of total revenue
R & D	₹ 581.72 million 0.8% of total revenue	₹ 577.99 million 0.9% of reveune

2. a. **Does the entity have procedures in place for sustainable sourcing? (Yes/No)**
No, Bharat Forge does not yet have the exact protocols in place for sustainable sourcing, but the Company plans to introduce such procedures in the coming years. The Company being conscious of the role of sustainability in its business, screens all of its suppliers based on social and environmental criteria, and all of the Company's operations are reviewed on a regular basis to ensure that the sourced materials are handled responsibly.

b. **If yes, what percentage of inputs were sourced sustainably?**
Not Applicable

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging), (b) E-waste, (c) Hazardous waste, and (d) other waste.**
Since the product is directly supplied to the OEMs, the Company has limited scope for reclaiming it at the end of its life cycle. The Company, however, has systems in place to recycle plastics (including packaging), e-waste, and hazardous waste in a safe manner. For the disposal of such waste, the Company contracts with authorised recyclers and files returns with the appropriate statutory bodies.

Also, the Company has optimised its processes to the point where the majority of the waste produced is recycled and reused in its operations. As a result, the amount of waste that leaves the Company is reduced.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**
Applicable, we are sending the waste to the authorised recyclers who are registered with Pollution Control Board as waste processers under EPR regulations.

LEADERSHIP INDICATORS

1. **Has the entity conducted Life Cycle Perspective/Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format:**
The Company has not conducted any life cycle assessment for the products to date. However, it is planning to carry out the LCA for products in the coming years.

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products/services, as identified in the Life Cycle Perspective/Assessments (LCA) or through any other means, briefly describe the same along with action taken to mitigate the same.**
Not Applicable. We are in the process of carrying out the Life Cycle Assessment in the coming year.

3. **Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Indicate input material	Recycled or reused input material to total material	
	FY 2022-23	FY 2021-22
Water	26%	28%
Raw material	34%	32%

* Quantity of Water & Raw Material has been updated for the previous year, to be in line with the definitions given in the Guidance note.

4. **Of the products and packaging reclaimed at the end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

	FY '23 (Metric Tonnes)			FY '22 (Metric Tonnes)		
	Reused	Recycled	Safely disposed	Reused	Recycled	Safely disposed
Plastic (Including Packaging)	-	145	-	-	96.00	-
E-Waste	-	8.57	-	-	5.55	-
Used Oil (Spent Oil) Liquid -Hazardous waste	-	191.42	-	-	196.22	-
Discarded Containers/Barrels (Solid) Nos.	-	16,272	-	-	17,207	-
Waste & Residues Containing Oil (Liquid)	-	341.702	-	-	387.29	-
MS Scrap/Scale/Bur/Flash (Solid)	-	1,06,370	-	-	81,240	-
incineration-spent bath Sludge/ ETP Sludge/Oily Cotton waste/ Paint Sludge	-	-	166	-	-	230.38
Landfilling after incineration-spent bath Sludge/ETP Sludge/Oily Cotton waste/Paint Sludge	-	-	-	-	-	-

* Quantity of Recycled & Safely Disposed waste has been updated for the previous year, to be in line with definitions given in the Guidance note.

Since the product is directly supplied to the OEMs, the Company has limited scope for reclaiming it at the end of its life cycle

5. **Reclaimed products and their packaging materials (as percentage of products sold) for each product category:**
Since the product is directly supplied to the OEMs, the Company has limited scope for reclaiming it at the end of its life cycle

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

ESSENTIAL INDICATORS

1. a. **Details of measures for the well-being of employees**

Category	% Of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day care facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
PERMANENT EMPLOYEES											
Male	2,436	2,436	100	2,436	100	-	-	-	-	-	-
Female	42	42	100	42	100	42	100	-	-	-	-
Total	**2,478**	**2,478**	**100**	**2,478**	**100**	**42**	**100**	**-**	**-**	**-**	**-**
OTHER THAN PERMANENT EMPLOYEES											
Male	341	341	100	341	100			-	-	-	-
Female	11	11	100	11	100	11	100	-	-	-	-
Total	**352**	**352**	**100**	**352**	**100**	**11**	**100**	**-**	**-**	**-**	**-**

b. Details of measures for the well-being of workers

Category	% Of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day care facilities	
		No. (B)	% (B/A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/A)	No. (F)	% (F/A)
PERMANENT EMPLOYEES											
Male	1,434	1,434	100	1,434	100			-	-	-	-
Female	1	1	100	1	100	1	100	-	-	-	-
Total	**1,435**	**1,435**	**100**	**1,435**	**100**	**1**	**100**	**-**	**-**	**-**	**-**
OTHER THAN PERMANENT EMPLOYEES											
Male	4,223	4,223	100	4,223	100	-	-	-	-	-	-
Female	0	0	NA	0	NA	-	-	-	-	-	-
Total	**4,223**	**4,223**	**100**	**4,223**	**100**	**-**	**-**	**-**	**-**	**-**	**-**

2. Details of retirement benefits for the current and previous financial year

All benefits as per various employment acts are given to employees

Benefits	FY '23 Current Financial Year			FY '22 Previous Financial Year		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100	100	Y	100	100	Y
Gratuity	100	100	Y	100	100	Y
ESI	100	100	Y	100	100	Y

3. Accessibility of workplaces:

Are the premises/offices of the entity accessible to differently abled employees and workers as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

The Company's various locations, including the offices/premises, have been equipped with ramps, lifts, and handrails for stairwells to facilitate the movement of differently abled individuals. Thus, the Company's premises has been made access-friendly.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web link to the policy.

Bharat Forge provides equal employment opportunities, without any discrimination on the grounds of age, colour, disability, marital status, nationality, race, religion, sex or sexual orientation. The Company strives to maintain a work environment that is free from any harassment based on the above considerations. This Equal Opportunities Policy is subject to applicable regulations, qualifications and merit of the individual.

The policy is available to the internal stakeholders on the Company's intranet platform.

5. Return to work and retention rates of permanent employees and workers that took parental leave:

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	-	-	-	-
Female	100%	-	100%	100%
Total	**100%**	**-**	**100%**	**100%**

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and workers? If yes, give details of the mechanism in brief.

	Yes/No (If yes, then give details of the mechanism in brief)
Permanent Workers	Yes
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	

The Company has a Grievance Policy to give its employees a way to voice their concerns arising from employment. The Policy ensures that such grievances are handled quickly, in a fair and impartial manner by a Grievance Committee and in compliance with the Organisation's other policies. This comprises employee concerns about a supervisor's, another employee's or Management's behaviour, inaction, or proposed action in relation to them.

According to the policy's grievance redress system, the first step in resolving any problem is to communicate openly. An employee should seek informal resolution of any concern with his or her immediate supervisor first. If such informal dialogue fails to resolve the issue, and the employee believes his or her complaint has progressed to the level of a grievance, the employee may file a formal grievance as stated in this policy in order to seek a fair resolution.

7. Membership of employees and workers in association(s) or Unions recognised by the listed entity:

Category	FY '23 Current Financial Year			FY '22 Previous Financial Year		
	Total employees/ workers in the respective category (A)	No of Employees/ workers in the respective category who are part of association/ union (B)	% B/A	Total employees/ workers in the respective category (C)	No of Employees/ workers in the respective category who are part of association/ union (D)	% D/C
EMPLOYEES						
Total Permanent Employees	2,478	0	0	2,552	0	0
Male	2,436	0	0	2,483	0	0
Female	42	0	0	39	0	0

Category	FY '23 Current Financial Year			FY '22 Previous Financial Year		
	Total employees/ workers in the respective category (A)	No of Employees/ workers in the respective category who are part of association/ union (B)	% B/A	Total employees/ workers in the respective category (C)	No of Employees/ workers in the respective category who are part of association/ union (D)	% D/C
WORKERS						
Total Permanent Workers	1,435	1,435	100	1,557	1,557	100
Male	1,434	1,434	100	1,556	1,556	100
Female	1	1	100	1	1	100

8. Details of training given to employees

Bharat Forge provided Online Health Awareness Sessions for the employees & their family members as a health and safety/wellness measure.

Category	FY'23					FY'22				
	Total (A)	On health and safety/wellness measures		On skill upgradation (Behavioral Training/Soft Skills Training)		Total (D)	On health and safety/wellness measures		On skill upgradation (Behavioral Training/Soft Skills Training)	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
EMPLOYEES										
Male	2,777	1,750	63	1,430	51	2,483	2,200	89	1,161	47
Female	53	40	75	30	57	39	35	90	25	64
Total	**2,830**	**1,790**	**63**	**1,460**	**52**	**2,522**	**2,235**	**89**	**1,186**	**47**
WORKERS										
Male	1,434	700	49	296	21	1,556	500	32	700	45
Female	1	1	100	0	0	1	1	100	-	-
Total	**1,435**	**701**	**49**	**296**	**21**	**1,557**	**501**	**32**	**700**	**45**

* Employees –No of employees includes other than permanent employees also.

9. Details of performance and career development reviews of employees and workers:

Category	FY '23 Current Financial Year			FY '22 Previous Financial Year		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
EMPLOYEES						
Male	2,436	2,436	100	2,483	2,483	100
Female	42	42	100	39	39	100
Total	**2,478**	**2,478**	**100**	**2,552**	**2,552**	**100**
WORKERS						
Male	1,434	1,434	100	1,556	1,556	100
Female	1	1	100	1	1	100
Total	**1,435**	**1,435**	**100**	**1,557**	**1,557**	**100**

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, the coverage of such a system?

Yes. Bharat Forge places great emphasis on maintaining and improving its employees' health and safety. Workplace safety of employees forms the foundation of the Company's strategy to attain sustainability. To ensure the safety of all, the Company has implemented comprehensive compliant protocols across all touch points.

Bharat Forge is committed to creating and maintaining a safe and healthy workplace in the organisation and the Company achieves this by developing and implementing its occupational health, safety, and environmental management system conforming to International Standards and driving excellence in operations and support functions.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

While continuously employing measures to promote employee well-being and healthcare, a proper hazard identification risk management system has been put in place to ensure continuous improvement of occupational health and safety of the organisation.

Hazard Identification Risk Assessment (HIRA) is carried out regularly at all levels in the following six steps by a highly-skilled Process owner or a Qualified Safety coordinator well versed with details of all activities and Safety standards:

1. Pre-Assessment preparations
2. Pre-Assessment meeting with HSE Leaders
3. Conducting interviews
4. Walk-Round Tour/Quantification of Hazards
5. Evaluation of Hazard/Person/Severity Factors
6. Post Evaluation activity

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks.

Yes. The Company has put in place Safety Observation and Near Miss Reporting System.

d. **Do the employees/workers of the entity have access to non-occupational medical and healthcare services?**

Yes. Bharat Forge believes in creating an environment for employees in which their financial needs are met beyond their salary. All of the Company's employees are offered a variety of health and wellness benefits, including medical insurance and accident insurance for the employee and his immediate family, which provides financial assistance in the event of an accident or serious illness. Apart from that, Bharat Forge offers coverage for dependent parents, periodic health checks, wellness programmes, as well as nutritious and subsidised food.

11. **Details of safety-related incidents**

Safety Incident/Number	Category	FY '23 Current Financial Year	FY '22 Previous Financial Year
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0.97	0.0
	Workers	0.50	0.13
Total recordable work-related injuries	Employees	7	0
	Workers	6	3
No. of fatalities (safety incident)	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	3	1

* Contract Workers added in Workers category & figures updated for the previous year also.

12. **Describe the measures taken by the entity to ensure a safe and healthy workplace**

Bharat Forge considers employees as its most valued asset, and the Company prioritises their health and safety. The majority of its personnel are employed in manufacturing facilities. The Company has created extensive compliant measures at all touchpoints to safeguard everyone's safety in the workplace and to ensure a safe working environment. The Company has taken the following measures to assure a safe and healthy workspace:

1. Safety Policy, Competence, Communications system/policy, Insurance Systems, First Aid, Training, Occupational Health, Inspection Systems, Audits, Procurement, Contractors Control & Risk Assessments.
2. The Company has taken measures which are compliant with all statutory preventive healthcare and occupational health and safety requirements. In doing so, the Company strives to create, implement, and maintain a process for proactive hazard identification and determination of controls to eliminate or reduce risks to an acceptable level, as well as to identify the Risks and Opportunities that are relevant to the OH&S management system's intended outcomes.
3. The Company emphasises providing training on safety measures during induction to all new employees, including specific training such as working at height, confined space entry, refresher training, on-site emergency training to tackle contingent or urgent situations, and on-the-job training inclusive of safety topics.
4. A Safety Committee has been formulated to assist and collaborate with management and achieving objectives as outlined in the 'HSE Policy'. The Committee deals with matters concerning health, safety, and the environment and delivers practical solutions to problems encountered, promotes safety awareness amongst all workers, and undertakes educational, training, and promotional activities.

13. **Number of complaints on the following made by employees and workers:**

No complaints were made by any employee or worker on the working conditions and/or health and safety practices of the Company.

14. **Assessments for the year:**

	% Of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health & safety practices	Internal Safety Audit – 100%
Working Conditions	Internal Safety Audit – 100%

15. **Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health and safety practices and working conditions.**

Bharat Forge tracks accident rates in all of its locations. The overall reduction in health and safety incidences is attributed to the strong commitment of both management and workers to ensure a safe working environment by adhering to the Company's set management approach and adopting a health and safety-first mindset in the execution of duties.

LEADERSHIP INDICATORS

1. **Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N)**

Yes, Bharat Forge offers assistance in the event of a tragic occurrence, such as death, and has a death relief policy in place for its employees.

2. **Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

The Company takes great care to ensure that the statutory dues applicable are deducted and deposited by the value chain partners. The details are outlined in the Bharat Forge Supplier Code of Conduct. All supply chain partners must adhere to it in every way in order to support business responsibility principles and ideals of transparency and accountability.

3. **Provide the number of employees/workers having suffered high consequence work-related injury/ill-health/fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

	Total no. of affected employees/workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY '23 Current Financial Year	FY '22 Previous Financial Year	FY '23 Current Financial Year	FY '22 Previous Financial Year
Employees	0	0	0	0
Workers	0	0	0	0
Contractors	3	1	1	0

4. **Does the entity provide transition assistance programmes to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)**

   Yes, Bharat Forge, as a desirable employer, provides future-oriented opportunities and the right environment for people to grow personally and contribute to the moulding of the future. Employees who are terminated by the Company before their customary retirement date or who accept voluntary redundancy in exchange for these benefits are eligible for termination benefits. The benefits are offered through the VRS scheme and include the monetary benefits too.

5. **Details on assessment of value chain partners**

	% Of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	77.11%
Working conditions	

6. **Provide details of any corrective actions taken or underway to address significant risks/concerns arising from assessments of health and safety practices and working conditions of value chain partners**

   In compliance with Bharat Forge's Supplier Code of Conduct, suppliers are assessed and monitored on the above mentioned topics. All suppliers have to accept the supplier Code of Conduct at the time of Vendor Registration, so that there is no risk. Health and safety topics are given high priority in this operation. The corporation recognises the significance of health and safety regulations in every business. As a result, the Company has offered its assistance in developing such policies for suppliers who do not have them.

PRINCIPLE 4 Businesses should respect the interests of and be responsive to all its stakeholders

ESSENTIAL INDICATORS

1. **Describe the processes for identifying key stakeholder groups of the entity**

   Key stakeholders are identified on the basis of the material influence they have on the Company or on how they are materially influenced by the Company's corporate decisions and the consequences of those decisions.

2. **List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group**

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Others	Frequency of engagement (Annually/Half Yearly/Quarterly/ Others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	• Conferences, workshops, Publications, newsletters & reports, online portals, employee surveys, Idea management, internal media • One-on-one interactions • Employee involvement in CSR activities,	Periodically Half Yearly Quarterly	Inform about the important advances in the Company. Help the employees expand their knowledge in the industry. Getting employee feedback and resolving their issues.
Investors	No	• Annual report, sustainability report, press releases • Investor presentations, • Corporate website, • Quarterly & Annual results • ESG calls	Annually Annually Periodically Quarterly Quarterly	Investors prefer to invest in the organisation that is socially and environmentally responsible.
Customers	No	• Interviews, personal visits, publications, mass media & digital communications, plant visits • Support programmes, social media, • Conferences and events	Weekly and Quarterly Annually Monthly	Internal customers (Employees) • Feel motivated to get involved in CSR projects and serve the community • Guided by the CSR Team • Enhance employee volunteerism. External customers – • Prefer to connect with the organisation that is socially & environmentally responsible
Suppliers & service providers	No	• Email Communication • Supplier & vendor meets • Policies • Official communication letters • Supplier sustainability assessments	Periodically Periodically Periodically Periodically Annually	Supply Chain Management Practice
Business Partners	No	• Dialogue with sales organisations and coordinating units of importers	Periodically	Provide service to present customers while increasing the potential for future growth.
Government and Regulatory Bodies	No	• Official communication channels, • Regulatory audits/ inspections • Environmental compliance, • Policy intervention, • Good governance	Monthly Annually Annually Periodically Annually	They help and guide in terms of connecting with Govt. Schemes in the same area for increased effectiveness.
Communities	Need assessment, field visits, Focused group discussions had been conducted at the community level based on which stakeholder groups and locations got identified for CSR intervention Please refer to the following link for information about the Company's community work: https://www.bharatforge.com/sustainability/corporate-social-responsibility			

LEADERSHIP INDICATORS

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

   Bharat Forge has established an ESG Committee at the Board level. The ESG committee is responsible for keeping the board informed about various developments and seeking inputs from the Directors. Continuous stakeholder engagement, combined with an in-depth assessment by the ESG committee, aids the organisation in aligning its business with ESG, allowing it to better serve its stakeholders.

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes/No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

   Yes, Bharat Forge has always maintained a regular and proactive engagement with the Company's key stakeholders, allowing it to effectively work on its ESG strategies and be transparent about the outcomes. In response to current regulations and interactions with stakeholders, the Company performs periodic evaluations to update and reissue policies as needed.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/marginalised stakeholder groups.** Please refer to the following link for information about the Company's community work: https://www.bharatforge.com/sustainability/corporate-social-responsibility

PRINCIPLE 5 Businesses should respect and promote human rights

ESSENTIAL INDICATORS

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

Category	FY '23 Current Financial Year			FY '22 Previous Financial Year		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
EMPLOYEES						
Permanent Employees	2,830	1,500	53	2,552	300	11.75
WORKERS						
Permanent Workers	1,435	4,00	28	1,557	609	39.11

2. **Details of minimum wages paid to employees**

Category	FY '23 Current Financial Year					FY '22 Previous Financial Year				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
EMPLOYEES										
Permanent	2,478	0	0	2,478	100	2,552	0	0	2,552	100
Male	2,436	0	0	2,436	100	2,483	0	0	2,483	100
Female	42	0	0	42	100	39	0	0	39	100
Other than permanent	352	0	0	352	100	368	0	0	368	100
Male	341	0	0	341	100	361	0	0	361	100
Female	11	0	0	11	100	7	0	0	7	100
WORKERS										
Permanent	1,435	0	0	1,435	100	1,557	0	0	1,557	100
Male	1,434	0	0	1,434	100	1,556	0	0	1,556	100
Female	1	0	0	1	100	1	0	0	1	100
Other than permanent	4,223	0	0	4,223	100	3,372	0	0	3,372	100
Male	4,223	0	0	4,223	100	3,372	0	0	3,372	100
Female	0	0	0	0	0	0	0	0	0	100

3. **Details of remuneration/salary/wages in the following format:**

	Male		Female	
	Number	Median Remuneration/ salary/wages of respective category in ₹^	Number	Median Remuneration/ salary/wages of respective category in ₹^
Board of Directors (BoD) (Whole-time directors)	6	445.51	-	-
Key Managerial Personnel (other than BoD)	20	110.12	1	43.26
Employees other than BoD and KMP	2,410	9.23	41	8.11
Workers	1,434	8.10	1	7.32

^ Remuneration mentioned above is in lakhs per annum

Note: * Key Managerial Personnel includes Senior Management as per the Nomination and Remuneration Policy of the Company

4. **Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)**

   The Company has formulated a Human Rights Policy which states that the employees can address their complaints or grievances to the Human Resources department or the Senior Management. There shall be no retaliation or reprisal taken against any employee or associate who raises concerns in accordance with the policy. A committee may be formed or delegated to investigate the reported issues. The Committee is responsible for evaluating the reported issues and ensuring that they are addressed and rectified. In collaboration with Senior Management, the Committee may also recommend a suitable resolution.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Bharat Forge recognises the important role that business can play in ensuring the long-term protection of human rights, and the Company is dedicated to upholding the human rights of its employees, communities, contractors, and suppliers in accordance with the International Bill of Human Rights, the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work, and the United Nations Global Compact.

The Company has formulated a Human Rights Policy which works in conjunction with the Grievance Policy to ensure that grievances are addressed promptly and effectively.

The mechanism works by following the instructions outlined below:

1. The employees/affiliates address their complaints or grievances or report instances to the Human Resources department/Senior Management. No reprisal or retaliatory action is taken against any employee/affiliate for raising concerns under this policy.
2. A committee is formed/designated to investigate the violations reported. The Committee evaluates the violations reported and ensures that the same is addressed and resolved. The Committee also, in consultation with the Senior Management, provides a suitable remedy.
3. The Company periodically undertakes human rights due diligence process for management and oversight/monitoring of the policy and identifies any shortcomings.

6. Number of Complaints on the following made by employees and workers:

	FY '23 Current Financial Year			FY '22 Previous Financial Year		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Sexual Harassment	4	4	Redressal is in progress	NIL		
Discrimination at workplace	NIL			NIL		
Child labour	NIL			NIL		
Forced/Involuntary labour	NIL			NIL		
Wages	NIL			NIL		
Other human rights-related issues	NIL			NIL		

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

While dealing with the complaints as a part of the grievance redressal mechanism, every care is taken to conduct the enquiry in a peaceful manner for avoiding any stressful conditions. The entire process is carried out in a highly confidential manner. The Company has a Grievance Policy which states that all members of the Grievance Committee and those entrusted with record keeping, as well as any staff member questioned about an issue, are bound by a duty of confidentiality at all times and must keep all paperwork and information exchanged in the process confidential. Harsh or insulting behaviour of anyone participating in or conducting grievance proceedings is not at all tolerated. Any such behaviour will be viewed as misconduct under the Organisation disciplinary policies and strict actions will be taken against such unethical behaviour.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes, human rights requirements form part of the Bharat Forge Supplier Code of Conduct. Suppliers are urged to respect internationally recognised human rights standards and to work towards them in all business activities within their own sphere of influence. Any forced or compulsory labour is prohibited. Following statements form a part of Bharat Forge Supplier Code of Conduct.

To be a part of the Company's value chain, the supplier must meet the following human rights requirements:

1. Child Labour: Only workers who meet the minimum employment age requirement in the country where they are working, may be hired by a Supplier. The Suppliers must comply with all the applicable labour laws, including those related to hiring, wages, hours worked, overtime and working conditions. The Suppliers are urged to formulate work-study programs and government-sponsored educational programs for the younger working section of society.
2. Wages, Benefits and Working Hours: Working hours, wages, overtime pay and other elements of compensation must comply with all applicable laws. Workers must be paid at least the minimum legal wage or a wage that meets local industry standards and will provide all legally mandated benefits. Workers should be paid annual leaves and holidays as per the applicable laws.
3. Work Environment and Equal Opportunities/Anti-Discrimination: Suppliers are obliged to refrain from any discrimination and to ensure equal employment. Supplier shall not discriminate against the employees, on the basis of nationality, colour, origin, ideology, religion, race, caste, creed, trade union or political activity, sexual orientation, age, sex, illness, disability, pregnancy or any medical condition. Suppliers 'employees should be treated with dignity and the work environment should be free of all types of harassment, whether physical, verbal or psychological.

The Company's Supplier Code of Conduct can be viewed on the following link:

https://www.bharatforge.com/assets/pdf/investor/download/Supplier_Code_of_Conduct.pdf

9. Assessments for the year:

Bharat Forge has assessed 100% of its plants and offices by an external auditor who audit the statutory compliances in relation to the indicators mentioned below. The assessments are done on a quarterly basis.

	% Of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100%
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	

10. **Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above.**

All the plants and offices of the Company were found to be complying with the requirements and as a result, no corrective actions were required on the criteria stated above.

LEADERSHIP INDICATORS

1. **Details of a business process being modified/introduced as a result of addressing human rights grievances/complaints.**

Nil

2. **Details of the scope and coverage of any human rights due diligence conducted.**

Human rights due diligence is being covered as part of the other compliance audits presently. Exclusive Human rights due diligence is yet to be conducted. We are planning to take it up in the coming years.

3. **Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

Yes

4. **Details on assessment of value chain partners:**

	% Of value chain partners (by value of business done with such partners) that were assessed
Sexual harassment	77.11%
Discrimination at workplace	
Child labour	
Forced labour/Involuntary labour	
Wages	

5. **Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 4 above.**

All suppliers have to accept the Bharat Forge's Supplier Code of Conduct at the time of Vendor Registration. All Critical Suppliers are assessed and monitored for compliance every year. No risks observed to date.

PRINCIPLE 6 Businesses should respect and make efforts to protect and restore the environment

ESSENTIAL INDICATORS

1. **Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

Parameter	Unit	FY '23 Current Financial Year	FY '22 Previous Financial Year
Total electricity consumption (A)	GJ	13,03,364	11,16,684
Total fuel consumption (B)	GJ	12,51,303	11,82,321
Energy consumption through other sources (C)	NA	NA	NA
Total energy consumption (A+B+C)	GJ	25,54,667	22,99,005
Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees)	GJ/₹ millions	33.74	36.75

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

2. **Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

No

3. **Provide details of the following disclosures related to water, in the following format:**

Parameter	FY '23 Current Financial Year	FY '22 Previous Financial Year
Water Withdrawal by the Source (in kilolitres)		
(i) Surface Water	8,44,253	5,50,452
(ii) Ground Water	1,84,317	2,09,914
(iii) Third Party Water	24,035	8,667
(iv) Sea Water/Desalinated Water	0	0
(v) Others - Recycled Water (ETP)	3,63,193	2,96,595
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv)	**10,52,605**	**7,69,033**
Total volume of water consumption (in kilolitres)	**14,15,797**	**10,65,628**
Water intensity per rupee of turnover (Water consumed/ turnover)	**18.70 (KL/₹ millions)**	**17.03 (KL/₹ millions)**

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency

No

4. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

Bharat Forge has effectively controlled the industrial wastewater generated by its activities, products, and services, and formulated waste management systems for handling wastewater properly. The Company makes the best utilisation of the wastewater treatment system and as a Zero Liquid Discharge (ZLD) plant, the Company is not discharging wastewater as well as treated water. ZLD is an approach to water treatment where all water is recovered and contaminants are reduced to solid waste. While many water treatment processes attempt to maximise the recovery of freshwater and minimise waste, ZLD is the most demanding target since the cost and challenges of recovery increase as the wastewater gets more concentrated. Salinity, scaling compounds, and organics all increase in concentration, which adds costs associated with managing these increases. ZLD is achieved by stringing together water treatment technology that can treat wastewater as the contaminants are concentrated. Since Bharat Forge has installed ETP & STP plant to treat its generated wastewater, the treated wastewater is recycled for use to reduce the consumption of freshwater.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Unit	FY '23 Current Financial Year	FY '22 Previous Financial Year
NOx	Mg/Nm3	12.10	14.6
SOx	mg/Nm3	9.32	11.62
Particulate matter (PM) (Less than 2.5 Micron)	mg/Nm3	20	22.6
Persistent organic pollutants (POP)	-	-	-
Volatile organic compounds (VOC)	-	-	-
Hazardous air pollutants (HAP)	-	-	-
Others - please specify	-	-	-

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Mahabal Enviro Engineers Pvt Ltd.

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY '23 Current Financial Year	FY '22 Previous Financial Year
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	79,276	70,304
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	2,02,362	1,68,568
Total Scope 1 and Scope 2 emissions	tCO_2e	2,81,668	2,38,872
Total Scope 1 and Scope 2 emissions (per million rupee of turnover)	tCO_2e/ ₹ millions	3.719	3.819

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

7. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.

Bharat Forge is constantly improving and innovating ways to reduce consumption and the resulting emissions in the Company's manufacturing processes. The Company has taken the following projects in an effort to reduce Green House Gas emissions:

Steps taken for utilising alternate sources of energy in FY 2022-23

a. To reduce GHG emissions, the Company has utilised 74,906 MWh of solar electricity and 30,987 MWh of electricity from wind-based turbines. It is part of decarbonisation plan which includes the improvement of the energy mix towards the adoption of renewable energy and the replacement of fossil dense fuels with those having comparatively lesser emissions.

b. Replacement of Oils (Furnace oil, LDO, Biodiesel & SKO) with cleaner fuels (PNG & LPG) in furnace operations.

c. Conversion of Diesel-operated forklifts to electrically-operated forklifts. Planned to utilise renewable energy for these forklifts to make them "Green Forklifts" in the near future.

d. VFD installation in compressor operation.

e. Implementation of compressor ring main system.

f. Common controller for all six compressors.

g. High efficient quench pump for induction hardening machine.

h. Installation of VFD in ventilation blower.

i. Application of Furnace skin coating for heat loss reduction.

j. Idle time reduction in Hydraulic power pack Pump.

k. High-efficient pump for coolant circulation in the chiller.

l. Idle time reduction in cooling tower pumps.

m. Replacement of Metal halide lamps with energy efficient LEDs.

n. Implementation of motion sensors in lighting.

o. Energy Efficient modular heater for 8000 T press line

p. Installation of Automatic Power Factor correction panel

q. Replacement of conventional burners with high velocity burners for HT Iso-Annealing furnaces leading to a reduction in energy consumption by 15%

r. Application of Pyro bloc insulation in continuous furnaces leading to a reduction of consumption by 170 kWh/MT

s. Addition of a recuperative system for the combustion air of the furnace leading to a reduction of consumption by 60 kWh/MT

Energy saving projects mentioned in points b to p contributed to a reduction in oil consumption by 5,850.6 KL, electricity consumption by 3,589 MWh/Annum & emissions by 9,609 tCO2e.

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY '23 Current Financial Year	FY '22 Previous Financial Year
Total Waste Generated in Metric Tonnes		
Plastic waste **(A)**	145	113.52
E-waste **(B)**	8.57	5.55
Bio-medical waste **(C)**	0.013	0.016
Construction and demolition waste **(D)**	0	0
Battery waste **(E)**	5.74	3
Radioactive waste **(F)**	0	0

Parameter	FY '23 Current Financial Year	FY '22 Previous Financial Year
Hazardous waste. Please specify, if any. (G)		
G. 1 (Cotton Waste (Qty.) kg Chemical Sludge from ETP, Paint Sludge/ Residues, Spent Bath Sludge)	166	230.38
G. 2 Used/Spent Oil (Liquid)-HW	191.42	196.22
G. 3 Discarded Containers/Barrels (Solid)-HW	16,272	17,207
G. 4 Waste & Residues Containing Oil (Liquid)-HW	341.702	387.29
Non-hazardous Waste generated(H)		
H. 1 MS Scrap/Scale/Bur/Flash (Solid)	1,06,370	81,240
Total (A+B + C + D + E + F + G + H)	**1,07,228.44 Metric Tonnes and 16,272 Nos**	**82,175.9 Metric Tonnes and 17,207 Nos**
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of Waste		
(i) Recycled	1,07,062.43	81,945.58
(ii) Re-used	0	0
(iii) Other recovery operations	0	0
Total	**1,07,062.43**	**81,945.58**
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	166.013	230.396
(ii) Landfilling	0	0
Total	**166.013**	**230.396**

* Quantity of Recycled & Re-used waste has been updated for the previous year, to be in line with the definitions given in the Guidance note.

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

9. **Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

Bharat Forge has made waste management a priority by incorporating the 3R waste management principles into Company decision-making. Using the principles of the solid waste management hierarchy, the Company encourages its teams to innovate and divert waste. The Company is constantly working to reduce hazardous and non-hazardous waste in its manufacturing sites. Throughout the year, the Company has implemented measures such as recycling waste oil via a change in disposal pathway, which reduces hazardous waste load and recycling ETP sludge, which reduces disposal to landfills.

In order to better understand the Company's waste profile, its sites mapped their waste generation and disposal methods. In addition, the Company improved its data collection systems and incorporated waste volumes into its monthly environmental dashboard. These activities enabled the Company to identify the three primary barriers preventing its facilities from diverting waste from landfills: cost, regulatory challenges, and lack of resources.

Managing Hazardous Waste

Hazardous wastes are handled as per the requirements and a waste registry is maintained. They are transported to the relevant authorised agencies for proper handling. Bharat Forge complies with all MPCB rules and regulations on how these products must be properly stored, handled, shipped, or recycled to limit exposure potential as well as all international standards that apply to the Company in the locations where it operates.

Managing Non-Hazardous Waste

For non-hazardous waste, BFL's priority is to reduce waste at the source by purchasing and bringing into its facilities only what is needed. The Company has found solutions requiring little, if any, investment, ensuring that its progress makes business as well as environmental sense. Some of the shared successes include using recycled cardboard boxes as filler for packing materials, creating re-usable pallets for parts delivery from vendors, as well as product delivery to dealers to eliminate the use of wood pallets, and recycling initiatives for paper and plastic from offices and break rooms.

10. **If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals/clearances are required, please specify details in the following format:**

In all areas of its activities, Bharat Forge is dedicated to regulatory Environmental compliance and ethical conduct. Since the Company operates in industrial areas/estates, its influence on biodiversity is very modest.

11. **Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

In all areas of its operations, Bharat Forge is in compliance with the regulatory environmental laws and ethical conduct.

12. **Is the entity compliant with the applicable environmental law/regulations/guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, and Environment Protection Act and Rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:**

The Company is in compliance with all applicable environmental laws.

LEADERSHIP INDICATORS

1. **Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:**

Parameter	FY '23 (Current Financial Year)	FY '22 (Previous Financial Year)
From renewable sources (GJ)		
Total electricity consumption(A)-Solar + Wind	3,81,214	3,48,530
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
Total energy consumed from renewable sources (A+B+C)	**3,81,214**	**3,48,530**

Parameter	FY '23 (Current Financial Year)	FY '22 (Previous Financial Year)
From non-renewable sources (GJ)		
Total electricity consumption(D)	9,22,150	7,68,153
Total fuel consumption (E)	12,51,303	11,82,321
Energy consumption through other sources (F)	0	0
Total energy consumed from non-renewable sources (D+E+F)	**21,73,453**	**19,50,474**

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

2. **Provide the following details related to water discharged:**

   We do not discharge water to any of the water bodies

   Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

   No

3. **Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):**

   Not applicable, as we do not have any operations in areas of water stress.

4. **Please provide details of total Scope 3 emissions & its intensity, in the following format:**

   Scope-3 emissions are considered in Bharat Forge emission calculations presently. Following are the calculated Emission values:

Parameter	Unit	FY 23 (Current Financial Year)	FY 22 (Previous Financial Year)
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	5,64,947	5,13,837
Total Scope 3 emissions per rupee of turnover	Tonnes of CO2e per rupee of turnover	7.46	8.81
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity	Tonnes of CO2e per Ton of Production	2.17	2.31

5. **With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along with prevention and remediation activities.**

   In all areas of its activities, Bharat Forge is dedicated to regulatory environmental compliance and ethical conduct. Since the Company operates in industrial areas/estates, its influence on biodiversity is very modest.

6. **If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions/effluent discharge/waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

Sr. No.	Initiative undertaken	Details of the initiative (Web link, if any, may be provided along with summary)	Outcome of the initiative
1.	Use of Industry 4.0	Energy Meters connected to Central Energy Monitoring System	The system will trigger an automatic notification for excess energy consumption without manual intervention

7. **Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web-link**

   Yes, the Company recognises the importance of business continuity in its business and has put in place policies to ensure mission-critical operations continue in the event of an interruption. The policy is available at - https://www.bharatforge.com/assets/pdf/investor/download/risk-management-policy

8. **Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?**

   The Supplier is expected to implement its binding code of conduct and make reasonable efforts to promote the Supplier Code's principles in its supply chain. During the fiscal year 2022-23, the Company screened its Critical suppliers (51 in total) using social and environmental criteria and found no negative social or environmental impacts on its value chain.

9. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

   Bharat Forge has assessed 77.11% of its Value Chain partners for environmental impacts and found no negative social or environmental impacts on its value chain.

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

ESSENTIAL INDICATORS

1. a. **Number of affiliations with trade and industry chambers/associations.**

   Bharat Forge is affiliated with 17 trade and industry chambers/associations.

b. **List the top 10 trade and industry chambers/associations (determined based on the total members of such a body) the entity is a member of/affiliated to.**

S. No.	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/associations (State/National)
1.	Confederation of Indian Industries [CII]	National
2.	Automotive Components Manufacturers' Association [ACMA]	National
3.	All India Management Association [AIMA]	National
4.	Association of Indian Forging Industry [AIFI]	National
5.	Indo German Chamber of Commerce [IGCC]	National
6.	Swedish Chamber of Commerce in India [SCCI]	National
7.	Indo American Chamber of Commerce [IACC]	National
8.	Indo French Chamber of Commerce in India [IFCCI]	National
9.	Federation of Indian Chambers of Commerce & Industry [FICCI]	National
10.	Mahratta Chamber of Commerce Industry & Agriculture [MCCIA]	State

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

   There were no incidents of anti-competitive behaviour involving the Company during the reporting period. (2022-23)

LEADERSHIP INDICATORS

1. **Details of public policy positions advocated by the entity:**

   The Company directly or through trade bodies and other associations puts forth a number of suggestions with respect to the industry in general and its activities in particular.

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development

ESSENTIAL INDICATORS

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Name and Brief details of the Project	SIA Notification No.	Date of Notification	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No)	Relevant web link
1. Pratham Pune: Educational Program in the slum	-	-	Yes	Assessment is in progress	https://www.bharatforge.com/sustainability/downloads/third-party-assessment-reports
2. Installation of water filters In villages: To provide Clean drinking water to villagers	-	-	Yes	Assessment is in progress	
3. Covid Relief - Urban	-	-	Yes	Assessment is in progress	

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity in the following format:**

   NIL

3. **Describe the mechanisms to receive and redress grievances of the community.**

   Bharat Forge has a CSR Team to monitor the CSR Projects regularly which continuously interacts with the concerned communities in the areas of operation. The grievances, as and when they arise, are addressed and resolved in a timely manner by the CSR Team

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers.**

	FY '23 (Current Financial Year)	FY '22 (Previous Financial Year)
Directly sourced from MSMEs/small producers	5.94%	5.97%
Sourced directly from within the district and neighbouring districts	54%	66%

LEADERSHIP INDICATORS

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

   Not Applicable

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

Sr. No.	State	Aspirational District	Amount spent (In INR)
1	Maharashtra	Osmanabad/Dharashiv	7 lakh

3. (a) **Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalised/vulnerable groups? (Yes/No)**

   Yes

   (b) **From which marginalised/vulnerable groups do you procure? -**

   The required aprons and boiler suits (uniform) by Bharat Forge are procured from self-help Groups of women from community centres.

   (c) **What percentage of total procurement (by value) does it constitute?**

   The boiler suits and aprons required (uniform) by Bharat Forge are provided by self-help Groups from community centres having an approximate value of 1.29 million.

4. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge.**

   Not Applicable

5. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

   Not Applicable

6. **Details of beneficiaries of CSR Projects:**

S. No.	CSR Project	No. of persons benefitted from CSR projects	% Of beneficiaries from vulnerable and marginalized groups
1.	Village Development Project in more than 100 villages in Maharashtra State.	200000+ people from more than 100 villages	>90
2.	Education Project in collaboration with Pratham Pune Education Foundation	13,585 children from 8 divisions of Pune	100
3.	Education Project in collaboration with Jnana Prabodhini	389 children from 5 different communities	100
4	Education Project in collaboration with Vidyarthi Sahayak Samiti	20 girl students pursuing engineering or diploma	100
5	Women Empowerment - Community Centres, vocational training and income generation activities	350 women from self help groups located at 3 centres (Hadapsar, Wadgaon Sheri & Keshavnagar)	>75
6	Skilling through CoE (Centre of Excellence) at Vidya Pratishthan, Baramati	161 students pursuing Engineering	>75
7	Skill Development Project - Working with (ITIs)	1500 students pursuing a diploma	>75
8	Waste management	500 families from the Hadapsar area	>75

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

ESSENTIAL INDICATORS

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

   Customer response and customer satisfaction are one of the most important factors of Bharat Forge. The Company engages with its customers on various platforms to understand their expectations. The Company obtains customer feedback directly or by referring to the customer portal on a monthly basis and compiles the "Voice of Customer report" to identify the areas of concern reported. Accordingly, corrective measures have been planned and implemented. Customer satisfaction trends are compiled, monitored and reviewed by top management at defined intervals for getting the directives for improvement.

2. **Turnover of products and/services as a percentage of turnover from all products/service that carry information about:**

   Environmental and social parameters relevant to the product, Safe and responsible usage, Recycling and/or safe disposal are not being calculated as percentage of total turnover.

3. **Number of consumer complaints in respect of the following:**

	FY '23 (Current Financial Year)			FY '22 (Previous Financial Year)		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data privacy	0	0		0	0	
Advertising	0	0		0	0	
Cyber-security	0	0		0	0	
Delivery of essential services	NA	NA		NA	NA	
Restrictive Trade Practices	0	0		0	0	
Unfair Trade Practices	0	0		0	0	

4. **Details of instances of product recalls on account of safety issues:**

   No such instances were reported in the reporting period FY23.

5. **Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

   Yes, Bharat Forge follows the ISO 27001:2013 framework and is certified for IT services, design and defence department. The details are provided in the Company's Privacy policy which is available at https://www.bharatforge.com/privacy-policy/

   An Information Security Policy has been implemented which provides support, management direction and documents how Information Security is managed throughout Bharat Forge; it outlines the appropriate measures through which the Company will facilitate the secure and reliable flow of information, both within the Company and externally.

   The policy sets out the principles and an overarching framework for Information Security. It also details the supporting policies and guidelines, which will address the aspects of security. The approach being adopted is based upon the International Standard ISO/IEC 27001: 2013 -The Code of Practice for Information Security Management. Bharat Forge's IT and Engineering division is certified for ISO 27001 since 2006. Recently Defence division has been added to this certification scope.

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on safety of products/services.**

   NA

LEADERSHIP INDICATORS

1. **Channels/platforms where information on products and services of the entity can be accessed (provide web link, if available).**

   Bharat Forge's website has information about all of the products it offers. The web link for the site is https://www.bharatforge.com/.

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

   Since the products of the Company are directly supplied to the OEMs who assemble and send the end product to the general customer, Bharat Forge has limited scope for informing and educating the end user about the safe and responsible usage of its products.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

   Since the products of the Company are directly supplied to the OEMs who assemble and send the end product to the general customer, Bharat Forge has limited scope for informing the end user about the risk of disruption/discontinuation of its essential service.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

   Yes, since the Company's products are OEM specific and as per OEM requirements, the Company displays product requirements on packaging as per requirements of OEM and consistent with applicable laws. Typical information displayed on the product includes details of the manufacturer, heat code, process no, dispatch no and part no. etc.

   Yes, Customer response and customer satisfaction are one of the most important factors for Bharat Forge. The Company engages with its customers on various platforms to understand their expectations.

   The Company obtains customer feedback directly or by referring to the customer portal on a monthly basis and compiles the "Voice of Customer report" to identify the areas of concern reported. Accordingly, corrective measures have been planned and implemented. Customer satisfaction trends are compiled, monitored and reviewed by top management at defined intervals for getting the directives for improvement.

5. **Provide the following information relating to data breaches:**

   a. Number of instances of data breaches along with impact -NIL

   b. Percentage of data breaches involving personally identifiable information of customers – NA

Independent Auditor's Report

To the Members of Bharat Forge Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Bharat Forge Limited (the "Company") which comprise the standalone balance sheet as at 31 March 2023, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Independent Auditor's Report (Contd.)

Revenue from Sale of Products

See Note 2.2(e) and Note 24 to standalone financial statements

The key audit matter	How the matter was addressed in our audit
The Company's revenue is derived primarily from sale of goods. The Company manufactures specialised forged and machined products as per specifications provided by its customers. Revenue from sale of goods is recognised at a point in time when performance obligation is satisfied and is based on the transfer of control to the customer as per terms of the contract with them which may vary for each customer. The Company and its external stakeholders focus on revenue as a key performance metric. Revenue recognition has been identified as a key audit matter as there could be incentives or external pressures to meet expectations resulting in revenue being overstated or recognised before the control has been transferred.	In view of the significance of the matter we applied the following audit procedures in this area, to obtain sufficient appropriate audit evidence: • We assessed the appropriateness of the Company's accounting policies for revenue recognition by comparing with applicable accounting standards. • We evaluated the design, implementation and operating effectiveness of key internal controls over recognition of revenue. • On a sample basis, we tested the revenue transactions recorded during the year by verifying the underlying documents to assess whether revenue is recognised appropriately when control is transferred. • We tested, on a sample basis specific revenue transactions recorded before and after the financial year-end date to assess whether revenue is recognised in the correct financial period in which control if transferred. • We scrutinised journal entries related to revenue recognised during the year based upon specified risk-based criteria, to identify unusual or irregular items.

Independent Auditor's Report (Contd.)

Assessment of impairment of investments in subsidiaries, associates and joint ventures

See Note 2.2 (r) and Note 06 to standalone financial statements

The key audit matter	How the matter was addressed in our audit
The Company has significant investments in subsidiaries, associates and joint ventures as at 31 March 2023. The Company periodically assesses if there are any impairment indicators for recognising impairment loss in respect of these investments. The estimation of the recoverable amount of each investment is based on complex assumptions. Considering that significant judgment is required and the underlying complexity of the assumptions used, this is considered as a key audit matter	In view of the significance of the matter we applied the following audit procedures in this area, to obtain sufficient and appropriate audit evidence: • We obtained an understanding of the Company's process for assessing the indicators of impairment of investments, and for the estimation of the recoverable value, wherever necessary • We evaluated the design, implementation and operating effectiveness of key internal controls over impairment assessment of investments in subsidiaries, associates and joint ventures. • We assessed the models used by the Company to estimate the recoverable value of relevant investments, and consistency with the applicable Ind AS. • We evaluated the appropriateness of key inputs and assumptions used in the cash flow projections including discount rates, expected growth rates and terminal growth rates. • We involved specialists to assist us in evaluating the impairment models, assumptions and estimates. • We performed sensitivity analysis of key assumptions to ascertain the extent of change in those assumptions that either individually or collectively could change the outcome of the impairment assessments.

Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained 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.

Independent Auditor's Report (Contd.)

Management's and Board of Directors' Responsibilities for the Standalone Financial Statements

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

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of standalone financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report (Contd.)

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

a. The standalone financial statements of the Company for the year ended 31 March 2022 were audited by the predecessor auditor who had expressed an unmodified opinion on 16 May 2022.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2 A. As required by Section 143(3) of the Act, we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c. The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

   d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

Independent Auditor's Report (Contd.)

e. On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

a. The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its standalone financial statements - Refer Note 38 to the standalone financial statements.

b. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 9 to the standalone financial statements.

c. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company, except for delays in depositing ₹ 0.55 million ranging from 7 years to 18 years which is unpaid as at 31 March 2023.

d (i) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the Note 47 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 47 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

Independent Auditor's Report (Contd.)

e. 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.

The final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

As stated in Note 17 to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. However, the re-appointment of the Chairman and Managing Director for the period from 30 March 2023 to 28 March 2028 and the remuneration for this period are subject to approval of the shareholders, for which the Company has started the process of obtaining approval by postal ballot, in accordance with the provisions of the Companies Act, 2013 (Also refer note 39 (iv) to the standalone financial statements). The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.:101248W/W-100022

Shiraz Vastani
Partner
Membership No.: 103334
ICAI UDIN:23103334BGYMRG2165

Place: Pune
Date: 05 May 2023

Independent Auditor's Report (Contd.)

Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Bharat Forge Limited for the year ended 31 March 2023

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

(B) The Company has maintained proper records showing full particulars of intangible assets.

(i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company, except for the following which are not held in the name of the Company:

Description of property	Gross carrying value	Held in the 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 the Company. Also indicate if in dispute
FLAT-G/8 SAI NAGARI SOC K. NAGAR	₹ 0.31 million	Shri. Anajwala Khozema F & Smt. Anajwala Amina	No	1 April 1987	Not in dispute. Index II awaited by the Company.

Title deeds for two immovable properties amounting to gross block of ₹ 0.28 million is not available and hence we are unable to comment on the same.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. For stocks lying with third parties at the year-end, written confirmations have been obtained and for inward goods-in-transit subsequent evidence of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has made investments, provided guarantee or security, granted loans and advances in the nature of loans, secured or unsecured to companies, limited liability partnership and other parties in respect of which the requisite information is as below:

(a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided loans or provided advances in the nature of loans, or stood guarantee to any other entity as below:

In ₹ Million

Particulars	Guarantees	Security	Loans	Advances in nature of loans
Aggregate amount during the year				
Subsidiaries*	3,131.53	-	3,848.16	-
Joint ventures*	-	-	-	-
Associates*	-	-	-	-
Others	-	-	96.95	-
Balance outstanding as at balance sheet date				
Subsidiaries*	7,408.28	-	1,452.55	-
Joint ventures*	-	-	-	-
Associates*	-	-	-	-
Others*	-	-	90.21	1,350.00

* As per the Companies Act, 2013

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made, guarantees provided, security given during the year and the terms and conditions of the grant of loans and advances in the nature of loans and guarantees provided during the year are, prima facie, not prejudicial to the interest of the Company.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular except for the cases mentioned below.

Independent Auditor's Report (Contd.)

The loans of ₹ 89.47 Million to Bharat Forge Global Holding GmbH and ₹ 156.69 Million to BF Elbit Advanced Systems Private Limited are repayable on demand. As informed to us, the Company has not demanded repayment of the loan during the year. Thus, there has been no default on the part of the party to whom the money has been lent.

In ₹ Million

Name of the entity	Amount	Due Date	Extent of delay (in days)	Remarks, if any
BF Elbit Advanced Systems Private Limited	13.21	31-Mar-23	Not Applicable	Amount of such interest has been converted into loan as on 31 March 2023 net of withholding taxes.
Tork Motors Private Limited	1.50	12-Apr-22	351	Delay in receipt of principal.
	1.50	12-Jul-22	260	Delay in receipt of principal.
	1.50	12-Oct-22	168	Delay in receipt of principal.
	1.00	12-Nov-22	137	Delay in receipt of principal.
	1.50	12-Jan-23	76	Delay in receipt of principal.
	2.50	12-Feb-23	45	Delay in receipt of principal.
	0.06	12-Apr-22	33	Delay in receipt of interest.
	0.12	12-May-22	3	Delay in receipt of interest.
	0.02	12-May-22	140	Delay in receipt of interest.
	0.44	12-Jul-22	79	Delay in receipt of interest.
	0.30	12-Aug-22	48	Delay in receipt of interest.
	0.14	12-Oct-22	168	Delay in receipt of interest.
	0.30	12-Nov-22	137	Delay in receipt of interest.
	0.44	12-Jan-23	76	Delay in receipt of interest.
	0.30	12-Feb-23	45	Delay in receipt of interest.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion following instances of loans falling due during the year were renewed or extended or settled by fresh loans:

In ₹ Million

Name of the parties	Aggregate amount of loans or advances in the nature of loans granted during the year	Aggregate overdue amount settled by renewal or extension or by fresh loans granted to same parties	Percentage of the aggregate to the total loans or advances in the nature of loans granted during the year
Aeron Systems Private Limited	8.00	8.00	0.21%

Independent Auditor's Report (Contd.)

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment except for the following loans or advances in the nature of loans to its Promoters and related parties as defined in Clause (76) of Section 2 of the Companies Act, 2013 ("the Act"):.

In ₹ Million

	All Parties	Promoters	Related Parties
Aggregate of loans/advances in nature of loan			
- Repayable on demand (A)	246.16	-	246.16
- Agreement does not specify any terms or period of Repayment (B)	-	-	-
Total (A+B)	**246.16**	**-**	**246.16**
Percentage of loans/advances in nature of loan to the total loans	8.78%	-	8.78%

(iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of investments made and loans, guarantees and security given by the Company, in our opinion the provisions of Section 185 and 186 of the Companies Act, 2013 ("the Act") have been complied with.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable. However, according to the information and explanations given to us, in respect of deposits accepted earlier under relevant provisions of the erstwhile Companies Act, 1956, and the rules framed thereunder, there are certain unclaimed deposits amounting to ₹ 0.04 million including interest thereon which are subject to litigation.

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of products manufactured by it, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have generally been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable, except as mentioned below:

Independent Auditor's Report (Contd.)

Delay in depositing dues of ₹ 0.55 million in the Investor Education and Protection Fund ('IEPF').

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

In ₹ Million

Name of the statute	Nature of the dues	Amount	Paid Under Protest	Period to which the amount relates	Forum where dispute is pending
Property Tax	Demand received for differential Property Tax	306.79	236.58	FY 2004-05 to 2022-23	High Court
Customs Act, 1962	Demand received for wrong availment of duty drawback	52.97	1.00	FY 2002-03	High Court, Mumbai
Customs Act, 1962	Demand received for wrong availment of duty drawback	135.12	121.35	FY 2011-12 & 2012-13	Principal Commissioner (RA) and Ex-Officio Additional Secretary to the Government of India
Central Excise Act, 1944	Duty demand on subsidy amount received under PSI scheme	84.21	-	FY 2004-05, 2005-06, 2006-07, 2009-10, 2010-11, 2011-12 & 2012-13	Commissioner, Central Excise, Pune III Commissionerate
Central Excise Act, 1944	Short reversal of CENVAT credit taken on the Inputs written off	44.24	5.50	FY 1998 to 2006, FY 2009-10 to 2016-17	CESTAT, Mumbai
Central Excise Act, 1944	Removal of excisable goods manufactured in the factory by way of writing off in the books of accounts without payment of duty	2.76	-	FY 2004-05 & 2005-06	Additional Commissioner of Central Excise, Pune III Commissionerate
Central Excise Act, 1944	Non payment of service tax under reverse charge mechanism on Ocean Freight services availed	0.95	-	FY 2017	The Dy Commissioner of Central GST.
Customs Act, 1962	Non levy/short levy of customs duty on incorrect set off of Cess in case of import under MEIS Scheme	10.81	-	FY 2018-19	CESTAT, Mumbai
Income Tax Act, 1961	Non deduction of withholding taxes u/s 195	54.92	54.92	FY 2013-14	High Court

Independent Auditor's Report (Contd.)

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures as defined under the Act.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies (as defined under the Act).

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of our audit procedures.

Independent Auditor's Report (Contd.)

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) has more than one CIC as part of the Group. The Group has two CICs as part of the Group

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

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

Independent Auditor's Report (Contd.)

(xx) (a) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project other than ongoing projects. Accordingly, clause 3(xx)(a) of the Order is not applicable.

(b) In respect of ongoing projects, the Company has transferred the unspent amount to a Special Account within a period of 30 days from the end of the financial year in compliance with Section 135(6) of the said Act.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.:101248W/W-100022

Shiraz Vastani
Partner
Membership No.: 103334
ICAI UDIN:23103334BGYMRG2165

Place: Pune
Date: 05 May 2023

Independent Auditor's Report (Contd.)

Annexure B to the Independent Auditor's Report on the standalone financial statements of Bharat Forge Limited for the year ended 31 March 2023

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Bharat Forge Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

Independent Auditor's Report (Contd.)

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

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.:101248W/W-100022

Shiraz Vastani
Partner
Membership No.: 103334
ICAI UDIN:23103334BGYMRG2165

Place: Pune
Date: 05 May 2023

Balance Sheet

as at March 31, 2023

In ₹ Million

		Notes	As at March 31, 2023	As at March 31, 2022
Assets				
I.	**Non-current assets**			
	(a) Property, plant and equipment	3	28,996.01	30,722.47
	(b) Capital work-in-progress	3	3,032.30	2,480.08
	(c) Investment property	4	2.89	2.89
	(d) Intangible assets	5	52.63	102.92
	(e) Right-of-use asset	35	3,328.35	2,185.80
	(f) Financial assets			
	(i) Investment in subsidiaries, joint ventures and associates	6	21,161.16	14,291.19
	(ii) Other investments	7	14,102.82	5,709.32
	(iii) Loans	8	1,316.98	342.19
	(iv) Trade receivables	12	113.25	113.25
	(v) Derivative instruments	9	646.49	2,574.29
	(vi) Other financial assets	10	357.21	630.44
	(g) Income tax assets (net)		705.42	514.82
	(h) Other assets	14	4,265.99	4,223.35
			78,081.50	**63,893.01**
II.	**Current assets**			
	(a) Inventories	11	12,638.43	11,110.58
	(b) Financial assets			
	(i) Investments	7	7,526.97	18,994.94
	(ii) Trade receivables	12	32,433.66	24,810.48
	(iii) Cash and cash equivalent	13	3,977.16	3,777.68
	(iv) Other bank balances	13	46.56	50.74
	(v) Loans	8	225.78	303.02
	(vi) Derivative instruments	9	1,325.53	1,361.34
	(vii) Other financial assets	10	2,342.21	1,603.54
	(c) Other assets	14	3,343.22	2,503.19
			63,859.52	**64,515.51**
	Total assets		**141,941.02**	**128,408.52**
Equity and Liabilities				
	Equity			
	(a) Equity share capital	15	931.27	931.27
	(b) Other equity	16	76,068.72	70,166.48
	Total equity		**76,999.99**	**71,097.75**
	Liabilities			
I.	**Non-current liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	18	12,031.78	13,006.52
	(ii) Lease liabilities	35	3,309.21	2,152.21
	(iii) Derivative instruments	19(a)	146.08	-
	(iV) Other financial liabilities	19	391.09	247.65
	(b) Provisions	20	220.27	313.07
	(c) Deferred tax liabilities (net)	21	2,000.12	2,887.88
			18,098.55	**18,607.33**
II.	**Current liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	18	32,324.47	25,985.37
	(ii) Lease liabilities	35	151.26	96.46
	(iii) Trade payables	22		
	Dues to micro enterprises and small enterprises		63.70	69.06
	Dues to other than micro enterprises and small enterprises		12,063.04	9,600.81
	(iv) Derivative instruments	19(a)	41.80	-
	(v) Other financial liabilities	19	626.09	948.68
	(b) Other liabilities	23	804.44	1,190.79
	(c) Provisions	20	470.20	465.72
	(d) Current tax liabilities (net)		297.48	346.55
			46,842.48	**38,703.44**
	Total liabilities		**64,941.03**	**57,310.77**
	Total equity and liabilities		**141,941.02**	**128,408.52**

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Shiraz Vastani
Partner
Membership Number: 103334

Place: Pune,
Date: May 05, 2023

For and on behalf of the Board of Directors of Bharat Forge Limited

B. N. Kalyani
Chairman and Managing Director
DIN : 00089380

G. K. Agarwal
Deputy Managing Director
DIN : 00037678

Kishore Saletore
Executive Director and CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 05, 2023

Statement of Profit and Loss

for the year ended March 31, 2023

In ₹ Million

		Notes	Year ended March 31, 2023	Year ended March 31, 2022
Income				
Revenue from operations		24	75,727.12	62,546.12
Other income		25	1,504.96	1,675.02
Total income [i]			**77,232.08**	**64,221.14**
Expenses				
Cost of raw materials and components consumed		26	33,506.59	26,472.70
(Increase) in inventories of finished goods, work-in-progress, dies and scrap		27	(673.13)	(946.73)
Employee benefits expense		28	5,430.06	5,057.85
Finance costs		29	2,126.89	1,073.01
Depreciation and amortisation expenses		30	4,259.57	4,117.91
Other expenses		31	18,352.50	14,805.00
Total expenses [ii]			**63,002.48**	**50,579.74**
Profit before exceptional items and tax [i - ii]			14,229.60	13,641.40
Exceptional items gain/(loss)		32	(402.13)	318.03
Profit before tax			**13,827.47**	**13,959.43**
Income tax expense/(income)		21		
Current tax			3,759.26	3,328.22
Deferred tax charge/(credit)			(386.53)	(146.82)
Income tax expense			**3,372.73**	**3,181.40**
Profit for the year			**10,454.74**	**10,778.03**
Other comprehensive income				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)				
- Re-measurement gains on defined benefit plans		33	61.79	178.64
- Net gain on FVTOCI equity securities		33	242.59	1,965.22
			304.38	**2,143.86**
Income tax effect			(27.04)	(443.09)
	[a]		**277.34**	**1,700.77**
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)				
- Net movement on cash flow hedges		33	(2,098.99)	1,008.09
Income tax effect			528.27	(245.85)
	[b]		**(1,570.72)**	**762.24**
Other comprehensive income/(loss) for the year (net of tax)	**[a+b]**		**(1,293.38)**	**2,463.01**
Total comprehensive income for the year (net of tax)			**9,161.36**	**13,241.04**
Earnings per equity share [nominal value per share ₹ 2/- (March 31, 2022: ₹ 2/-)]		34		
Basic (in ₹)			22.45	23.15
Diluted (in ₹)			22.45	23.15

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Shiraz Vastani
Partner
Membership Number: 103334

Place: Pune
Date: May 05, 2023

For and on behalf of the Board of Directors of Bharat Forge Limited

B. N. Kalyani
Chairman and Managing Director
DIN : 00089380

G. K. Agarwal
Deputy Managing Director
DIN : 00037678

Kishore Saletore
Executive Director and CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 05, 2023

Statement of changes in equity

for the year ended March 31, 2023

A. Equity share capital

Equity shares of ₹ 2/- each issued, subscribed and fully paid

	No.
As at March 31, 2023	465,588,632
As at March 31, 2022	465,588,632
As at April 01, 2021	465,588,632

(1) For the year ended 31st March 2023

Balance as on April 1, 2022	Changes in equity share capital during the current year	Balance as on March 31, 2023
931.27	-	931.27

(2) For the year ended 31st March 2022

Balance as on April 1, 2021	Changes in equity share capital during the current year	Balance as on March 31, 2022
931.27	-	931.27

B. Other equity

In ₹ Million

	Reserves and Surplus [Refer note 16]				Items of OCI[Refer note 16]		
	Security premium	Capital reserves	General reserve	Retained earnings	Equity Instruments through Other Comprehensive Income	Cash flow hedge reserve	Total
Balance as at April 1, 2022	6,930.89	15.50	3,230.48	55,238.50	1,936.55	2,814.56	70,166.48
- Profit for the year	-	-	-	10,454.74	-	-	10,454.74
- Other Comprehensive Income/(loss)	-	-	-	46.24	231.10	(1,570.72)	(1,293.38)
Total comprehensive income	-	-	-	10,500.98	231.10	(1,570.72)	9,161.36
Transaction with owners in their capacity as owners							
- Final Equity dividend	-	-	-	(2,560.74)	-	-	(2,560.74)
- Interim equity dividend	-	-	-	(698.38)	-	-	(698.38)
Balance as at March 31, 2023	6,930.89	15.50	3,230.48	62,480.36	2,167.65	1,243.84	76,068.72
Balance as at April 1, 2021	6,930.89	15.50	3,230.48	45,956.35	369.46	2,052.32	58,555.00
- Profit for the year	-	-	-	10,778.03	-	-	10,778.03
- Other Comprehensive Income	-	-	-	133.68	1,567.09	762.24	2,463.01
Total comprehensive income	-	-	-	10,911.71	1,567.09	762.24	13,241.04
Transaction with owners in their capacity as owners							
- Final Equity dividend	-	-	-	(931.18)	-	-	(931.18)
- Interim equity dividend	-	-	-	(698.38)	-	-	(698.38)
Balance as at March 31, 2022	6,930.89	15.50	3,230.48	55,238.50	1,936.55	2,814.56	70,166.48

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Shiraz Vastani
Partner
Membership Number: 103334

Place: Pune
Date: May 05, 2023

For and on behalf of the Board of Directors of Bharat Forge Limited

B. N. Kalyani
Chairman and Managing Director
DIN : 00089380

G. K. Agarwal
Deputy Managing Director
DIN : 00037678

Kishore Saletore
Executive Director and CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 05, 2023

Cash flow statement

for the year ended March 31, 2023

In ₹ Million

	Year ended March 31, 2023	Year ended March 31, 2022
Operating activities		
Profit after exceptional items and before tax	13,827.47	13,959.43
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	4,259.57	4,117.91
Unrealised foreign exchange loss/(gain)/MTM (net),etc.	393.54	(405.94)
Interest income	(449.49)	(220.40)
Liabilities/provisions no longer required written back	(8.35)	(78.57)
Provision for doubtful debts and advances (includes expected credit loss) (net)	61.78	50.00
Bad debts/advances written off	5.27	0.08
Finance cost	2,126.89	1,073.01
(Gain) on sale of property, plant and equipment (net)	(45.64)	(288.78)
Dividend income from investment	(4.78)	(4.41)
Dividend income from subsidiary company	-	(94.50)
Net loss/(gain) on sale of financial investments	(1,363.28)	(900.37)
Net loss/(gain) on fair valuation of financial instruments (FVTPL)	704.76	129.10
Non-cash exceptional items	(39.99)	(654.88)
Operating profit before working capital changes	19,467.75	16,681.68
Working capital adjustments :		
(Increase)/decrease in trade receivables	(6,856.22)	(9,533.88)
(Increase)/decrease in inventories	(1,527.85)	(2,362.01)
(Increase)/decrease in other financial assets	(506.54)	(230.49)
(Increase)/decrease in other assets	(853.39)	(449.87)
Increase/(decrease) in provisions	(44.54)	(17.39)
Increase/(decrease) in trade payables	2,450.74	1,746.14
Increase/(decrease) in other financial liabilities	93.58	37.28
Increase/(decrease) in other liabilities	(386.35)	329.26
Cash generated from operations	11,837.18	6,200.72
Income taxes paid (net of refunds)	(3,954.59)	(3,446.26)
Net cash flows from operating activities (A)	**7,882.59**	**2,754.46**
Investing activities		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress, capital creditors and capital advances)	(3,006.26)	(3,783.65)
Proceeds from sale of property, plant and equipment and intangible assets	156.45	757.78
Investment in subsidiaries, associates and joint ventures	(4,768.22)	(3,684.63)
Loans given to subsidiaries and associates	(3,848.16)	(1,001.22)
Proceeds from loan given to subsidiaries and associates	1,135.95	800.00
Loans given to employees	-	(121.74)
Proceeds from loan given to employees	-	90.54
Investments in mutual funds, fixed deposits and other deposits	(99,404.44)	(83,635.43)
Proceeds from sale of financial instruments including fixed deposits	103,458.65	87,847.05
Interest received	263.37	145.60
Dividends received	4.78	98.91
Net cash flows (used in) investing activities (B)	**(6,007.88)**	**(2,486.79)**
Financing activities		
Dividend paid on equity shares	(3,252.83)	(1,641.68)
Interest Paid on lease liability	(220.32)	-
Interest paid on borrowing and other liabilities	(1,545.51)	(713.90)
Payment of principal portion of lease liabilities	(114.23)	(276.99)
Proceeds from borrowings including bill discounting (net of expenses)	71,578.97	61,158.76
Repayment of borrowings including bill discounting	(68,168.91)	(57,778.86)
Net cash flows from/(used in) financing activities (C)	**(1,722.83)**	**747.33**
Net increase in cash and cash equivalents (A + B + C)	**151.88**	**1,015.00**
Net foreign exchange difference	47.60	3.56
Cash and cash equivalents at the beginning of the year*	**3,777.68**	**2,759.12**
Cash and cash equivalents at the end of the year*	**3,977.16**	**3,777.68**

*Excluding earmarked balances (on unclaimed dividend accounts and unspent CSR account)

Cash flow statement

for the year ended March 31, 2023 (contd.)

Cash and Cash equivalents for the purpose of cash flow statement

In ₹ Million

	Year ended March 31, 2023	Year ended March 31, 2022
Balances with banks (Note 13):		
In cash credit and current accounts	3,875.52	3,277.28
Deposits with original maturity of less than three months	100.96	500.00
Cash on hand	0.68	0.40
Total	**3,977.16**	**3,777.68**

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

For and on behalf of the Board of Directors of Bharat Forge Limited

Shiraz Vastani
Partner
Membership Number: 103334

B. N. Kalyani
Chairman and Managing Director
DIN : 00089380

G. K. Agarwal
Deputy Managing Director
DIN : 00037678

Kishore Saletore
Executive Director and CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 05, 2023

Place: Pune
Date: May 05, 2023

Notes to Financial Statements

for the year ended March 31, 2023

1. Corporate Information

Bharat Forge Limited ("the Company") is a public Company domiciled in India and incorporated under the provisions of the Companies Act applicable in India. The Company's shares are listed on two stock exchanges in India. The Company is engaged in the manufacturing and selling of forged and machined components including aluminium castings for the auto and industrial sectors. The Company caters to both domestic and international markets. The registered office of the Company is located at Mundhwa, Pune. The Company has manufacturing facilities at Mundhwa, Baramati, Chakan, Satara and Nellore locations. The Company's CIN is L25209PN1961PLC012046. The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on May 05, 2023.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the financial statements of the Company.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments;
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

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

The financial statements are presented in INR and all values are rounded to the nearest million (INR 000,000), except when otherwise indicated.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

2.2 Summary of significant accounting policies

a. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- expected to be realized or intended to be sold or consumed in a normal operating cycle
- held primarily for the purpose of trading
- expected to be realized within twelve months after the reporting period, or
- cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

Notes to Financial Statements
for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

a. Current versus non-current classification (contd.)

A liability is current when:

- it is expected to be settled in a normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b. Foreign currencies

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

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange difference that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise except for differences pertaining to long-term foreign currency monetary items as mentioned subsequently.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or statement of profit and loss are also recognised in OCI or statement of profit and loss, respectively).

Exchange differences

The Company had availed the option available under Ind AS 101 para D13 AA and is continuing the policy adopted for accounting for exchange difference arising from the translation of long-term foreign currency monetary items recognised in the financial statements for the year

Notes to Financial Statements
for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

b. Foreign currencies (contd.)

ended March 31, 2016, pertaining to long-term foreign currency translation difference account (FCMITDA). Hence, such exchange differences are accounted as below:

a) Exchange differences arising on long-term foreign currency monetary items related to the acquisition of property, plant and equipment are capitalized and depreciated over the remaining useful life of the asset.

b) Exchange differences arising on other long-term foreign currency monetary items are accumulated in the FCMITDA through Other Comprehensive Income (OCI). The amortization of the balance of FCMITDA is transferred to the statement of profit and loss over the remaining life of the respective monetary item.

c) All other exchange differences are recognised as income or as expense in the period in which they arise.

For the purpose of (a) and (b) above, the Company treats a foreign monetary item as a "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.

Further, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

c. Investment in subsidiaries, joint ventures and associates

The Company has accounted for its investment in subsidiaries, joint ventures and associates at cost less accumulated impairment [Refer note 2.2(n)].

d. Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

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

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

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

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

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

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

Notes to Financial Statements
for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

d. Fair value measurement (contd.)

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

External valuers are involved for the valuation of significant assets, such as properties and unquoted financial assets. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

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

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

- disclosures for valuation methods, significant estimates and assumptions (note 52)
- quantitative disclosures of fair value measurement hierarchy (note 48)
- investment in unquoted equity shares (note 7)
- investment properties (note 4)
- financial instruments (including those carried at amortised cost) (note 49)

e. Revenue from operations

Revenue from contracts with customers is recognised when the control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. The policy of recognising the revenue is determined by the five-stage model proposed by Ind AS 115 "Revenue from contract with customers".

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 52(3).

Notes to Financial Statements
for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

e. Revenue from operations (contd.)

Sale of goods

Revenue from the sale of goods is recognised when the performance obligation is satisfied and usually coincides with the point in time when control of the asset is transferred to the customer, generally on the date of the bill of lading for export sales and generally on delivery for domestic sales. The normal credit term is 30 to 240 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Company considers the effect of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer, if any.

Tooling income

Revenue from tooling income is recognised when the performance obligation is satisfied and usually coincides with at the point in time when the control of the die is transferred, which is generally on receipt of the customer's approval (referred to as the production parts approval process or PPAP) as per the terms of the contract.

Sale of services

Revenue from the sale of services is in nature of job work on customer product which normally takes 1–4 days for completion and accordingly, revenue is recognised when products are sent to the customer on which job work is completed. The normal credit period is 60 days.

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 the payment of the consideration is due). Trade receivables that do not contain a significant financing component are measured at transaction price. Refer to accounting policies of financial assets in Note 2.2: Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

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

f. Other Income

Interest income

For all financial assets measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options)

Notes to Financial Statements
for the year ended March 31, 2023

2.2 **Summary of significant accounting policies (contd.)**

f. Other Income (contd.)

but does not consider the expected credit losses. Interest income is included in "Other income" in the statement of profit and loss.

Dividends

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

g. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and is allocated to the statement of profit and loss over the periods and in the proportions in which depreciation on those assets is charged.

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

Export incentives

Income from export incentives is accounted for on the export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim are fulfilled.

h. Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Notes to Financial Statements
for the year ended March 31, 2023

2.2 **Summary of significant accounting policies (contd.)**

h. Taxes (contd.)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Indirect taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of indirect taxes paid, except:

- when the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable;
- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Notes to Financial Statements

for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

i. Property, plant and equipment

Property, plant and equipment are stated at the cost of acquisition or construction net of accumulated depreciation and impairment loss (if any). On transition to Ind AS, the group has elected to continue with the carrying value of all of its property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment. Internally manufactured property, plant and equipment are capitalised at cost, including GST for which credit is not available, wherever applicable. All significant costs relating to the acquisition and installation of property, plant and equipment are capitalised. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

The identified components are depreciated over their useful lives, the remaining asset is depreciated over the life of the principal asset.

Depreciation for identified components is computed on a straight-line method based on useful lives, determined based on internal technical evaluation as follows:

Type of asset	Schedule II life (years)	Useful lives estimated by the management (years)
Building - Factories	30	30
Buildings - Others (including roads)	5 to 60	5 to 60
Plant and machineries	15	1 to 23
Plant and machineries- Dies	15	1 to 7
Plant and machineries - Windmill	25	19
Plant and machineries - Computers	3	3
Office equipment	5	5
Railway sidings	15	10
Electrical installations	10	10
Factory equipments	10	10

Notes to Financial Statements

for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

i. Property, plant and equipment (contd.)

Type of asset	Schedule II life (years)	Useful lives estimated by the management (years)
Furniture and fixtures	10	5 to 10
Vehicles	8	8
Aircrafts	20	7 to 18

Expenditure on power line is amortised on a straight-line basis over a period of six years.

The Company, based on a technical assessment made by a technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect a fair approximation of the period over which the assets are likely to be used.

Freehold land is carried at cost.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

j. Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Though the Company measures investment property using cost-based measurement, the fair value of investment property is disclosed in note 4. Fair values are determined based on a periodic evaluation performed by an accredited external independent valuer applying a valuation model.

The investment properties held by the Company are in the nature of freehold land, hence are not subject to depreciation.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

In determining the amount of consideration from the derecognition of an investment property the Company considers the effects of variable consideration, the existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Notes to Financial Statements
for the year ended March 31, 2023

2.2 **Summary of significant accounting policies (contd.)**

k. **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of the carrying value of another asset.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

The summary of the amortisation policy applied to the Company's intangible assets is as below:

Type of asset	Life (years)
Computer software	3
Technology licenses	5

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- its intention to complete and its ability and intention to use or sell the asset
- how the asset will generate future economic benefits
- the availability of resources to complete the asset
- the ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of the carrying value of another asset. During the period of development, the asset is tested for impairment annually.

Notes to Financial Statements
for the year ended March 31, 2023

2.2 **Summary of significant accounting policies (contd.)**

l. **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

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

I) **Right-of-use assets**

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

Type of Asset	Useful life estimated by management (years)
Buildings	2 to 18 years
Leasehold land	95 years
Plant and machinery	15 years

If the ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (n) Impairment of non-financial assets.

ii) **Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments

Notes to Financial Statements

for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

m. Leases (contd.)

include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit and loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

n. Inventories

The cost of inventories has been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and components, stores and spares and loose tools are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Costs are determined on a weighted average basis.

Notes to Financial Statements

for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

n. Inventories (contd.)

Work-in-progress and finished goods are valued at lower of cost and net realisable value. The cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. The cost of work-in-progress and finished goods is determined on a weighted average basis.

Scrap is valued at net realisable value.

Dies are valued at cost or net realisable value. The cost includes direct material, labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of dies are determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. The comparison of cost and net realisable value is made on an item-by-item basis.

o. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations including impairment on inventories, are recognised in the statement of profit and loss.

Notes to Financial Statements

for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

o. Impairment of non-financial assets (contd.)

For the assets, an assessment is made at each reporting date to determine whether there is an indication that the previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

p. Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements. A disclosure for a contingent liability is made where there is a possible obligation arising out of a past event, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation arising out of a past event where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

q. Post-employment and other employee benefits

Provident fund

The Company operates two plans for its employees to provide employee benefits in the nature of a provident fund.

Eligible employees receive benefits from a provident fund, which is a defined benefit plan. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes a part of the contributions to the "Bharat Forge Company Limited Staff Provident Fund Trust". The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The cost of providing benefits under the above-mentioned defined benefit plan is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date, which recognises each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Notes to Financial Statements

for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

q. Post-employment and other employee benefits (contd.)

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet as an asset/liability with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

The employees who are not covered under the above scheme, their portion of provident fund is contributed to the Government-administered provident fund which is a defined contribution scheme.

The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as expenditure when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then the excess is recognised as an asset to the extent that the pre-payment will lead to, a reduction in future payment or a cash refund.

Gratuity

The Company operates two defined benefits plan for its employees viz. gratuity and special gratuity scheme. Payment for present liability of future payment of gratuity is being made to approve gratuity funds. The special gratuity scheme is unfunded. The cost of providing benefits under these plans is determined on the basis of actuarial valuation at each year end. A separate actuarial valuation is carried out for each plan using the project unit credit method.

Remeasurements, comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet as asset/liability with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in the statement of profit and loss on the earlier of:

- the date of the plan amendment or curtailment
- the date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- net interest expense or income

Notes to Financial Statements

for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

q. Post-employment and other employee benefits (contd.)

Superannuation

Retirement benefit in the form of a superannuation plan is a defined contribution plan. Defined contributions to insurance Company for employees covered under the Superannuation scheme are accounted at the rate of 15% of such employees' basic salary. The Company recognises expense toward the contribution paid/payable to the defined contribution plan as and when an employee renders the relevant service. If the contribution already paid exceeds the contribution due for service before the balance sheet date, such excess is recognised as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund. If the contribution already paid is lower than the contribution due for service before the balance sheet date, the Company recognises that difference as a liability. The Company has no obligation, other than the contribution payable to the superannuation fund.

Privilege leave benefits

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as a short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond 12 months, as a long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as a non-current liability.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of these benefits; and (b) when the entity recognises the cost for a restructuring that is within the scope of Ind AS 37 and involves payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees who have accepted the offer till the reporting date. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

r. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Notes to Financial Statements

for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

r. Financial instruments (contd.)

Financial assets

Initial recognition and measurement

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets measured at fair value through profit or loss) are added to the fair value measured on initial recognition of financial assets. Transaction costs directly attributable to the acquisition of financial assets measured at fair value through profit or loss are recognised in profit or loss. 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

For purposes of subsequent measurement, financial assets are classified into three categories:

- Financial assets at amortised cost
- Financial assets, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Financial assets at amortised cost

A 'Financial asset' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to exchange traded funds, trade and other receivables.

The Company intends to hold its investment in open ended target maturity funds (i.e. exchange traded funds/ETF) till maturity. It may be noted that these funds have a pre-determined maturity date. These funds follow a passive buy and hold strategy; in which the existing underlying investment bonds are expected to be held till maturity unless sold for meeting redemptions or rebalancing requirements as stated in the scheme document. In our view, such a strategy mitigates intermittent price volatility in open ended target maturity fund's underlying investments; and investors who remain invested until maturity are expected to mitigate the market/volatility risk to a large extent. These funds can invest only in plain vanilla INR bonds with fixed coupon and maturity; and cannot invest in floating rate bonds. Based on this, the Company believes that the investments in open ended target maturity funds meet the requirements of the SPPI test as per the requirements of Ind AS 109.

Notes to Financial Statements

for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

r. Financial instruments (contd.)

Financial assets at FVTOCI

A 'Financial asset' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Financial assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses, reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI Financial assets is reported as interest income using the EIR method.

Financial asset at FVTPL

FVTPL is a residual category for Financial assets. Any Financial asset, which does not meet the criteria for categorisation as at amortised cost or as at FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a Financial asset, which otherwise meets amortised cost or as at FVTOCI criteria, as at FVTPL. However, such an election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Financial assets included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For all equity investments not held for trading, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity investment as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity investment included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i. e. removed from the Company's balance sheet) when:

Notes to Financial Statements

for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

r. Financial instruments (contd.)

- the rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

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

b) Financial assets that are measured at FVTOCI

c) Lease receivables under Ind AS 116

d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

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

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

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

Notes to Financial Statements

for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

r. Financial instruments (contd.)

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

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

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

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

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

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

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

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

- Debt instruments measured at FVTOCI:

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

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

Notes to Financial Statements

for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

r. Financial instruments (contd.)

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

Financial liabilities

Initial recognition and measurement

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

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

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Notes to Financial Statements

for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

r. Financial instruments (contd.)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variables, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit and loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit and loss, unless designated as effective hedging instruments.

Offsetting of financial instruments

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

s. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to the statement of profit and loss when the hedge item affects the statement of profit and loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

Notes to Financial Statements

for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

s. Derivative financial instruments and hedge accounting (contd.)

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking the hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, the hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through the statement of profit and loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in trade receivables. The change in fair value is recognised as an asset or liability with a corresponding gain or loss recognised in the statement of profit and loss.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in the statement of profit and loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the statement of profit and loss.

Cash flow hedges

Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

Notes to Financial Statements

for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

s. Derivative financial instruments and hedge accounting (contd.)

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

The Company uses forward currency contracts and range forward contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in finance costs. Refer note 50.

Amounts recognised as OCI are transferred to the statement of profit and loss when the hedged transaction affects profit and loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

t. Cash and cash equivalents

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

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts and cash credit facilities as they are considered an integral part of the Company's cash management.

u. Dividend to equity holders of the Company

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

v. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

w. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and

Notes to Financial Statements

for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

w. Earnings per share (contd.)

reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

2.3 Changes in accounting policies and new and amended standards

New and amended standards

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after April 01, 2022. The Company has not early adopted any other standard or amendment that has been issued but is not yet effective:

(a) Ind-AS 101: First-time Adoption of Indian Accounting Standards

The amendment specifies that a subsidiary, associate or joint venture may opt for an exemption regarding cumulative translation difference wherein they can elect to account for the cumulative translation difference in their own financial statements, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. As the Company has already transitioned to Ind-AS, there is no impact on its standalone financial statements.

(b) Ind-AS 103: Business Combinations

The amendment adds a new exception in Ind AS 103 for liabilities and contingent liabilities. The amendment had no impact on the financial statements of the Company.

(c) Ind-AS 109: Financial Instruments

The amendment clarifies which fees an entity includes when it applies the '10%' test in assessing whether to de-recognise a financial liability. The amendment does not have any material impact on the financial statements of the Company.

(d) Ind-AS 16: Property, plant and equipment

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of the cost of an item of property, plant, and equipment. The amendment had no impact on the financial statements of the Company.

(e) Ind-AS 37: Provisions, Contingent liabilities and contingent assets

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendment had no material impact on the financial statements of the Company.

(f) Ind AS 41: Agriculture

The amendment removes the requirement in Ind AS 41 for entities to exclude cash flows for taxation when measuring fair value. The amendment does not have any impact on the financial statements of the Company.

Notes to Financial Statements

for the year ended March 31, 2023

3. Property, plant and equipment

In ₹ Million

	Freehold land	Buildings (notes a, b)	Plant and machinery (note d)	Office equipment	Railway sidings	Electrical installations	Factory equipments	Furniture and fixtures	Vehicles and aircraft	Power line	Total	Capital work-in-progress (note e)
Cost												
at April 1, 2021	410.92	6,427.67	38,340.16	132.85	0.02	257.66	980.32	300.49	3,090.47	6.17	49,946.73	2,699.22
Additions		15.42	2,495.73	16.49	-	-	83.06	1.66	7.41	-	**2,619.77**	2,386.23
Disposals	-		(155.05)	(22.02)	-	-	(19.70)	(4.59)	(896.09)	-	**(1,097.45)**	(2,619.77)
Other adjustments												
- Borrowing costs (Refer note c)	-	-	38.19	-	-	-	-	-	-	-	**38.19**	14.40
at March 31, 2022	410.92	6,443.09	40,719.03	127.32	0.02	257.66	1,043.68	297.56	2,201.79	6.17	51,507.24	2,480.08
Additions		0.13	2,182.63	27.24			130.36	19.79	9.38	-	**2,369.53**	2,911.70
Disposals	-	-	(124.38)	-	-	-	-	(0.38)	(3.43)	-	**(128.19)**	(2,369.53)
Other adjustments											**-**	
- Borrowing costs (Refer note c)	-	-	24.53	-	-	-	-	-	-	-	**24.53**	10.05
at March 31, 2023	410.92	6,443.22	42,801.81	154.56	0.02	257.66	1,174.04	316.97	2,207.74	6.17	53,773.11	3,032.30
Depreciation and impairment												
at April 1, 2021	-	885.85	14,751.29	68.14	-	149.44	335.00	102.41	1,235.41	6.17	17,533.71	-
Charge for the year	-	210.59	3,267.39	21.06	-	6.70	87.13	27.70	258.94	-	**3,879.51**	-
Disposals	-	-	(32.04)	(20.85)	-	-	(4.19)	(2.46)	(568.91)	-	**(628.45)**	-
at March 31, 2022	-	1,096.44	17,986.64	68.35	-	156.14	417.94	127.65	925.44	6.17	20,784.77	-
Charge for the year	-	209.33	3,504.28	20.12	-	5.28	94.73	28.34	137.06	-	**3,999.14**	-
Disposals	-	-	(3.86)	-	-	-	-	(0.26)	(2.69)	-	**(6.81)**	-
at March 31, 2023	-	1,305.77	21,487.06	88.47	-	161.42	512.67	155.73	1,059.81	6.17	24,777.10	-
Net block												
at March 31, 2022	410.92	5,346.65	22,732.39	58.97	0.02	101.52	625.74	169.91	1,276.35	-	30,722.47	2,480.08
at March 31, 2023	410.92	5,137.45	21,314.75	66.09	0.02	96.24	661.37	161.24	1,147.93	-	28,996.01	3,032.30

(a) Buildings include cost of hangar jointly owned with other companies ₹ 0.07 million (March 31, 2022: ₹ 0.07 million).

Notes to Financial Statements

for the year ended March 31, 2023

3. Property, plant and equipment (contd.)

(b) The title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company except:

a. Flat at Kalyani Nagar in possession of the Company since April 01, 1987, whose title deed is in the name of Shri Anajwala Khozema F & Smt. Anajwala Amina aggregating gross block ₹ 0.31 million and net block at ₹ 0.17 million for which exchange deed is registered at authority, however, certified true copy and index II is awaited.

b. Hangar at Lohegoan in possession of the Company since April 01, 1977 aggregating gross block of ₹ 0.12 million and net block of ₹ 0.05 million and Tenements at Kharadi- Vimannagar in possession of the Company since April 01, 1981 aggregating gross block of ₹ 0.16 million and net block of ₹ 0.01 million for which title deeds are not available with the Company.

(c) Capitalised borrowing costs:

The Company capitalises borrowing costs in the capital work-in-progress (CWIP) first. The amount of borrowing costs capitalised as other adjustments in the above note reflects the amount of borrowing cost transferred from Capital work-in-progress (CWIP) balances. The borrowing costs capitalised during the year ended March 31, 2023 was ₹ 20.16 million (March 31, 2022: ₹ 16.96 million). The capitalisation rate ranges from LIBOR + 60 bps to LIBOR + 100 bps p.a. and EURIBOR + 60 bps to EURIBOR + 95 bps p.a. refer to note 18(a)

(d) Assets include assets lying with third parties amounting to ₹ 406.56 Million (March 31, 2022: ₹ 156.40 Million)

(e) Capital work in progress (CWIP) Ageing Schedule

In ₹ Million

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
March 31, 2023					
Projects in progress	2,244.30	211.47	32.88	543.65	**3,032.30**
Projects temporarily suspended	-	-	-	-	**-**
Total	**2,244.30**	**211.47**	**32.88**	**543.65**	**3,032.30**
March 31, 2022					
Projects in progress	1,306.31	258.64	363.84	551.29	**2,480.08**
Projects temporarily suspended	-	-	-	-	**-**
Total	**1,306.31**	**258.64**	**363.84**	**551.29**	**2,480.08**

There are no projects whose completion is overdue or that have exceeded their cost compared to the original plan.

f) The Company has not revalued any property, plant and equipment during the year.

Notes to Financial Statements

for the year ended March 31, 2023

4. Investment property

In ₹ Million

Particulars	Freehold land
Cost	
at April 1, 2021	**2.89**
Additions	-
Disposals	-
at March 31, 2022	**2.89**
Additions	-
Disposals	-
at March 31, 2023	**2.89**
Depreciation and impairment	
at April 1, 2021	**-**
Depreciation for the year	-
at March 31, 2022	**-**
Depreciation for the year	-
at March 31, 2023	**-**
Net block	
at March 31, 2021	**2.89**
at March 31, 2022	**2.89**
at March 31, 2023	**2.89**

Information regarding income and expenditure of investment property

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Rental income derived from investment properties (included in Rent in note 25)	3.86	3.12
Direct operating expenses (including repairs and maintenance) generating rental income	-	-
Direct operating expenses (including repairs and maintenance) that did not generate rental income (included in Rates and taxes in note 31)	1.03	1.03
Profit arising from investment properties before depreciation and indirect expenses	**2.83**	**2.09**
Less: Depreciation	-	-
Profit arising from investment properties before indirect expenses	**2.83**	**2.09**

The Company's investment properties consist of three parcels of land situated at Pune, Satara and Chakan.

As at March 31, 2023 and March 31, 2022, the fair values of the properties are ₹ 1,139.56 million and ₹ 2,432.95 million respectively. The Company obtains independent valuations for its investment properties at least annually.

Notes to Financial Statements

for the year ended March 31, 2023

4. Investment property (contd.)

These valuations are performed by an accredited independent valuer firm and this firm is a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Company considers ready reckoner rates. The main input used is the ready reckoner rate. All resulting fair value estimates for investment properties are included in Level 2.

The Company has no restrictions (other than the land for which matter is being subjudice and for which no income has been considered) on the realisability of its investment properties and has no contractual obligations to either construct or develop investment properties or for repairs, maintenance and enhancement. Freehold land includes 25 acres of land situated at Pune, 24.13 acres of land situated at Satara and 8.40 acres of land situated at Chakan, which has been given on lease. Due to certain matters being sub-judice, the Company has not executed a lease deed with a related party for one of the said land.

Reconciliation of fair value

In ₹ Million

Investment properties	Free hold land
at April 1, 2021	**2,432.95**
Fair value difference	-
Purchases	-
at March 31, 2022	**2,432.95**
Fair value difference	(1,293.39)
Purchases	-
at March 31, 2023	**1,139.56**

The fair value reduction in the current year is on account of the change in the basis of the ready reckoner rate used for the valuation. Till earlier periods separate ready reckoner value for the industrial area was not available and hence the fair value was derived basis the relevant ready reckoner rate. In the current year, since a separate ready reckoner rate for the industrial area is available, it has been considered for the fair value for disclosure purposes. There is no other change in the basis of fair valuation disclosure.

5. Intangible assets

In ₹ Million

Particulars	Computer software	Technology License	Total
Cost			
at April 1, 2021	**314.87**	**193.72**	**508.59**
Purchase	13.41	24.85	38.26
Disposals	(259.16)	-	(259.16)
at March 31, 2022	**69.12**	**218.57**	**287.69**
Purchase	16.08	-	16.08
Disposals	-	-	-
at March 31, 2023	**85.20**	**218.57**	**303.77**

Notes to Financial Statements

for the year ended March 31, 2023

5. Intangible assets (contd.)

In ₹ Million

Particulars	Computer software	Technology License	Total
Amortisation and impairment			
at April 1, 2021	**270.63**	**98.75**	**369.38**
Amortisation	27.45	47.10	74.55
Disposals	(259.16)	-	(259.16)
at March 31, 2022	**38.92**	**145.85**	**184.77**
Amortisation	18.37	48.00	66.37
Disposals	-	-	-
at March 31, 2023	**57.29**	**193.85**	**251.14**
Net block			
at March 31, 2022	**30.20**	**72.72**	**102.92**
at March 31, 2023	**27.91**	**24.72**	**52.63**

The Company has not revalued any intangible assets during the year.

6. Investment in subsidiaries, joint ventures and associates

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
At Cost		
Unquoted equity instruments		
- Investment in wholly owned subsidiaries		
Bharat Forge Global Holding GmbH		
Subscription to the equity share capital	287.98	287.98
[EUR 5,000,000 (March 31, 2022: EUR 5,000,000)]		
Capital contribution credited in favour of Bharat Forge Limited **[Refer note 6(a)]**	5,801.62	5,801.62
[EUR 83,464,428 (March 31, 2022: EUR 83,464,428)]		
	6,089.60	**6,089.60**
60 (March 31, 2022: 60) Common stock of 1 cent each fully paid up in Bharat Forge America Inc. USD 94,319,514 (March 31, 2022: USD 59,396,597) **[Refer note 6(b)]**	5,643.78	2,755.59
64,000 (March 31, 2022: 64,000) equity shares of £ 1/- each fully paid up in Bharat Forge International Limited	304.78	304.78
202,152,744 (March 31, 2022: 202,152,744) equity shares of ₹ 10/- each fully paid up in BF Infrastructure Limited	1,641.55	1,641.55
Less: Provision for impairment in value of investments	1,355.60	1,355.60
	285.95	**285.95**
carried over	12,324.11	9,435.92

Notes to Financial Statements

for the year ended March 31, 2023

6. Investment in subsidiaries, joint ventures and associates (contd.)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
brought over	12,324.11	9,435.92
Nil (March 31, 2022: 18,489,670) equity shares of ₹ 10/- each fully paid up in Analogic Controls India Limited	-	20.15
Less: Provision for impairment in value of investments	-	16.55
[Refer note 6(e)]	**-**	**3.60**
189,378,517 (March 31, 2022: 162,324,444) equity shares of ₹ 10/- each fully paid up in Kalyani Powertrain Limited **[Refer note 6(c)]**	1,893.79	1,623.24
69,088,330 (March 31, 2022: 69,088,330) equity shares of ₹ 10/- each fully paid up in Kalyani Centre For Precision Technology Limited	690.88	690.88
291,729,112 (March 31, 2022: 92,000,000) equity shares of ₹ 10/- each fully paid up in BF Industrial Solutions Limited (formerly Nouveau Power and Infrastructure Private Limited) **[Refer note 6(d)]**	2,917.29	920.00
66,510,734 (March 31, 2022: 36,113,684) equity shares of ₹ 10/- each fully paid up in Kalyani Strategic Systems Limited **[Refer note 6(e)]**	788.34	466.76
Nil (March 31, 2022: 12,037,892) equity shares of ₹ 10/- each partly paid up in Kalyani Strategic Systems Limited **[Refer note 6(e)]**	-	77.80
1,000 (March 31, 2022: Nil) equity shares of ₹ 10/- each Fully paid up in Kalyani Lightweighting Technology Solutions Limited **[Refer note 6(f)]**	0.01	-
- Other subsidiaries where Company holds 51% or more of the equity share capital		
1,010,000 (March 31, 2022: 1,010,000) equity shares of ₹ 10/- each fully paid up in BF Elbit Advanced Systems Private Limited	10.10	10.10
83,226 (March 31, 2022: 83,226) equity shares of ₹ 10/- each fully paid up in Eternus Performance Materials Private Limited	3.75	3.75
- Investments in joint ventures		
7,128,219 (March 31, 2022: 7,128,219) equity shares of ₹ 10/- each fully paid up in BF NTPC Energy Systems Limited **[Refer note 6(g)]**	33.64	33.64
Less: Provision for impairment in value of investments	33.64	33.64
	-	**-**
12,500 (March 31, 2022: 12,500) shares of EUR 1/- each in REFU Drive GmbH EUR 11,350,000 (March 31, 2022: EUR 11,350,000)	919.14	919.14
- Investments in associates		
11,375,000 (March 31, 2022: Nil) equity shares of ₹ 10/- each in Avaada MHVIDARBHA Private Limited **[Refer note 6(h)]**	113.75	-
Nil (March 31, 2022: 136,500) equity shares of ₹ 10/- each in Aeron Systems Private Limited **[Refer note 6(e)]**	-	140.00
carried over	19,661.16	14,291.19

Notes to Financial Statements

for the year ended March 31, 2023

6. Investment in subsidiaries, joint ventures and associates (contd.)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
brought over	19,661.16	14,291.19
Unquoted Preference shares (fully paid)		
150,000,000 (March 31, 2022: Nil) preference shares of ₹ 10/- each fully paid up in BF Industrial Solutions Limited (formerly Nouveau Power and Infrastructure Private Limited) **[Refer note 6(d)]**	1,500.00	-
Total	**21,161.16**	**14,291.19**

(a) Bharat Forge Global Holding GmbH (BFGH)

Contributions to the capital reserves of BFGH as per the German Commercial Code (code), forms a part of the equity share capital and accordingly, have been considered as an investment and are redeemable subject to provisions of the code.

(b) Bharat Forge America Inc

During the current year, the Company has invested an amount of ₹ 826.45 million by acquiring 10,000,000 shares (USD 10.00 million) for further investment by Bharat Forge America Inc into its subsidiary, Bharat Forge Aluminium USA, Inc. The Company has also converted a loan and interest thereon of USD 24.92 million into a capital contribution amounting to ₹ 2,061.74 million during the current year.

During the previous year, the Company had invested an amount of ₹ 1,112.08 million by acquiring 15,000,000 shares (USD 15 million) for further investment by Bharat Forge America Inc into its subsidiary, Bharat Forge Aluminium USA, Inc.

(c) Kalyani Powertrain Limited (KPL)

During the current year, the Company has invested an amount of ₹ 270.55 million by acquiring 27,054,073 right shares of ₹ 10 each in Kalyani Powertrain Limited.

During the previous year, the Company had invested an amount of ₹ 1,223.23 million by acquiring 122,324,444 equity shares of ₹ 10 each for further investment into Tork Motors Private Limited, the acquisition of Kalyani Mobility Inc and other business activities.

During the previous year, the Company had invested in convertible debentures of ₹ 400 million in July 2021 which had been converted into 40,000,000 equity shares of ₹ 10 each.

(d) BF Industrial Solutions Limited (BFISL) (formerly Nouveau Power and Infrastructure Private Limited)

During the current year, the Company has invested an amount of ₹ 1,997.29 million by acquiring 199,729,112 equity shares of ₹ 10 each and an amount of ₹ 1,500.00 million by acquiring 150,000,000 preference shares of ₹ 10 each for further investment by BFISL into its subsidiary JS Auto cast Foundry India Private Limited.

During the previous year, the Company had invested ₹ 20.00 million by acquiring 2,000,000 equity shares of ₹ 10 each in BFISL.

Notes to Financial Statements

for the year ended March 31, 2023

6. Investment in subsidiaries, joint ventures and associates (contd.)

During the previous year, the Company had invested in convertible debentures of ₹ 900 million which were subsequently converted into 90,000,000 equity shares of ₹ 10 each in that year.

The Company through its wholly owned subsidiary BFISL had acquired Sanghvi Forging & Engineering Limited (SFEL), (which was then renamed BF Industrial Technology and Solutions Limited) along with its wholly owned subsidiary Sanghvi Europe B.V. on June 28, 2021 for a consideration of ₹ 770.60 million. SFEL is engaged in the manufacture of heavy forging for industrial applications. SFEL was admitted under Corporate Insolvency Resolution Process under the Insolvency and Bankruptcy Code, 2016 of India. The National Company Law Tribunal (NCLT) vide its order dated April 26, 2021, approved the resolution plan for acquiring a controlling stake in SFEL, pursuant to which, the Company has acquired SFEL through BFISL.

(e) Kalyani Strategic Systems Limited (KSSL)

During the current year, the company has invested an amount of ₹ 60.19 million by converting 12,037,892 partly paid equity shares, paid up the amount of ₹ 5 per share into fully paid equity shares af ₹ 10 each. The company has transferred its investments in ACIL and Aeron to KSSL. It has transferred ACIL for an amount of ₹ 46.41 million by transferring 4,640,908 equity shares of ₹ 10 each due to which ACIL ceased to be a subsidiary of the Company and Aeron for an amount of ₹ 137.18 million by transferring 13,718,250 equity shares of 10 each due to which Aeron ceased to be an associate of the Company.

During the previous year, the Company had acquired 17,695,706 fully paid up equity shares of ₹ 10 each and 5,898,568 partly paid up equity shares of ₹ 10 each in KSSL, consequent to which it had become a wholly owned subsidiary of the Company.

(f) Kalyani Lightweighting Technology Solutions Limited (KLTSL)

During the current year, the Company has invested an amount of ₹ 0.10 million by acquiring 1,000 equity shares of ₹ 10 each.

(g) BF NTPC Energy Systems Limited (BFNTPCESL)

During the earlier year, the shareholders of BFNTPCESL at their extraordinary general meeting held on October 9, 2018 decided to voluntarily liquidate the Company and engaged a liquidator to liquidate the Company under the provisions of Section 59 of Insolvency and Bankruptcy Code 2016.

(h) Avaada MHVIDARBHA Private Limited

During the current year, the Company has invested an amount of ₹ 113.75 million by acquiring 11,375,000 equity shares of ₹ 10 each for procurement of solar power.

(i) Compliance with a number of layers

The Company has invested funds in subsidiaries, associates and joint ventures directly or through its wholly owned subsidiaries. The Company has complied with the number of layers prescribed under section 2 (87) of the Companies Act, 2013 read with the Companies (Restriction on number of Layers) Rules, 2017.

Notes to Financial Statements
for the year ended March 31, 2023

7. Investments

In ₹ Million

Particulars		As at March 31, 2023	As at March 31, 2022
Non-current investments			
(a) Investments designated at amortised cost			
Debt instruments (unquoted) (fully paid)			
24,644,121.159 (March 31, 2022: 24,644,121.159) Units of ₹ 10 each of Aditya Birla Sun Life Nifty SDL Plus PSU Bond Sep 2026 60:40 Index Fund - Regular - Growth		265.29	250.11
54,987,000.538 (March 31, 2022: 24,658,220.043) Units of ₹ 10 each of ICICI Prudential PSU Bond Plus SDL 40:60 Index Fund - Sep 2027 Growth		581.13	250.11
45,187,442.54 (March 31, 2022: Nil) Units of ₹ 10 each of Kotak Nifty SDL Apr 2027 Top 12 Equal Weight Index Fund-Regular Plan- Growth		466.37	-
30,393,925.04 (March 31, 2022: Nil) units of ₹ 10 each SBI CPSE Bond Plus SDL Sep 2026 50:50 Index Fund - Regular Plan - Growth		315.94	-
Total amortised cost investments	**(a)**	**1,628.73**	**500.22**
(b) Investments designated at fair value through OCI (FVTOCI)			
Equity instruments (unquoted) (fully paid)			
- Investments in others (Company holds 5% or more of the share capital)			
38,384,202 (March 31, 2022: 38,384,202) equity shares of ₹ 10/- each fully paid up in Khed Economic Infrastructure Private Limited **[Refer note 48]**		988.00	825.26
14,245,000 (March 31, 2022: 14,245,000) equity shares of ₹ 10/- each in Avaada SataraMH Private Limited		142.45	142.45
2,033,850 (March 31, 2022: 2,033,850) equity shares of ₹ 10/- each in Avaada MHBuldhana Private Limited **[Refer note 7(e)]**		20.34	20.34
11,09,132 (March 31, 2022: 11,09,132) ordinary shares of £ 0.00001 each in TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited) **[Refer note 7(f)]**		2,803.94	2,803.94
Equity instruments (quoted) (fully paid)			
- Investments in others			
613,000 (March 31, 2022: 613,000) equity shares of ₹ 2/- each fully paid up in Birlasoft Limited (erstwhile KPIT Technologies Limited) **[Refer note 7(b)]**		160.08	278.88
613,000 (March 31, 2022: 613,000) equity shares of ₹ 10/- each fully paid up in KPIT Technologies Limited (erstwhile KPIT Engineering Limited) **[Refer note 7(b)]**		567.09	368.44
Total FVTOCI investments	**(b)**	**4,681.90**	**4,439.31**
carried over		6,310.63	4,939.53

Notes to Financial Statements
for the year ended March 31, 2023

7. Investments (contd.)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
brought over	6,310.63	4,939.53
(c) Investments designated at fair value through profit or loss (FVTPL)		
Equity instruments (unquoted) (fully paid)		
- Investments in others (Company holds 5% or more of the share capital)		
504,432 (March 31, 2022: 504,432) equity shares of ₹ 10/- each in Gupta Energy Private Limited **[Refer note 7(a)]**	-	-
Investments in private equity fund (unquoted funds)		
1,538,810.22 (March 31, 2022: 1,740,954.27) Units of ₹ 100/- each of Paragon Partners Growth Fund - I	255.92	307.78
Investments in mutual funds (quoted funds)		
28,195,019.307 (March 31, 2022: 28,195,019.307) Units of ₹ 10 each of Bharat Bond FOF - April 2030 - Regular Plan - Growth Option	352.76	338.52
40,050,260.803 (March 31, 2022: Nil) Units of ₹ 10 each of HDFC Banking & PSU Debt Fund - Regular Plan - Growth	777.01	-
- Investments in mutual funds (unquoted funds)		
491,333.259 (March 31, 2022: Nil) Units of ₹ 1,000 each of Axis Banking & PSU Debt Fund - Regular Plan - Growth	1,097.44	-
33,508,303.378 (March 31, 2022: Nil) Units of ₹ 10 each of Bandhan Banking & PSU Debt Fund (Erstwhile known as IDFC Banking & PSU Debt Fund) - Regular Plan - Growth	699.97	-
Nil (March 31, 2022: 3,408,321.993) Units of ₹ 10 each of Nippon India Floating Rate Fund - Growth Plan	-	123.49
2,783,672.325 (March 31, 2022: Nil) Units of ₹ 100 each of Aditya Birla Sun Life Banking & PSU Debt Fund - Regular Plan -Growth (erstwhile known as Aditya Birla Sun Life Treasury Optimizer Plan)	861.08	-
14,551,853.308 (March 31, 2022: Nil) Units of ₹ 10 each of HSBC Banking & PSU Debt Fund - Regular Plan - Growth (Erstwhile known as L&T Banking & PSU Debt Fund)	299.99	-
39,455,415.320 (March 31, 2022: Nil) Units of ₹ 10 each of ICICI Prudential Banking & PSU Debt Fund - Growth	1,086.88	-
16,071,817.315 (March 31, 2022: Nil) Units of ₹ 10 each of Kotak Banking & PSU Debt Fund - Regular Plan - Growth	885.22	-
379,039.509 (March 31, 2022: Nil) Units of ₹ 1,000 each of SBI Banking & PSU Fund - Regular Plan - Growth (Erstwhile known as SBI Treasury Advantage Fund)	999.95	-
carried over	7,316.22	769.79
carried over	13,626.85	5,709.32

Notes to Financial Statements
for the year ended March 31, 2023

7. Investments (contd.)

In ₹ Million

Particulars		As at March 31, 2023	As at March 31, 2022
	brought over	13,626.85	5,709.32
	brought over	7,316.22	769.79
27,198,363.058 (March 31, 2022: Nil) Units of ₹ 10 each of Nippon India Banking and PSU Debt Fund - Growth Plan		475.97	-
		7,792.19	**769.79**
Total FVTPL investments (Non-current)	**(C)**	**7,792.19**	**769.79**
	Total [(a) + (b)+(c)]	**14,102.82**	**5,709.32**
Current investments			
- Investments in mutual funds (quoted funds)			
Nil (March 31, 2022: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series SJ (1135 days) - Direct Plan-Growth		-	25.17
Nil (March 31, 2022: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series SL (1120 days) - Direct Plan-Growth		-	24.95
Nil (March 31, 2022: 159,035.490) Units of ₹ 10 each of HDFC Liquid Fund - Regular Plan - Growth		-	660.28
26,053,398.004 (March 31, 2022: 26,053,398.004) Units of ₹ 10 each of HDFC Floating Rate Debt Fund - Wholesale Option - Growth Option		1,087.78	1,031.69
Nil (March 31, 2022: 160,601.917) Units of ₹ 1,000 each of HDFC Money Market Fund - Regular Plan - Growth		-	737.26
13,466,320.732 (March 31, 2022: 13,466,320.732) Units of ₹ 10 each of HDFC Ultra Short Term Fund - Regular Plan - Growth		174.01	165.33
6,586,226.882 (March 31, 2022: 6,586,226.882) Units of ₹ 10 each of HDFC Corporate Bond Fund - Regular Plan - Growth		179.01	172.12
Nil (March 31, 2022: 2,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 85 - 1129 Days Plan P - Direct Plan - Cumulative Option		-	24.92
Nil (March 31, 2022: 2,000,000) Units of ₹ 10 each of Kotak FMP Series 252 - Direct - Growth		-	26.11
Nil (March 31, 2022: 2,000,000) Units of ₹ 10 each of Kotak FMP Series 267 - Direct - Growth		-	24.96
Nil (March 31, 2022: 2,000,000) Units of ₹ 10 each of SBI Debt Fund Series C - 48 (1177 Days) - Direct Growth		-	25.22
Nil (March 31, 2022: 2,000,000) Units of ₹ 10 each of SBI Debt Fund Series C - 50 (1177 Days) - Direct Growth		-	24.96
Total		**1,440.80**	**2,942.97**
- Investments in mutual funds (unquoted funds)			
Nil (March 31, 2022: 235,104.158) Units of ₹ 100 each of Aditya Birla Sun Life Liquid Fund - Growth - Regular Plan		-	80.04
	carried over	-	80.04
	carried over	1,440.80	3,023.01

Notes to Financial Statements
for the year ended March 31, 2023

7. Investments (contd.)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
brought over	1,440.80	3,023.01
brought over	-	80.04
Nil (March 31, 2022: 2,303,031.715) Units of ₹ 100 each of Aditya Birla Sun Life Money Manager Fund - Growth - Regular Plan	-	682.34
1,865,798.957 (March 31, 2022: 1,865,798.957) Units of ₹ 100 each of Aditya Birla Sun Life Savings Fund - Growth - Regular Plan	866.02	821.55
81,943.980 (March 31, 2022: Nil) Units of ₹ 1,000 each of Axis Liquid Fund - Growth	203.56	-
131,237.171 (March 31, 2022: 131,237.171) Units of ₹ 1,000 each of Axis Banking & PSU Debt Fund - Regular Plan - Growth	293.13	280.94
Nil (March 31, 2022: 494,011.321) Units of ₹ 1,000 each of Axis Money Market Fund - Regular - Growth	-	566.76
Nil (March 31, 2022: 56,145.154) Units of ₹ 1,000 each of DSP Liquidity Fund - Regular Plan - Growth	-	169.44
Nil (March 31, 2022: 7,217,944.726) Units of ₹ 10 each of DSP Savings Fund - Regular Plan - Growth	-	308.92
Nil (March 31, 2022: 3,389,749.504) Units of ₹ 100 each of ICICI Prudential Money Market Fund - Growth	-	1,031.28
14,158,530.231 (March 31, 2022: 14,158,530.231) Units of ₹ 10 each of Bandhan Banking & PSU Debt Fund (Erstwhile known as IDFC Banking & PSU Debt Fund) - Regular Plan - Growth	295.76	283.40
Nil (March 31, 2022: 16,679,872.267) Units of ₹ 10 each of IDFC Ultra Short Term Fund - Regular Plan - Growth	-	205.75
10,387,261.324 (March 31, 2022: 10,387,261.324) Units of ₹ 10 each of ICICI Prudential Corporate Bond Fund - Growth	259.39	245.72
605,818.819 (March 31, 2022: 2,381,058.607) Units of ₹ 100 each of ICICI Prudential Liquid Fund - Growth	200.32	745.61
1,422,546.019 (March 31, 2022: 1,422,546.019) Units of ₹ 100 each of ICICI Prudential Savings Fund - Growth	650.80	616.48
Nil (March 31, 2022: 7,724,376.96) Units of ₹ 10 each of IDFC Low Duration Fund - Growth - (Regular Plan)	-	242.22
Nil (March 31, 2022: 77,649.317) Units of ₹ 1,000 each of Invesco India Liquid Fund - Growth	-	225.56
55,952.940 (March 31, 2022: 55,952.940) Units of ₹ 1,000 each of Kotak Corporate Bond Fund Standard Growth - Regular Plan	176.89	169.75
Nil (March 31, 2022: 233,037.311) Units of ₹ 1,000 each of Kotak Money Market Fund - Growth (Regular Plan)	-	839.05
Nil (March 31, 2022: 79,484.957) Units of ₹ 1,000 each of Kotak Liquid Regular Plan Growth	-	340.12
9,527,430.568 (March 31, 2022: 9,527,430.568) Units of ₹ 10 each of Kotak Savings Fund - Growth (Regular Plan)	349.69	332.41
carried over	3,295.56	8,187.34
carried over	4,736.36	11,130.31

Notes to Financial Statements

for the year ended March 31, 2023

7. Investments (contd.)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
brought over	4,736.36	11,130.31
brought over	3,295.56	8,187.34
Nil (March 31, 2022: 152,758.763) Units of ₹ 1,000 each of L&T Liquid Fund Regular - Growth	-	443.03
Nil (March 31, 2022: 35,516.374) Units of ₹ 1,000 each of LIC MF Liquid Fund-Regular Plan-Growth	-	135.89
24,236,087.005 (March 31, 2022: 24,236,087.005) Units of ₹ 10 each of Nippon India Banking and PSU Debt Fund - Growth Plan	424.13	408.49
5,332,465.356 (March 31, 2022: 14,224,483.194) Units of ₹ 10 each of Nippon India Floating Rate Fund -Growth Plan	201.59	515.35
Nil (March 31, 2022: 135,676.575) Units of ₹ 1,000 each of Nippon India Money Market Fund-Growth Plan	-	450.65
39,101.649 (March 31, 2022: Nil) Units of ₹ 1,000 each of Nippon India Liquid Fund -Growth Plan (erstwhile Reliance Liquid Fund)	213.23	-
Nil (March 31, 2022: 677,542.399) Units of ₹ 1,000 each of SBI Liquid Fund - Regular Plan - Growth	-	2,243.18
Nil (March 31, 2022: 150,819.939) Units of ₹ 1,000 each of SBI Magnum Low Duration Fund-Regular Plan - Growth	-	429.40
Nil (March 31, 2022: 35,382,420.348) Units of ₹ 10 each of SBI Savings Fund - Regular Plan - Growth	-	1,192.13
Nil (March 31, 2022: 122,043.819) Units of ₹ 1,000 each of Sundaram Liquid Fund - Regular Plan - Growth	-	227.76
Nil (March 31, 2022: 146,593.704) Units of ₹ 1,000 each of Tata Liquid Fund-Regular Plan - Growth	-	488.61
259,725.430 (March 31, 2022: 383,686.917) Units of ₹ 1,000 each of UTI Liquid Cash Plan - Regular - Growth Plan	951.51	1,330.14
277,179.242 (March 31, 2022: Nil) units of ₹ 1,000 each SBI Overnight Regular Growth	1,000.15	-
Total	**6,086.17**	**16,051.97**
Total FVTPL investments (Current)	**7,526.97**	**18,994.94**
Non-current		
Aggregate book value of quoted investments	**1,187.24**	**309.98**
Aggregate market value of quoted investments	**1,856.94**	**985.84**
Aggregate value of unquoted investments	**12,245.88**	**4,723.48**
Current		
Aggregate book value of quoted investments	**1,047.84**	**2,562.30**
Aggregate market value of quoted investments	**1,440.80**	**2,942.97**
Aggregate value of unquoted investments	**6,086.17**	**16,051.97**

Notes to Financial Statements

for the year ended March 31, 2023

7. Investments (contd.)

(a) Gupta Energy Private Limited (GEPL)

Shares of GEPL pledged against the facility obtained by Gupta Global Resources Private Limited. This investment is carried at a fair value of ₹ Nil.

(b) Birlasoft Limited and KPIT Technologies Limited

The Company had invested into 613,000 equity shares of ₹ 2/- each of KPIT Technologies Limited. The Hon'ble National Company Law Tribunal, Mumbai Bench, had by its order approved the composite scheme of arrangement (Scheme), amongst Birlasoft (India) Limited, KPIT Technologies Limited, KPIT Engineering Limited and their respective shareholder Pursuant to the Scheme, the engineering business of KPIT Technologies Limited had been transferred to KPIT Engineering Limited.

Pursuant to the order during the earlier year, Birlasoft (India) Limited had merged with KPIT Technologies Limited and KPIT Technologies had been renamed as "Birlasoft Limited". KPIT Engineering Limited had been renamed as "KPIT Technologies Limited".

Pursuant to the Scheme, the Company had received 1 equity share of KPIT Technologies Limited of ₹ 10/- each for 1 equity share of Birlasoft Limited of ₹ 2/- each. The ratio of cost of acquisition per share of Birlasoft Limited and KPIT Technologies Limited was 56.64% to 43.36%.

(c) Investments at fair value through OCI (fully paid) reflect investment in quoted and unquoted equity securities and quoted debt securities. Refer note 48 for determination of their fair values.

(d) Investments at fair value through profit or loss (fully paid) reflect investment in quoted/unquoted equity and debt securities. Refer note 48 for determination of their fair values.

(e) Avaada MHBuldhana Private Limited [ABPL]

During the previous year, the Company had made an investment in Avaada MHBuldhan Private Limited (ABPL) of ₹ 20.24 million by acquiring 2,033,850 equity shares of ₹ 10/- each, as a pre-condition for seeking approval from MSEDCL for Open Access permission by ABPL. Hence, the said investment is made subject to, amongst other conditions, obtaining permission by ABPL from relevant government authorities for the consumption of renewable energy by the Company under open access for a solar plant of ABPL.

(f) TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)

The Company holds investments in Tevva Motors Limited (held through Tevva Motors (Jersey) Limited), collectively referred to as Tevva. Tevva is a start-up engaged in modular electrification system for a medium range of commercial vehicles and raised additional funding to finance its operations. Post allotment of equity shares by Tevva Motors to the new investors, Tevva has ceased to be an associate of the Group from November 8, 2021. Accordingly, the Company has classified it to be an equity instrument held through fair value through other comprehensive income. Also refer note 32.

Notes to Financial Statements

for the year ended March 31, 2023

8. Loans

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current (Unsecured, considered good)		
Loans to related parties [refer note 42, 46]		
Loans to subsidiaries	1,260.20	282.51
Other loans		
Loans to employees	56.78	59.68
Total	**1,316.98**	**342.19**
Current (Unsecured, considered good)		
Loans to related parties [refer note 42, 46]		
Loans to subsidiaries*	192.35	262.06
Loans to an associate	-	8.00
Other loans		
Loans to employees	33.43	32.96
Total	**225.78**	**303.02**

* Interest accrued is included in the carrying value of loans to subsidiaries for FY 2022-23

Loans are non derivative financial assets which generate fixed interest income for the Company. The carrying value may be affected by changes in the credit risk of the counter parties.

9. Derivative instruments

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	646.49	2,525.66
Fair value hedges (FVTPL)		
Cross currency swap	-	48.63
Total	**646.49**	**2,574.29**
Current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	1,247.05	1,317.73
Fair value hedges (FVTPL)		
Foreign currency forward contracts	1.46	7.14
Cross currency swap	77.02	36.47
Total	**1,325.53**	**1,361.34**

Derivative instruments at the fair value through OCI reflect the positive change in fair value of foreign currency forward contracts, designated as cash flow hedges to hedge highly probable forecast sales in US Dollars (USD) and Euro (EUR).

Notes to Financial Statements

for the year ended March 31, 2023

9. Derivative instruments (contd.)

Derivative instruments at fair value through profit or loss reflect the positive change in fair value of cross currency swaps, designated as fair value hedge through which the Company has converted one of its long term USD loans into a Euro loan and INR pre-shipment credit into USD for positive interest arbitrage. They also reflect positive changes in the fair value of foreign currency forward contracts to hedge exposure to changes in the fair value of underlying trade receivables.

10. Other financial assets

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current		
Government grants*	48.57	350.05
Security deposits	308.38	280.39
Deposits with original maturity for more than twelve months	0.26	-
Total	**357.21**	**630.44**
Current		
Government grants*	477.04	467.67
Energy credit receivable - windmills	10.32	10.56
Interest accrued on fixed deposits, loans to various parties and others	-	68.28
Recoverable from subsidiaries [Refer note 39]	1,832.08	1,057.03
Interest Recoverable	22.77	-
Total	**2,342.21**	**1,603.54**

* Includes receivable against various schemes of export incentives and Industrial Promotion Subsidy (IPS) under Package Scheme of Incentives (PSI) 2007. There are no unfulfilled conditions or other contingencies attached to the said government grants.

11. Inventories

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Raw materials and components*	4,731.10	3,810.45
Work-in-progress	4,383.56	3,935.29
Finished goods**	2,246.01	2,122.80
Stores, spares and loose tools	930.49	996.42
Dies and dies under fabrication	216.59	166.88
Scrap	130.68	78.74
Total	**12,638.43**	**11,110.58**

* Includes goods in transit March 31, 2023: ₹ 182.73 million [March 31, 2022: ₹ 135.08]

** Includes goods in transit March 31, 2023: ₹ 1,254.87 million [March 31, 2022: ₹ 1,167.25 million]

During the year ended March 31, 2023: ₹ 12.53 million [March 31, 2022: (₹ 14.59 million)] was recognised as (reversal of expense)/expenses for inventories carried at net realisable value.

Notes to Financial Statements
for the year ended March 31, 2023

12. Trade receivables

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current		
Unsecured		
Considered good	117.36	117.36
Significant increase in credit risk	-	-
	117.36	**117.36**
Less:		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Unsecured (Considered good)	4.11	4.11
Significant increase in credit risk	-	-
	4.11	**4.11**
Total	**113.25**	**113.25**
Current		
Secured		
Considered good	87.82	83.33
	87.82	**83.33**
Unsecured		
Considered good (including related party receivables)	32,583.53	24,921.77
Significant increase in credit risk	-	-
Credit impaired	98.14	93.57
	32,681.67	**25,015.34**
Less:		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Credit impaired	98.14	93.57
Unsecured (Considered good)	237.69	194.62
	335.83	**288.19**
Total	**32,433.66**	**24,810.48**

No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person.

Trade receivables are non-interest bearing and are generally on terms of 30 to 240 days.

For terms and conditions relating to related party receivables, refer note 39. For details of debts due from firms or private companies in which any director is a partner, a director or a member, refer note 39 and 42.

Notes to Financial Statements
for the year ended March 31, 2023

12. Trade receivables (contd.)

Trade receivable ageing schedule

As at March 31, 2023

In ₹ Million

Particulars	Not yet due	Outstanding for following periods from due date of payment					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues							
(a) Considered good*	28,570.61	3,306.09	606.15	186.01	43.48	76.37	32,788.71
(b) Which have significant increase in credit risk	-	-	-	-	-	-	-
(c) Credit impaired	-	-	-	55.71	23.64	18.79	98.14
Unbilled revenue	-	-	-	-	-	-	-
Total	**28,570.61**	**3,306.09**	**606.15**	**241.72**	**67.12**	**95.16**	**32,886.85**
Loss Allowance	**23.08**	**164.42**	**34.23**	**67.87**	**26.91**	**23.43**	**339.94**

As at March 31, 2022

In ₹ Million

Particulars	Not yet due	Outstanding for following periods from due date of payment					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues							
(a) Considered good*	21,716.69	3,009.33	121.49	175.33*	15.78	83.84	25,122.46
(b) Which have significant increase in credit risk	-	-	-	-	-	-	-
(c) Credit impaired	-	-	33.27	33.52	7.00	19.78	93.57
Unbilled revenue	-	-	-	-	-	-	-
Total	**21,716.69**	**3,009.33**	**396.00**	**208.85**	**22.78**	**103.62**	**25,216.03**
Loss Allowance	**-**	**170.90**	**42.06**	**45.38**	**8.30**	**25.66**	**292.30**

* Includes non current undisputed trade receivables considered good of ₹ 117.36 million

The amount repayable under the bill discounting arrangement is presented as borrowing. The relevant carrying amounts are as follows:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Transferred receivables	20,391.04	16,607.13
Associated secured borrowing **[bank loans - refer note 18]**	20,395.53	16,609.20

Notes to Financial Statements
for the year ended March 31, 2023

13. Cash and bank balances

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalent		
Balances with banks:		
In cash credit and current accounts	3,875.52	3,277.28
Deposits with original maturity of less than three months	100.96	500.00
Cash on hand	0.68	0.40
Total	**3,977.16**	**3,777.68**
Other bank balances		
Earmarked balances (on unclaimed dividend and unspent CSR accounts)	44.18	47.61
Deposits with original maturity of less than twelve months	2.38	3.13
Total	**46.56**	**50.74**

* Interest accrued is included in the carrying value of deposits with original maturity of less than three months for FY 2022-23

Bank deposits earn interest at fixed rates. Short term deposits are generally made for varying periods between seven days to twelve months, depending on the cash requirements of the Company and earn interest at the respective deposit rates.

14. Other assets

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current (Unsecured, considered good)		
Capital advances	2,679.41	2,651.86
Balances with government authorities	236.58	221.49
Advance to suppliers #	1,350.00	1,350.00
Total	**4,265.99**	**4,223.35**
Current (Unsecured, considered good)		
Balances with government authorities	1,787.44	1,383.32
Advance to suppliers	847.29	663.47
Others	708.49	456.40
Total	**3,343.22**	**2,503.19**

Pertains to long-term advance given to Saarloha Advanced Materials Private Limited for a period of 4 years at an interest rate of 8.25% p.a. Frequency of interest payment is quarterly. Also refer note 42.

No advances are due from directors or other officers of the Company, firms in which a director is a partner or private companies in which a director is a director or a member either severally or jointly with any other person except as disclosed in note 39 and note 42.

For terms and conditions relating to related party receivables, refer note 39.

Notes to Financial Statements
for the year ended March 31, 2023

Break up of financial assets carried at cost

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Investment in subsidiaries, joint ventures and associates **[Refer note 6]**	21,161.16	14,291.19
Total	**21,161.16**	**14,291.19**

Break up of financial assets carried at amortised cost

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Investments **[Refer note 7]**	1,628.73	500.22
Loans **[Refer note 8]**	1,542.76	645.21
Other financial assets **[Refer note 10]**	2,699.42	2,233.98
Trade receivables **[Refer note 12]**	32,546.91	24,923.73
Cash and cash equivalents **[Refer note 13]**	3,977.16	3,777.68
Other bank balances **[Refer note 13]**	46.56	50.74
Total	**42,441.54**	**32,131.56**

Break up of financial assets carried at fair value through OCI

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Investments **[Refer note 7]**	4,681.90	4,439.31
Derivative instruments **[Refer note 9]**	1,893.54	3,843.39
Total	**6,575.44**	**8,282.70**

Break up of financial assets carried at fair value through profit and loss

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Investments **[Refer note 7]**	15,319.16	19,764.73
Derivative instruments **[Refer note 9]**	78.48	92.24
Total	**15,397.64**	**19,856.97**

Notes to Financial Statements

for the year ended March 31, 2023

15. Equity share capital

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Authorised shares (No.)		
975,000,000 (March 31, 2022: 975,000,000) equity shares of ₹ 2/- each	1,950.00	1,950.00
43,000,000 (March 31, 2022: 43,000,000) cumulative non convertible preference shares of ₹ 10/- each	430.00	430.00
2,000,000 (March 31, 2022: 2,000,000) unclassified shares of ₹ 10/- each	20.00	20.00
Issued (No.)		
465,768,492 (March 31, 2022: 465,768,492) equity shares of ₹ 2/- each	931.54	931.54
Subscribed and fully paid-up (No.)		
465,588,632 (March 31, 2022: 465,588,632) equity shares of ₹ 2/- each	931.18	931.18
Add		
172,840 (March 31, 2022: 172,840) forfeited equity shares comprising 15,010 equity shares	0.09	0.09
(March 31, 2022: 15,010) of ₹ 2/- each (amount partly paid ₹ 1/- each) and 157,830 equity shares		
(March 31, 2022: 157,830) of ₹ 2/- each (amount partly paid ₹ 0.50 each)		
Total issued, subscribed and fully paid-up share capital	**931.27**	**931.27**

(a) Terms/rights attached to equity shares

The Company has only one class of issued equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(b) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

In ₹ Million

Equity Shares	As at March 31, 2023		As at March 31, 2022	
	No	In ₹ Million	No	In ₹ Million
At the beginning of the year	465,588,632	931.18	465,588,632	931.18
Issued during the year	-	-	-	-
Outstanding at the end of the year	465,588,632	931.18	465,588,632	931.18

Notes to Financial Statements

for the year ended March 31, 2023

15. Equity share capital (contd.)

(c) Disclosure of shareholding of promoters and promoter group

Name of the promoter/promoter group member	Number of shares held at March 31, 2023	% of total shares	% Change during the year
Promoter			
Babasaheb Neelkanth Kalyani	78,150	0.02%	-
Promoter group			
Amit Babasaheb Kalyani	700,350	0.15%	-
Deeksha Amit Kalyani	50	0.00%	-
Gaurishankar Neelkanth Kalyani	690,440	0.15%	-
Rohini Gaurishankar Kalyani	101,460	0.02%	-
Sheetal Gaurishankar Kalyani	22,980	0.00%	-
Viraj Gaurishankar Kalyani	22,800	0.00%	-
KSL Holdings Private Limited	46,285,740	9.94%	-
Ajinkya Investment & Trading Company	14,981,850	3.22%	-
Sundaram Trading and Investment Private Limited	55,240,174	11.86%	-
Kalyani Investment Company Limited	63,312,190	13.60%	-
BF Investments Limited	15,614,676	3.35%	-
Rajgad Trading Company Private Limited	1,360,260	0.29%	-
Tangmarg Trading and Investment Private Limited	904,200	0.19%	-
Yusmarg Trading and Investment Private Limited	1,847,000	0.40%	-
Kalyani Consultants Private Limited	936,472	0.20%	-
Jannhavi Investment Private Limited	4,686,640	1.01%	-
Dronacharya Trading and Investment Private Limited	152,980	0.03%	-
Cornflower Investment & Finance Limited	533,900	0.11%	-
Dandkaranya Trading and Investment Private Limited	1,107,350	0.24%	-
Campanula Investment & Finance Limited	739,980	0.16%	-
Hastinapur Trading and Investment Private Limited	178,800	0.04%	-
Kalyani Export & Investment Pvt Ltd	1,003,240	0.22%	-
Aboli Investment Pvt Ltd	127,872	0.03%	-
Wathar Investment & Trading Co. Pvt Ltd	61,320	0.01%	-

Notes to Financial Statements

for the year ended March 31, 2023

15. Equity share capital (contd.)

Name of the promoter/promoter group member	Number of share held at March 31, 2022	% of total shares	% Change during the year
Promoter			
Babasaheb Neelkanth Kalyani	78,150	0.02%	-
Promoter group			
Amit Babasaheb Kalyani	700,350	0.15%	-
Deeksha Amit Kalyani	50	0.00%	-
Gaurishankar Neelkanth Kalyani	690,440	0.15%	-
Rohini Gaurishankar Kalyani	101,460	0.02%	-
Sheetal Gaurishankar Kalyani	22,980	0.00%	-
Viraj Gaurishankar Kalyani	22,800	0.00%	-
KSL Holdings Private Limited	46,285,740	9.94%	-
Ajinkya Investment & Trading Company	14,981,850	3.22%	(23.71%)
Sundaram Trading and Investment Private Limited	55,240,174	11.86%	-
Kalyani Investment Company Limited	63,312,190	13.60%	-
BF Investments Limited	15,614,676	3.35%	-
Rajgad Trading Company Private Limited	1,360,260	0.29%	-
Tangmarg Trading and Investment Private Limited	904,200	0.19%	-
Yusmarg Trading and Investment Private Limited	1,847,000	0.40%	-
Kalyani Consultants Private Limited	936,472	0.20%	-
Jannhavi Investment Private Limited	4,686,640	1.01%	-
Dronacharya Trading and Investment Private Limited	152,980	0.03%	-
Cornflower Investment & Finance Limited	533,900	0.11%	-
Dandkaranya Trading and Investment Private Limited	1,107,350	0.24%	-
Campanula Investment & Finance Limited	739,980	0.16%	-
Hastinapur Trading and Investment Private Limited	178,800	0.04%	-
Kalyani Export & Investment Pvt Ltd	1,003,240	0.22%	-
Aboli Investment Pvt Ltd	127,872	0.03%	-
Wathar Investment & Trading Co. Pvt Ltd	61,320	0.01%	-

(d) Shares held by holding/ultimate holding company and/or their subsidiaries/associates

The Company being the ultimate holding company, there are no shares held by any other holding, ultimate holding company and their subsidiaries/associates.

Notes to Financial Statements

for the year ended March 31, 2023

15. Equity share capital (contd.)

(e) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Equity shares allotted as fully paid bonus shares by capitalisation of capital redemption reserve and securities premium during the year ended March 31, 2018	232,794,316	232,794,316

(f) Details of shareholders holding more than 5% shares in the company

Name of Shareholder	As at March 31, 2023		As at March 31, 2022	
	No.	% of holding	No.	% of holding
Equity shares of ₹ 2/- each fully paid				
Kalyani investment Company Limited	63,312,190	13.60%	63,312,190	13.60%
Sundaram Trading and Investment Private Limited	55,240,174	11.87%	55,240,174	11.87%
KSL Holdings Private Limited	46,285,740	9.94%	46,285,740	9.94%

(g) Shares reserved for issue under option

Particulars	As at March 31, 2023	As at March 31, 2022
	No.	No.
4,680 (March 31, 2022: 4,680) equity shares of ₹ 2/- each out of the bonus issue and previous issue of equity shares on a right basis together with 234 (March 31, 2022: 234) detachable warrants entitled to subscription of 2,340 (March 31, 2022: 2,340) equity shares of ₹ 2/- each, have been kept in abeyance and reserve for issue pending adjudication of title to the pre-right holding.	7,020	7,020

(h) Global depository receipts

The Company had issued 3,636,500 equity shares of ₹ 10/- each (later sub-divided into 18,182,500 equity shares of ₹ 2/- each) in April 2005 represented by 3,636,500 Global Depository Receipts (GDR) (on sub division 18,182,500 GDRs) evidencing "Master GDR Certificates" at a price of USD 27.50 per GDR (including premium). GDRs outstanding as at year end are 800 (March 31, 2022: 800). The funds raised had been utilized towards the object of the issue.

Holders of GDRs will have no voting rights or other direct rights of a shareholder with respect to the shares underlying the GDR.

Notes to Financial Statements
for the year ended March 31, 2023

16. Other equity

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Capital reserves		
Special capital incentive [Refer note 16(a)]		
Balance as per the last financial statements	2.50	2.50
Closing balance	**2.50**	**2.50**
Warrants subscription money [Refer note 16(b)]		
Balance as per the last financial statements	13.00	13.00
Closing balance	**13.00**	**13.00**
Closing balance	**15.50**	**15.50**
Securities premium [Refer note 16(c)]		
Balance as per the last financial statements	6,930.89	6,930.89
Closing balance	**6,930.89**	**6,930.89**
General reserve [Refer note 16(d)]		
Balance as per the last financial statements	3,230.48	3,230.48
Closing balance	**3,230.48**	**3,230.48**
Retained earnings in the statement of profit and loss [Refer note 16(e)]		
Balance as per the last financial statements	55,238.50	45,956.35
Add:		
- Net profit for the year	10,454.74	10,778.03
- Items of OCI:		
Re-measurement of defined benefit obligations	46.24	133.68
Less:		
- Final equity dividend of previous year	2,560.74	931.18
- Interim equity dividend for current financial year	698.38	698.38
Closing balance	**62,480.36**	**55,238.50**
Cash flow hedge reserve [Refer note 2.2(r)]		
Balance as per the last financial statements	2,814.56	2,052.32
Add: Arising during the year	(542.81)	1,772.42
Less: Adjusted during the year	1,027.91	1,010.18
Closing balance	**1,243.84**	**2,814.56**
Equity instruments through other comprehensive income		
Balance as per the last financial statements	1,936.55	369.46
Add: Arising during the year	231.10	1,567.09
Closing balance	**2,167.65**	**1,936.55**
Closing balance	**76,068.72**	**70,166.48**

Notes to Financial Statements
for the year ended March 31, 2023

16. Other equity (contd.)

(a) Special capital incentive:

Special capital incentive is created during the financial year 1999-2000, amounting to ₹ 2.50 million under the 1988 Package Scheme of Incentives.

(b) Warrants subscription money:

The Company had issued and allotted to Qualified Institutional Buyers, 10,000,000 equity shares of ₹ 2/- each at a price of ₹ 272/- per share aggregating to ₹ 2,720 million on April 28, 2010, simultaneous with the issue of 1,760, 10.75% Non Convertible Debentures (NCD) of a face value of ₹ 1,000,000/- at par, together with 6,500,000 warrants at a price of ₹ 2/- each entitling the holder of each warrant to subscribe for 1 equity share of ₹ 2/- each at a price of ₹ 272/- at any time within 3 years from the date of allotment. Following the completion of three years term, the subscription money received on the issue of warrants was credited to the capital reserve as the same is not refundable/adjustable. Further the warrants had lapsed and ceased to be valid from April 28, 2013.

(c) Securities premium:

Securities premium is used to record the premium on the issue of shares. The reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

(d) General reserve:

General reserve is created by way of transfer from profits for the year.

(e) Retained earnings:

Retained earnings in the statement of profit and loss represents the balanced undistributed profits of the Company as on the balance sheet date.

17. Distribution made and proposed to be made

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Cash dividends on equity shares declared and paid:		
Final dividend		
For the year ended on March 31, 2022: ₹ 5.50 per share (March 31, 2021: ₹ 2 per share)	2,560.74	931.18
Interim dividend		
For the year ended on March 31, 2023: ₹ 1.50 per share (March 31, 2022: ₹ 1.50 per share)	698.38	698.38
Proposed dividend on equity shares:		
Final dividend		
For the year ended on March 31, 2023: ₹ 5.50/- per share (March 31, 2022: ₹ 5.50/- per share)	2,560.74	2,560.74

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at year end.

The Company has complied with the provisions of Section 123 of the Companies Act, 2013 related to dividend declared and dividend paid.

Notes to Financial Statements

for the year ended March 31, 2023

18. Borrowings

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current borrowings		
- Debentures		
5.97% Rated Unsecured Non-Convertible Debentures **[Refer Note 18 (a)(i)]**	3,981.20	4,969.27
5.80% Rated Unsecured Non-Convertible Debentures **[Refer Note 18(a)(ii)]**	1,995.44	-
- Term loans from banks		
Foreign currency term loans (unsecured)		
On syndication basis **[Refer note 18(a)]**	-	909.57
On bilateral basis **[Refer note 18(a)]**	4,055.14	7,127.68
Rupee loans term loan (Unsecured)		
On bilateral basis **[Refer note 18(b)]**	2,000.00	-
Total	**12,031.78**	**13,006.52**
Current borrowings		
- Debentures		
5.97% Rated Unsecured Non-Convertible Debentures **[Refer Note 18 (a)(i)]**	999.22	-
- Current maturity of term loans from banks		
Foreign currency term loans (unsecured)		
On syndication basis **[Refer note 18(a)]**	986.31	682.18
On bilateral basis **[Refer note 18(a)]**	3,605.53	4,087.71
- Current maturity of other loans (secured)		
- From banks		
Foreign currency loans		
Preshipment credit (secured) **[Refer note 18(c)]**	5,190.78	4,606.28
Bill discounting with banks (secured) **[Refer note 18(d)]**	13,696.56	12,461.28
Bill discounting with banks (unsecured) **[Refer note 18(d)]**	6,439.44	3,795.61
Rupee loans		
Preshipment credit (secured) **[Refer note 18(c)]**	200.00	-
Preshipment credit (unsecured) **[Refer note 18(c)]**	600.00	-
Bill discounting with banks (unsecured) **[Refer note 18(d)]**	259.53	352.31
Interest accrued but not due on borrowings	347.10	-
Total	**32,324.47**	**25,985.37**
Total secured loans	19,087.34	17,067.56
Total unsecured loans	25,268.91	21,924.33
	44,356.25	**38,991.89**

Notes to Financial Statements

for the year ended March 31, 2023

18. Borrowings (contd.)

Changes in liabilities arising from financing activities *

In ₹ Million

Particulars	Current borrowings	Non-current borrowings
Balance as on April 1, 2021	**18,508.05**	**17,609.25**
Net cash flows	3,433.39	(6.70)
Foreign exchange differences	(684.06)	112.02
Regroup from non-current to current	4,741.51	(4741.51)
Others	(13.52)	33.46
Balance as on March 31, 2022	**25,985.37**	**13,006.52**
Net cash flows	(589.94)	4,000.00
Foreign exchange differences	1,298.06	289.04
Regroup from non-current to current	5,278.14	(5,278.14)
Others	352.84	14.36
Balance as on March 31, 2023	**32,324.47**	**12,031.78**

* For details relating to lease liabilities **refer note 35(a)**.

(a) Foreign currency term loans

Foreign currency term loans on syndicated and bilateral basis (Unsecured)

Repayable in half yearly/yearly installments along with interest ranging from LIBOR + 60 bps to LIBOR + 100 bps p.a. and EURIBOR + 60 bps to EURIBOR + 95 bps p.a.

Date of repayment	Repayment schedule			
	As at March 31, 2023		As at March 31, 2022	
	USD in Million	In ₹ Million	USD in Million	In ₹ Million
From				
- August 2021 (Yearly installment over 3 years)	12.00	986.31	21.00	1,591.75
- October 2021 (Yearly installment over 3 years)	20.00	1,643.85	35.00	2,652.91
- December 2022 (18 months installment over 4.5 years)	32.00	2,630.16	40.00	3,031.90
	EUR in Million	In ₹ Million	EUR in Million	In ₹ Million
- August 2020 (Yearly installment over 3 years)	-	-	8.00	673.68
- May 2022 (Yearly installment over 3 years)	28.00	2,505.58	40.00	3,368.40
- February 2020 (Yearly installment over 5 years)	10.00	894.85	18.00	1,515.78
Total		**8,660.75**		**12,834.42**

Notes to Financial Statements

for the year ended March 31, 2023

18. Borrowings (contd.)

(a) (i) Unsecured Non-convertible debentures (NCDs) Repayable in yearly installments along with interest of 5.97% p.a.

The Company has issued 5,000 5.97% BFL 2025 listed, rated, unsecured, redeemable, non-convertible debentures having face value of ₹ 1,000,000/- each on private placement basis.

In the event of rating downgrade of the debenture to A+ or below or suspension/withdrawal of the rating of the Issuer/debenture by any rating agency, the Debenture Holders would reserve a right to recall the outstanding principal amount on the debentures along with other monies/accrued interest due in respect thereof.

Date of repayment	Repayment schedule	
	As at March 31, 2023	As at March 31, 2022
	In ₹ Million	In ₹ Million
From		
- August 2023 (Yearly installment over 3 years)	5,000.00	5,000.00

(a) (ii) Unsecured Non-convertible debentures (NCDs) Repayable in yearly instalments along with interest of 5.80% p.a.

During the current year, the Company issued 2,000 5.80% BFL 2025 listed, rated, unsecured, redeemable, non-convertible debentures having a face value of ₹ 1,000,000/- each on private placement basis.

In the event of rating downgrade of the debenture to A+ or below or suspension/withdrawal of the rating of the issuer/debenture by any rating agency, the Debenture Holders would reserve a right to recall the outstanding principal amount on the NCDs along with other monies/accrued interest due in respect thereof.

Date of repayment	Repayment schedule	
	As at March 31, 2023	As at March 31, 2022
	In ₹ Million	In ₹ Million
On		
- April 2025	2,000.00	-

(b) Rupee Term Loan (unsecured)

During the current year, the Company has availed a term loan of ₹ 2,000 million @ 5.90% p.a. from bank.

Date of repayment	Repayment schedule	
	As at March 31, 2023	As at March 31, 2022
	In ₹ Million	In ₹ Million
From		
- April 2025 (Yearly installment over 3 years)	2,000.00	-

Notes to Financial Statements

for the year ended March 31, 2023

18. Borrowings (contd.)

(c) Preshipment credit

The loan is secured against hypothecation of inventories **(refer note 11)** and trade receivables **(refer note 12)**.

Preshipment credit - Rupee (secured and unsecured) is repayable within 90 days and carries interest @ 7.00% to 8.50% p.a.

Preshipment credit - foreign currency (secured and unsecured) is repayable within 90 days to 180 days and carries interest @ SOFR + 55 bps to SOFR + 150 bps p.a.

(d) Bill discounting with banks

The loan is secured against hypothecation of inventories **(refer note 11)** and trade receivables **(refer note 12)**.

Bill discounting (secured and unsecured) with banks is repayable within 30 to 210 days.

Rupee and Foreign bill discounting (secured and unsecured) with banks carries an interest @ 7.00% p.a. to 7.75% p.a. and SOFR + 55 bps to SOFR + 150 bps p.a. & EURIBOR + 55 bps to EURIBOR + 150 bps p.a. respectively.

(e) Loans availed for a specific purpose and their utilisation for the specified purpose:

During the year ended March 31, 2023, the Company has availed an unsecured term loan and issued listed, rated, unsecured, redeemable, non-convertible debentures on a private placement basis. Proceeds from this term loan and debentures have been utilised for the intended purpose.

(f) Working capital facilities and statements filed with bank

The Company has availed working capital facilities from banks in the form of packing credit, bill discounting and cash credit. The Company has filed quarterly statements with banks with regard to the securities provided against such working capital facilities on a periodic basis. The statements filed by the respective company's are in agreement with the books of accounts of the Company.

The Company has been sanctioned a fund-based limit of ₹ 34,080 million and a non-fund based limit of ₹ 7,250 million in respect of working capital facilities by its bankers as at March 31, 2023 and March 31, 2022.

(g) A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). During the current year, the Company's working capital borrowings denominated in USD have been earmarked to a new benchmark rate i.e. SOFR. The alternative reference rate for US dollar LIBOR is the Secured Overnight Financing Rate (SOFR). As at 31 March 2023, the Company's Foreign Currency Term loans denominated in USD are indexed to US dollar LIBOR. The Company is in process of implementing appropriate fallback clauses for all US dollar LIBOR indexed exposures in the year ended March 31, 2023. These clauses automatically switch the instrument from USD LIBOR to SOFR post June 30, 2023 as announced by the Financial Conduct Authority (FCA).

There is no material impact on the company's finance cost consequent to such a change in the index.

(h) The Company has not been declared a wilful defaulter by any bank or financial institution or government or any government authority.

Notes to Financial Statements

for the year ended March 31, 2023

19. Other financial liabilities

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Other non-current financial liabilities		
Voluntary retirement scheme compensation (at amortised cost)	273.12	227.31
Security deposits	117.97	20.34
Total	**391.09**	**247.65**
Other current financial liabilities at amortised cost		
Interest accrued but not due on borrowings	-	203.12
Payables for capital goods	260.27	301.16
Security deposits	81.10	226.87
Directors commission	7.00	6.95
Investor Education and Protection Fund (as and when due) #		
- Unpaid dividend	38.00	35.14
- Unpaid matured deposits	0.04	0.04
Voluntary retirement scheme compensation	239.68	175.40
Total	**626.09**	**948.68**

\# The Company has declared interim as well as final dividend in past years. Though a large portion of this dividend has been paid to members of the Company, an amount of ₹ 0.55 Million has been pending over the period. Pursuant to provisions of provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the unclaimed dividend shall be remitted online to Investor Education and Protection Fund ('IEPF') along with a Statement in the relevant form, containing details of shareholders. Considering that all the particulars required for filing are not available, the company has not transferred the unclaimed dividend to IEPF and the relevant funds are available in separate bank accounts (Refer Other Bank Balances in note 13).

19(a). Derivative instruments

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	146.08	-
Total	**146.08**	**-**
Current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	41.80	-
Total	**41.80**	**-**

Notes to Financial Statements

for the year ended March 31, 2023

19. Other financial liabilities (contd.)

Derivative instruments at fair value through OCI reflect the negative change in the fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable forecast sales in US Dollars (USD) and Euro (EUR).

Derivative instruments at fair value through profit or loss reflect the negative change in fair value of cross currency swaps, designated as fair value hedge through which the Company has converted one of its USD loans into a Euro loan to avail the benefit of the negative EURIBOR interest rates.

20. Provisions

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current		
Provision for gratuity **[Refer note 37(a)]**	68.44	113.92
Provision for special gratuity **[Refer note 37(b)]**	148.05	169.57
Provision for employees' provident fund **[Refer note 37(c)]**	3.78	29.58
Total	**220.27**	**313.07**
Current		
Provision for gratuity **[Refer note 37(a)]**	110.00	110.00
Provision for special gratuity **[Refer note 37(b)]**	19.47	11.33
Provision for leave benefits	340.73	344.39
Total	**470.20**	**465.72**

21. Income and deferred taxes

The major components of income tax expense for the years ended March 31, 2023 and March 31, 2022 are:

Statement of profit and loss:

Profit and loss section

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current income tax:		
Current income tax charge	3,759.26	3,328.22
Deferred tax:		
Relating to origination and reversal of temporary differences	(386.53)	(146.82)
Income tax expense reported in the statement of profit and loss	**3,372.73**	**3,181.40**

Notes to Financial Statements

for the year ended March 31, 2023

21. Income and deferred taxes (contd.)

OCI section

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Deferred tax related to items recognised in OCI:		
Net Gain/(Loss) on revaluation of cash flow hedges	(528.27)	245.85
Net Gain/(Loss) on re-measurement of defined benefit plans	27.04	443.09
Net Gain/(Loss) on FVTOCI equity securities	-	-
Income tax charged to OCI	**(501.23)**	**688.94**

Reconciliation of tax expense and the accounting profit multiplied by the applicable tax rate for the year ended March 31, 2023 and March 31, 2022

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Accounting profit before tax from operations	13,827.47	13,959.43
Applicable income tax rate of 25.168% (March 31, 2022: 25.168%)	3,480.10	3,513.31
Exceptional items	(10.07)	(224.00)
Other disallowances	1.44	43.87
Adjustment in respect of reversal of income tax expense of earlier years	(98.74)	(151.78)
At the effective income tax rate of 24.46% (March 31, 2022: 22.79%)	**3,372.73**	**3,181.40**
Income tax expense reported in the statement of profit and loss	**3,372.73**	**3,181.40**

Major components of deferred tax as at March 31, 2023 and March 31, 2022:

Deferred tax liability (net)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Deferred tax relates to the following:		
Property, plant and equipment and intangible assets	1,801.81	1,963.37
Fair valuation of cash flow hedges	418.34	946.61
Fair valuation of FVTOCI equity securities	446.12	434.64
Temporary differences in accounting treatment as required by Income tax standards	(666.15)	(456.74)
Net deferred tax liabilities	**2,000.12**	**2,887.88**

Notes to Financial Statements

for the year ended March 31, 2023

21. Income and deferred taxes (contd.)

Major components of deferred tax for the year ended March 31, 2023 and March 31, 2022:

Deferred tax expense/(income)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Deferred tax relates to the following:		
Property, plant and equipment and intangible assets	(161.56)	(48.75)
Temporary differences in accounting treatment as required by Income tax standards	(224.97)	(98.07)
Deferred tax expense	**(386.53)**	**(146.82)**

Reflected in the balance sheet as follows

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Deferred tax assets	(1,649.46)	(1,254.24)
Deferred tax liabilities	3,649.58	4,142.12
Deferred tax liabilities (net)	**2,000.12**	**2,887.88**

Reconciliation of deferred tax liabilities (net)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Opening balance	2,887.88	2,345.76
Tax expense/(income) during the period recognised in profit or loss	(386.53)	(146.82)
Tax expense/(income) during the period recognised in OCI	(501.23)	688.94
Closing balance	**2,000.12**	**2,887.88**

During the years ended March 31, 2023 and March 31, 2022, the Company has not surrendered any transaction or disclosed it as income in the tax assessments under the Income Tax Act, 1961, (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

22. Trade payables

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Trade payables		
Dues to micro enterprises and small enterprises **[Refer note 43]**	63.70	69.06
Dues to other than micro enterprises and small enterprises (including related parties payables)	12,063.04	9,600.81
Total	**12,126.74**	**9,669.87**

Notes to Financial Statements
for the year ended March 31, 2023

22. Trade payables (contd.)

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are generally settled on 60 to 90 days terms.
- Other payables (under note 19 and 23) are non-interest bearing and have an average term of 90 days
- For terms and conditions with related parties, refer note 39.

The above amount of trade payables is net off certain advances given to suppliers (Related parties) amounting to ₹ 720 million (March 31, 2022: ₹ 720 million). The Company currently has a legally enforceable right to set off the advance against the respective payables. The Company intends to settle these amounts on a net basis.

For the Company's credit risk management processes, refer note 53.

Trade payables ageing schedule

As at March 31, 2023

In ₹ Million

Particulars	Outstanding for following periods from due date of payment						
	Unbilled*	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises (Undisputed)	-	57.53	6.17	-	-	-	63.70
Total outstanding dues of creditors other than micro enterprises and small enterprises (Undisputed)	2,308.97	7,362.26	1,942.56	160.76	125.72	162.77	12,063.04
Total outstanding dues of micro enterprises and small enterprises (Disputed)	-	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises (Disputed)	-	-	-	-	-	-	-
Total	**2,308.97**	**7,419.79**	**1,948.73**	**160.76**	**125.72**	**162.77**	**12,126.74**

* Unbilled represents accrual for expenses

Notes to Financial Statements
for the year ended March 31, 2023

22. Trade payables (contd.)

As at March 31, 2022

In ₹ Million

Particulars	Outstanding for following periods from due date of payment						
	Unbilled*	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises (Undisputed)	-	63.77	5.29	-	-	-	69.06
Total outstanding dues of creditors other than micro enterprises and small enterprises (Undisputed)	2,166.47	5,384.98	1,651.44	157.68	109.64	130.60	9,600.81
Total outstanding dues of micro enterprises and small enterprises (Disputed)	-	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises (Disputed)	-	-	-	-	-	-	-
Total	**2,166.47**	**5,448.75**	**1,656.73**	**157.68**	**109.64**	**130.60**	**9,669.87**

* Unbilled represents accrual for expenses

23. Other liabilities

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Current		
Contract liabilities (advances from customers) $	561.26	920.27
Employee contributions and recoveries payable	109.83	93.05
Statutory dues payable including tax deducted at source #	122.13	166.70
Others*	11.22	10.77
Total	**804.44**	**1,190.79**

$ The contract liabilities primarily relate to the advance consideration received on contracts entered with customers for which performance obligations are yet to be performed, therefore, revenue will be recognised when the goods are passed on to the customers.

\# Includes payable with respect to Goods and Services Tax, Local Body Tax, Gram Panchayat Tax, Withholding taxes, provident fund etc.

* Others includes rent received in advance and miscellaneous liabilities.

Notes to Financial Statements
for the year ended March 31, 2023

Break up of the financial liabilities at amortised cost

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Borrowings [Refer note 18]	44,356.25	38,991.89
Lease liabilities [Refer note 35]	3,460.47	2,248.67
Other financial liabilities [Refer note 19]	1,017.18	1,196.33
Trade payables [Refer note 22]	12,126.74	9,669.87
Total financial liabilities carried at amortised cost	**60,960.64**	**52,106.76**

24. Revenue from operations

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Sale of products		
- Sale of goods	70,858.72	58,488.03
- Tooling income	308.33	154.57
Total sale of products	**71,167.05**	**58,642.60**
Sale of services		
- Job work charges	316.72	246.42
Other operating revenues		
- Manufacturing scrap	3,159.22	2,755.01
- Government grants - export incentives [Refer note 10]	1,039.00	847.23
- Sale of electricity/REC - Windmills	45.13	54.86
Total	**75,727.12**	**62,546.12**
- Within India	31,224.37	25,925.47
- Outside India	44,502.75	36,620.65
Total Revenue from operations	**75,727.12**	**62,546.12**

* Sale of goods includes F.O.B. value of export of ₹ 44,386.31 million (March 31, 2022: ₹ 36,265.37 million).

Set out below is the amount of revenue recognised from

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Amounts included in contract liabilities at the beginning of the year	687.93	229.37
Performance obligations satisfied in previous year	-	-

For balances in respect of contract liabilities Refer note 23 and trade receivables Refer note 12.

Notes to Financial Statements
for the year ended March 31, 2023

24. Revenue from operations (contd.)

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Sale of products	71,167.05	58,642.60
Sale of services	316.72	246.42
Manufacturing scrap	3,159.22	2,755.01
Revenue from contract with customers	**74,642.99**	**61,644.03**
Add/(less): Adjustments (sales returns, discounts, etc.)	(774.01)	(777.84)
Revenue as per contracted price	**73,868.98**	**60,866.19**

25. Other income

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Dividend income from investments	4.78	4.41
Dividend income from subsidiary company	-	94.50
Net (loss)/gain on fair valuation of financial instruments (FVTPL)	(704.76)	(129.10)
Net gain on sale of financial instruments	1,363.28	900.37
Government grants*	28.93	22.73
Liabilities/provisions no longer required written back	8.35	78.57
Interest Income on assets measured at amortised cost:		
- Fixed deposits and others**	268.17	194.95
- Loans to subsidiaries/associates	181.32	25.45
Rent **(Refer note 35(b))**	64.13	21.08
Gain on sale/discard of property, plant and equipment (net)	45.64	288.78
Miscellaneous income	245.12	173.28
Total	**1,504.96**	**1,675.02**

* Includes government grant on pre-shipment credit and bill discounting where the Company has availed the benefit of interest equalisation scheme of the Reserve Bank of India. Interest on borrowings is accounted for on gross basis in note 29. There are no unfulfilled conditions or contingencies attached to these grants.

** Includes interest on account of unwinding of security deposits and interest income on fixed income securities

26. Cost of raw materials and components consumed

In ₹ Million

Particulars		Year ended March 31, 2023	Year ended March 31, 2022
Inventory at the beginning of the year [Refer note 11]		3,810.45	2,391.76
Add: Purchases		34,427.24	27,891.39
Less: Inventory as at end of the year [Refer note 11]		4,731.10	3,810.45
Cost of raw materials and components consumed	**Total**	**33,506.59**	**26,472.70**

Notes to Financial Statements
for the year ended March 31, 2023

27. (Increase) in inventories of finished goods, work-in-progress, dies and scrap

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Inventories at the end of the year [Refer note 11]		
Work-in-progress [includes items lying with third parties]	4,383.56	3,935.29
Finished goods [includes items lying with third parties and items in transit]	2,246.01	2,122.80
Dies and dies under fabrication	216.59	166.88
Scrap	130.68	78.74
	6,976.84	**6,303.71**
Inventories at the beginning of the year [Refer note 11]		
Work-in-progress [includes items lying with third parties]	3,935.29	3,711.96
Finished goods [includes items lying with third parties and items in transit]	2,122.80	1,469.05
Dies and dies under fabrication	166.88	145.73
Scrap	78.74	30.24
	6,303.71	**5,356.98**
Total	**(673.13)**	**(946.73)**

28. Employee benefits expense

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Salaries, wages and bonus (including managing and whole time director's remuneration)	4,683.64	4,298.42
Contributions to provident and other funds/scheme #	202.52	201.63
Gratuity expense [Refer note 37(a)]	78.24	80.17
Special gratuity expense [Refer note 37(b)]	3.38	20.87
Staff welfare expenses	462.28	456.76
Total	**5,430.06**	**5,057.85**

Other funds/scheme includes a contribution towards early retirement scheme and Employee State Insurance scheme

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

Notes to Financial Statements
for the year ended March 31, 2023

29. Finance costs

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest on bank facilities under amortised cost method	1,657.69	666.77
Exchange differences regarded as an adjustment to borrowing costs *	250.03	181.75
Interest on lease liabilities [Refer note 35]	220.32	195.86
Others #	(1.15)	28.63
Total	**2,126.89**	**1,073.01**

* Represents exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to borrowing costs.

Others includes net interest expense on defined benefit plans [Refer note 37] etc.

30. Depreciation and amortisation expense

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation on property, plant and equipment [Refer note 3]	3,999.14	3,879.51
Amortisation on intangible assets [Refer note 5]	66.37	74.55
Depreciation on right-of-use assets [Refer note 35]	194.06	163.85
Total	**4,259.57**	**4,117.91**

31. Other expenses

In ₹ Million

Particulars		Year ended March 31, 2023	Year ended March 31, 2022
Consumption of stores, spares and tools		3,523.89	3,035.61
Machining/subcontracting charges		2,270.08	2,033.40
Power, fuel and water	4,837.82		3,541.57
Less: Credit for energy generated	64.69		62.33
		4,773.13	**3,479.24**
Repairs and maintenance			
- Building repairs and road maintenance		130.81	92.14
- Plant and machinery		632.28	572.31
Contract labour charges		840.84	718.77
Rent [Refer note 35]		11.23	23.58
Rates and taxes		52.81	46.33
Insurance		114.42	124.36
CSR expenditure [Refer note 45]		160.50	169.36

Notes to Financial Statements
for the year ended March 31, 2023

31. Other expenses (contd.)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Legal and professional fees	1,054.41	884.99
Commission	7.50	3.15
Donations	1.25	28.28
Packing material	1,127.62	1,015.55
Freight forwarding charges	1,211.93	1,276.38
Directors' fees and travelling expenses	5.36	3.38
Commission to directors other than managing and whole time directors	7.00	6.95
Provision for doubtful debts and advances (including expected credit losses)	61.78	50.00
Bad debts/advances written off	5.27	0.08
Exchange difference (net) *	167.98	(352.81)
Payment to auditors **[Refer note 31(a)]**	25.74	21.54
Miscellaneous expenses **	2,166.67	1,572.41
Total	**18,352.50**	**14,805.00**

* Includes MTM (gain)/loss on derivatives amounting to ₹ 8.08 million (March 31, 2022: ₹ (89.21) million) and foreign exchange (gain)/loss amounting to ₹ 167.04 million (March 31, 2022: ₹ (38.94) million) on account of differential reinstatement of foreign exchange loans. It also includes credit valuation adjustment on derivative contracts of ₹ (9.15) million (March 31, 2022: ₹ 6.36)

** Miscellaneous expenses include travelling expenses, printing, stationery, postage, telephone, etc.

(a) Payment to auditors

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
As auditor:		
- Audit fee	12.46	12.23
- Limited review*	7.88	5.60
- Others (including certification fees)*	4.27	3.35
Reimbursement of expenses*	1.13	0.36
Total	**25.74**	**21.54**

* Includes expenditure of ₹ 5.52 million related to erstwhile auditors

Notes to Financial Statements
for the year ended March 31, 2023

31. Other expenses (contd.)

(b) Capitalisation of expenditure

The Company has capitalised the following expenses of revenue nature to the cost of Property, plant and equipment/capital work in progress(CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest on bank facilities	24.53	16.96
Salaries, wages and bonus	27.20	26.40
Consumption of stores and spares and loose tools	2.83	1.29
Others	3.10	6.28
Total	**57.66**	**50.93**

(c) Expenditure on research and development

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Cost of raw materials and components consumed	6.48	9.80
Employee benefits expenses	332.07	310.31
Other expenses	243.17	257.88
Total	**581.72**	**577.99**

32. Exceptional items

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Voluntary retirement scheme compensation **[Refer note 32(a)]**	(442.12)	(739.56)
Gain on fair valuation (on loss of significant influence and reversal of impairment of Tevva Motors Jersey Ltd.) **[(Refer note 32(b)]**	-	1,057.59
Gain on transfer of Shares of Analogic to KSSL **[(Refer note 32(c)]**	42.81	-
Loss on transfer of Shares of Aeron to KSSL **[(Refer note 32(d)]**	(2.82)	-
Total	**(402.13)**	**318.03**

(a) Voluntary retirement scheme compensation

During the year, the Company has announced Voluntary Retirement Schemes (VRS) on April 28, 2022, January 13, 2023 for its permanent eligible employees who have attained 40 years of age and have completed 10 years of service with the Company. The amount of expenditure under these schemes is disclosed as an exceptional item.

During the previous year, the Company had announced Voluntary Retirement Schemes (VRS) on June 4, 2021, October 22, 2021, December 30, 2021 and January 17, 2022 for its permanent eligible employees who

Notes to Financial Statements
for the year ended March 31, 2023

32. Exceptional items (contd.)

(a) Voluntary retirement scheme compensation (contd.)

had attained 40 years of age and had completed 10 years of service with the Company. The amount of expenditure under these schemes was disclosed as an exceptional item.

(b) Reversal of impairment and gain on the fair valuation on the loss of significant influence in Tevva Motors (Jersey) Ltd.

During the previous year, the Company's associate viz. Tevva Motors Limited (held through Tevva Motors [Jersey] Limited), collectively referred to as "Tevva", a start-up engaged in modular electrification system for a medium range of commercial vehicles, raised additional funding to finance its operations. Post allotment of equity shares to the new investors, Tevva ceased to be an associate of the Company.

The Company's equity investment in Tevva Motors (Jersey) Limited was earlier impaired in the financial year that ended March 31, 2020. With the global EV markets gaining traction and setting higher valuation benchmarks, reversal of impairment and gain on the fair valuation on the loss of significant influence as an associate of ₹ 1,057.59 million was recorded as a part of "Exceptional items" for the year ended March 31, 2022.

(c) Gain on transfer of shares of Analogic Controls India Limited to Kalyani Strategic Systems Limited

During the year, the Company has transferred shares of its subsidiary Analogic Controls India Limited to its other subsidiary, Kalyani Strategic Systems Limited. The Company has recognised a surplus on the transfer of this investment and the resultant reversal of impairment provision amounting to ₹ 42.81 million as an exceptional item.

(d) Loss on transfer of shares of Aeron Systems Private Limited to Kalyani Strategic Systems Limited

During the year, the Company has transferred shares of its associate Aeron Systems Private Limited to Kalyani Strategic Systems Limited at its fair value. Loss on the transfer of shares has been recorded as an exceptional item.

33. Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI for each type of reserve in equity is shown below:

In ₹ Million

During the year ended March 31, 2023	Cash flow hedge reserve	FVTOCI reserve	Foreign currency monetary items translation difference account	Retained earnings	Income tax/ Deferred tax effect	Total
Currency forward contracts	(725.37)	-	-	-	182.56	(542.81)
Reclassified to statement of (profit) or loss	(1,373.62)	-	-	-	345.71	(1,027.91)
Gain/(loss) on FVTOCI financial assets	-	242.59	-	-	(11.49)	231.10
Re-measurement gains/(losses) on defined benefit plans	-	-	-	61.79	(15.55)	46.24
Total	**(2,098.99)**	**242.59**	**-**	**61.79**	**501.23**	**(1,293.38)**

Notes to Financial Statements
for the year ended March 31, 2023

33. Components of Other Comprehensive Income (OCI) (contd.)

In ₹ Million

During the year ended March 31, 2022	Cash flow hedge reserve	FVTOCI reserve	Foreign currency monetary items translation difference account	Retained earnings	Income tax/ Deferred tax effect	Total
Foreign exchange revaluation differences	-	-	-	-	-	-
Currency forward contracts	2,358.02	-	-	-	(585.60)	1,772.42
Reclassified to statement of (profit) or loss	(1,349.93)	-	-	-	339.75	(1,010.18)
Gain/(Loss) on FVTOCI financial assets	-	1,965.22	-	-	(398.13)	1,567.09
Re-measurement gains/(losses) on defined benefit plans	-	-	-	178.64	(44.96)	133.68
Total	**1,008.09**	**1,965.22**	**-**	**178.64**	**(688.94)**	**2,463.01**

34. Earnings per equity share (EPS)

In ₹ Million

Particulars		As at March 31, 2023	As at March 31, 2022
Numerator for basic and diluted EPS			
Net profit after tax attributable to shareholders (in ₹ million)	(A)	10,454.74	10,778.03
Denominator for basic EPS			
Weighted average number of equity shares for basic EPS	(B)	465,588,632	465,588,632
Denominator for diluted EPS			
Weighted average number of equity shares for diluted EPS	(C)	465,588,632	465,588,632
Basic earnings per share of face value of ₹ 2/- each (in ₹)	(A/B)	22.45	23.15
Diluted earnings per share of face value of ₹ 2/- each (in ₹)	(A/C)	22.45	23.15

35. Leases

(a) Company as lessee

The Company has lease contracts for solar plant and various items of building and leasehold land, etc. used in its operations. These leases generally have lease terms between 2 and 18 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further mentioned below:

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

Notes to Financial Statements
for the year ended March 31, 2023

35. Leases (contd.)
(a) Company as lessee (contd.)

Below are the carrying amounts of right-of-use assets recognised and the movements during the year:

In ₹ Million

Particulars	Leasehold land	Plant & Machinery	Buildings	Total
As at April 01, 2021	**66.07**	**1,575.35**	**396.48**	**2,037.90**
Additions	-	240.37	71.38	311.75
Depreciation	(0.79)	(125.87)	(37.19)	(163.85)
As at March 31, 2022	**65.28**	**1,689.85**	**430.67**	**2,185.80**
Additions	-	1,380.75	0.61	1,381.36
Disposals	-	-	(44.75)	(44.75)
Depreciation	(0.79)	(147.58)	(45.69)	(194.06)
As at March 31, 2023	**64.49**	**2,923.02**	**340.84**	**3,328.35**

Below are the carrying amounts of lease liabilities and the movements during the year:

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Opening Balance	**2,248.67**	**2,018.05**
Additions	1,381.36	311.75
Disposals	(55.32)	-
Accretion of Interest	220.32	195.86
Payments	(334.55)	(276.99)
Closing Balance	**3,460.48**	**2,248.67**
Current	151.26	96.46
Non Current	3,309.21	2,152.21

The maturity analysis of lease liabilities are disclosed in Note 53.

The effective interest rate for lease liabilities is between 8.40% and 9.35% p.a. (March 31, 2022: 8.40% to 9.35% p.a.)

The following are the amounts recognised in the statement of profit and loss:

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation expense of right-of-use assets	194.06	163.85
Interest expense on lease liabilities	220.32	195.86
Expenses relating to short-term leases and low value leases (included in other expenses)	11.23	23.58
Total amount recognised in profit or loss	**425.61**	**383.29**

Notes to Financial Statements
for the year ended March 31, 2023

35. Leases (contd.)
(a) Company as lessee (contd.)

The Company had total cash outflows for leases of ₹ 334.55 million (March 31, 2022: ₹ 276.99 million). The Company also had non-cash additions to right-of-use assets and lease liabilities of ₹ 1,381.36 million (March 31, 2022: 311.75 million) and ₹ 1,381.36 million (March 31, 2022: ₹ 311.75 million) respectively.

The Company has several lease contracts that include extension and termination options. These options are negotiated by the management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. The management exercises judgment in determining whether the extension and termination options are reasonably certain to be exercised. Refer note 52.

Below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

In ₹ Million

Particulars	Within five years	More than five years	Total
Year ended March 31, 2023			
Extension options expected not to be exercised	-	-	-
Termination options expected to be exercised	-	-	-
Obligations under leases not yet commenced	-	-	-
Year ended March 31, 2022			
Extension options expected not to be exercised	-	-	-
Termination options expected to be exercised	-	-	-
Obligations under leases not yet commenced	764.60	1,737.73	2,502.33

(b) Company as lessor

The Company has entered into agreements/arrangement in the nature of lease/sub-lease agreement with different lessees for the purpose of land and building. These are generally in the nature of operating leases. Period of agreements/arrangement are generally for three years to twenty five years and cancellable with a notice of thirty days to six months and renewal at the options of the lessee/lessor.

Future minimum rentals receivable under operating leases are as follows:

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Within one year	73.36	14.37
After one year but not more than five years	232.23	11.73
More than five years	68.71	-
Total	**374.30**	**26.10**

36. Segment information

In accordance with paragraph 4 of notified Ind AS 108 "Operating segments", the Company has disclosed segment information only on the basis of the consolidated financial statements.

Notes to Financial Statements
for the year ended March 31, 2023

37. Gratuity and other post-employment benefit plans

(a) Gratuity plan

Funded scheme

The Company has a defined benefit gratuity plan for its employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to a specific benefit. The level of benefits provided depends on the employee's length of service and salary at retirement age. An employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. In the case of certain categories of employees who have completed 10 years of service, gratuity is calculated based on 30 days salary (last drawn) for each completed year of service and the cap for gratuity is 20 years. The scheme is funded with insurance companies in the form of qualifying insurance policies.

Risk exposure and asset-liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as the company take on uncertain long term obligations to make future benefit payments.

1) Liability risks

a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is succesfully neutralises valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may appear minor, but they can have a significant impact on the defined benefit liabilities.

c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities, especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset risks

All plan assets are managed by the trust and are invested in various funds (majorly LIC of India). LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Company has no control over the management of funds and this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured and also interest rate and inflation risk are taken care of.

The following table summarises the components of a net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plans.

Notes to Financial Statements
for the year ended March 31, 2023

37. Gratuity and other post-employment benefit plans (contd.)

(a) Gratuity plan (contd.)

The principal assumptions used in determining gratuity for the Company's plan are shown below:

Particulars	As at March 31, 2023	As at March 31, 2022
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	7.50%	7.20%
Expected rate of return on plan assets	7.20%	6.90%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)*	11.00*	11.14*
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	5.00%	5.00%
Age 31 - 40 years	5.00%	5.00%
Age 41 - 50 years	5.00%	5.00%
Age above 50 years	5.00%	5.00%

* It is an actuarially calculated term of the liability using probabilities of death withdrawal and retirement.

Changes in the present value of the defined benefit obligation recognised in the balance sheet are as follows:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of obligation as at the beginning of the period	1,216.31	1,214.15
Interest expense	85.92	79.52
Current service cost	78.25	80.17
Benefits paid	(45.90)	(123.65)
Remeasurements on obligation [actuarial (gain)/loss]	(20.07)	(33.88)
Closing defined benefit obligation	**1,314.51**	**1,216.31**

Changes in the fair value of plan assets recognised in the balance sheet are as follows:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Opening fair value of plan assets	992.39	932.52
Interest income	73.77	63.87
Contributions	110.28	110.00
Benefits paid	(45.90)	(123.65)
Remeasurements- Return on plan assets, excluding the amount included in Interest Income	5.53	9.65
Closing fair value of plan assets	**1,136.07**	**992.39**

Notes to Financial Statements

for the year ended March 31, 2023

37. Gratuity and other post-employment benefit plans (contd.)

(a) Gratuity plan (contd.)

Net interest expense/(income)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest expense on defined benefit obligation	85.92	79.51
Interest (income) on plan assets	(73.77)	(63.87)
Net interest expense for the period	**12.15**	**15.64**

Remeasurements for the period [actuarial (gain)/loss]

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Experience (gain)/loss on plan liabilities	9.76	(4.42)
Demographic (gain) on plan liabilities	-	-
Financial (gain)/loss on plan liabilities	(29.83)	(29.46)
Experience (gain)/loss on plan assets	(2.46)	(8.73)
Financial (gain)/loss on plan assets	(3.07)	(0.92)

Amount recognised in the statement of other comprehensive income (OCI)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Remeasurement (gain)/loss for the period on defined benefit obligation		
(Gain)/loss on plan liabilities due to experience assumptions	9.76	(4.42)
(Gain)/loss on plan liabilities due to demographic assumptions	-	-
(Gain)/loss on plan liabilities due to financial assumptions	(29.83)	(29.46)
Remeasurement (gain)/loss for the period on plan asset		
(Gain)/loss on plan assets due to experience assumptions	(2.46)	(8.73)
(Gain)/loss on plan assets due to demographic assumptions	-	-
(Gain)/loss on plan assets due to financial assumptions	(3.07)	(0.92)
Total remeasurement cost for the period recognised in OCI	**(25.60)**	**(43.53)**

The amounts to be recognised in the balance sheet

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of obligation	(1,314.51)	(1,216.31)
Fair value of plan assets	1,136.07	992.39
Net asset/(liability) to be recognised in the balance sheet	**(178.44)**	**(223.92)**

Notes to Financial Statements

for the year ended March 31, 2023

37. Gratuity and other post-employment benefit plans (contd.)

(a) Gratuity plan (contd.)

Expenses recognised in the statement of profit and loss

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current service cost **(refer note 28)**	78.25	80.17
Net interest expense **(refer note 29)**	12.15	15.64
Net periodic benefit cost recognised in the statement of profit and loss	**90.40**	**95.81**

Reconciliation of net asset/(liability) recognised:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Net asset/(liability) recognised at the beginning of the period	(223.92)	(281.64)
Company's contributions	110.28	110.00
Expense recognised for the year	(90.40)	(95.81)
Amount recognised in OCI	25.60	43.53
Net asset/(liability) recognised at the end of the period	**(178.44)**	**(223.92)**

The Company expects to contribute ₹ 110.00 million to the gratuity fund in the next year (March 31, 2022: ₹ 110.00 million)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Funds managed by insurer	100.00%	100.00%

Sensitivity analysis:

A) Impact of change in discount rate when base assumption is decreased/increased on defined benefit obligations

In ₹ Million

Discount rate	As at March 31, 2023	As at March 31, 2022
Decrease by 1%	1,418.46	1,317.80
Increase by 1%	1,222.90	1,124.69

B) Impact of change in rate of increase in compensation levels on defined benefit obligation

In ₹ Million

Rate of increase in compensation levels	As at March 31, 2023	As at March 31, 2022
Decrease by 1%	1,231.55	1,133.28
Increase by 1%	1,406.45	1,305.84

Notes to Financial Statements
for the year ended March 31, 2023

37. Gratuity and other post-employment benefit plans (contd.)

(a) Gratuity plan (contd.)

C) Impact of change in the withdrawal rate when the base assumption is decreased/increased on defined benefit obligation

In ₹ Million

Withdrawal rate	As at March 31, 2023	As at March 31, 2022
Decrease by 1%	1,317.48	1,220.31
Increase by 1%	1,312.46	1,209.82

The estimates of future compensation level increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following are the expected benefit payments to the defined benefit plan in future years:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Within one year	257.97	195.45
After one year but not more than five years	408.15	370.72
After five years but not more than ten years	654.88	625.00

Weighted average duration of the defined benefit plan obligation (based on discounted cash flows using mortality, withdrawal and interest rate) is 10.59 years (March 31, 2022: 10.83 years).

(b) Special gratuity

The Company has a defined benefit special gratuity plan. Under the gratuity plan, every eligible employee who has completed ten years of service gets an additional gratuity on departure which will be salary of specified months based on the last drawn basic salary. The scheme is unfunded.

1) Liability risks

a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully neutralises valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may appear minor, but they can have a significant impact on the defined benefit liabilities.

c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting

Notes to Financial Statements
for the year ended March 31, 2023

37. Gratuity and other post-employment benefit plans (contd.)

(b) Special gratuity (contd.)

in a higher present value of liabilities, especially unexpected salary increases provided at the management's discretion may lead to uncertainties in estimating this increasing risk.

2) Unfunded plan risk

This represents unmanaged risks and a growing liability. There is an inherent risk here that the Company may default on paying the benefits in adverse circumstances. Funding the plan removes volatility in the Company's financial statements and also benefit risk through return on the funds made available for the plan.

The principal assumptions used in determining special gratuity for the Company's plan are shown below:

Particulars	As at March 31, 2023	As at March 31, 2022
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	7.50%	7.20%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)*	11.82*	11.70*
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	5.00%	5.00%
Age 31 - 44 years	5.00%	5.00%
Age 45 - 50 years	5.00%	5.00%
Age above 50 years	5.00%	5.00%

* It is the actuarially calculated term of the liability using probabilities of death, withdrawal and retirement.

Changes in the present value of the defined benefit obligation recognised in the balance sheet are as follows:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of obligation as at the beginning of the period	180.90	185.37
Interest expenses	12.58	12.54
Current service cost	3.38	20.87
Benefits paid	(12.23)	(7.24)
Remeasurements on obligation [actuarial (gain)/loss]	(17.11)	(30.64)
Closing defined benefit obligation	**167.52**	**180.90**

Net Interest Expense/(Income)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest expenses on defined benefit obligation	12.58	12.54
Net interest expense for the period	**12.58**	**12.54**

Notes to Financial Statements
for the year ended March 31, 2023

37. Gratuity and other post-employment benefit plans (contd.)

(b) Special gratuity (contd.)

Remeasurements for the period

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Experience (gain)/loss on plan liabilities	(11.87)	(24.73)
Demographic loss on plan liabilities	-	-
Financial (gain)/loss on plan liabilities	(5.24)	(5.91)

Amount recognised in statement of other comprehensive Income (OCI)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Remeasurement for the period-obligation (gain)/loss		
(Gain)/loss on plan liabilities due to experience assumptions	(11.87)	(24.73)
(Gain)/loss on plan liabilities due to demographic assumptions	-	-
(Gain)/loss on plan liabilities due to financial assumptions	(5.24)	(5.91)
Remeasurement for the period-Plan assets (gain)/loss		
(Gain)/loss on plan assets due to experience assumptions	-	-
(Gain)/loss on plan assets due to demographic assumptions	-	-
(Gain)/loss on plan assets due to financial assumptions	-	-
Total remeasurement (gain)/loss for the period recognised in OCI	**(17.11)**	**(30.64)**

The amounts to be recognised in the balance sheet

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of obligation as at the end of the period	(167.52)	(180.90)
Fair value of plan assets as at the end of the period	-	-
Net asset/(liability) to be recognised in the balance sheet	**(167.52)**	**(180.90)**

Expenses recognised in the statement of profit and loss

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current service cost **(Refer note 28)**	3.38	20.87
Past service cost	-	-
Net interest expense **(Refer note 29)**	12.58	12.54
Net periodic benefit cost recognised in the statement of profit and loss	**15.96**	**33.41**

Notes to Financial Statements
for the year ended March 31, 2023

37. Gratuity and other post-employment benefit plans (contd.)

(b) Special gratuity (contd.)

Reconciliation of net assets/(liabilities) recognised:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Net assets/(liabilities) recognised at the beginning of the period	(180.90)	(185.37)
Company's contributions	-	-
Benefits directly paid by the Company	12.23	7.24
Expense recognised for the year	(15.96)	(33.41)
Amount recognised in OCI	17.11	30.64
Net assets/(liabilities) recognised at the end of the period	**(167.52)**	**(180.90)**

The following are the expected benefit payments to the defined benefit plan in future years:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Within one year	19.47	11.33
After one year but not more than five years	48.68	59.12
After five years but not more than ten years	90.09	102.88

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 12.75 years (March 31, 2022: 12.46 years)

Sensitivity analysis:

A) Impact of change in discount rate when base assumption is decreased/increased on defined benefit obligation

In ₹ Million

Discount rate	As at March 31, 2023	As at March 31, 2022
Decrease by 1%	186.02	201.77
Increase by 1%	151.74	163.15

B) Impact of the change in the rate of increase in compensation levels on defined benefit obligation

In ₹ Million

Rate of increase in compensation levels	As at March 31, 2023	As at March 31, 2022
Decrease by 1%	152.88	164.49
Increase by 1%	184.29	199.74

Notes to Financial Statements

for the year ended March 31, 2023

37. Gratuity and other post-employment benefit plans (contd.)

(b) Special gratuity (contd.)

C) Impact of change in the withdrawal rate when base assumption is decreased/increased on defined benefit obligation

In ₹ Million

Withdrawal rate	As at March 31, 2023	As at March 31, 2022
Decrease by 1%	166.78	180.60
Increase by 1%	168.17	181.16

(c) Provident fund

In accordance with the law, all employees of the Company are entitled to receive benefits under the provident fund. The Company operates two plans for its employees to provide employee benefits in the nature of a provident fund, viz. defined contribution plan and defined benefit plan.

Under the defined contribution plan, the provident fund is contributed to the government administered provident fund. The Company has no obligation, other than the contribution payable to the provident fund **(Refer note 28)**

Under the defined benefit plan, the Company contributes to the "Bharat Forge Company Limited Staff Provident Fund Trust". The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The details of the defined benefit plan based on the actuarial valuation report are as follows:

1) Liability risks:

a) **Asset-liability mismatch risk**
Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company successfully neutralises valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b) **Discount rate risk**
Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

c) **Future salary escalation and inflation risk**
Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at the management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset risks:

All plan assets are managed by the trust and are invested in various funds (majorly LIC of India). LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Company has no control over the management of funds and this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured and also the interest rate and inflation risk are taken care of.

Notes to Financial Statements

for the year ended March 31, 2023

37. Gratuity and other post-employment benefit plans (contd.)

(c) Provident fund (contd.)

The principal assumptions used in determining provident fund liability/shortfall for the Company's plan are shown below:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	7.50%	7.20%
Interest rate declared by Employees' Provident Fund Organisation for the year	8.15%	8.10%
Yield spread	0.50%	0.50%
Expected rate of return on plan assets	7.20%	6.90%
Expected average remaining working lives of employees (in years)	11.10*	11.36*
Withdrawal rate		
Age upto 30 years	5.00%	5.00%
Age 31 - 40 years	5.00%	5.00%
Age 41 - 50 years	5.00%	5.00%
Age above 50 years	5.00%	5.00%

* It is an actuarially calculated term of the plan using probabilities of death, withdrawal and retirement.

Table showing changes in the present value of defined benefit obligations:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of defined benefit obligation at the beginning of the period	3,460.44	3,261.33
Interest cost	242.93	219.22
Current service cost	95.47	105.95
Employee contribution	150.31	153.57
Benefits paid	(172.89)	(168.40)
Remeasurements on obligation [actuarial (gain)/ loss]	36.84	(111.23)
Present value of defined benefit obligation as at the end of the period	**3,813.10**	**3,460.44**

Notes to Financial Statements
for the year ended March 31, 2023

37. Gratuity and other post-employment benefit plans (contd.)

(c) Provident fund (contd.)

Table showing changes in the fair value of plan assets (surplus account)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Fair value of plan assets as at the beginning of the period (surplus account)	3,430.86	3,141.33
Interest income	249.65	219.40
Employers contribution	95.47	91.72
Employee contribution	150.31	153.56
Benefits paid	(172.89)	(168.39)
Remeasurement-return on plan assets excluding amount included in interest income	55.92	(6.76)
The fair value of plan assets as at the end of the period (surplus account)	**3,809.32**	**3,430.86**

Net interest expense/(income)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest expense on defined benefit obligation	242.93	219.22
Interest (income) on plan assets	(249.65)	(219.40)
Net Interest Expense/(Income) for the period	**(6.72)**	**(0.18)**

The amounts to be recognised in the balance sheet:

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Present value of Provident fund liability as at end of the period	3,813.10	3,460.44
Fair value of the plan assets as at the end of the period (surplus account)	3,809.32	3,430.86
(Deficit)	**(3.78)**	**(29.58)**
Net (liability) recognised in the balance sheet	(3.78)	(29.58)

Amount recognised in statement of other comprehensive income (OCI):

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Remeasurement (gain)/loss for the period on defined benefit obligation	36.84	(111.23)
Remeasurement (gain)/loss fo the period on plan assets	(55.92)	6.76
Total remeasurement (gain)/loss for the period recognised in OCI	**(19.08)**	**(104.47)**

Notes to Financial Statements
for the year ended March 31, 2023

37. Gratuity and other post-employment benefit plans (contd.)

(c) Provident fund (contd.)

Expenses recognised in the statement of profit and loss:

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current service cost **(refer note 28)**	95.47	105.95
Net interest expense **(refer note 29)**	(6.72)	(0.18)
Net periodic benefit cost recognised in the statement of profit and loss	**88.75**	**105.77**

Sensitivity analysis:

A) Impact of change in the discount rate when the base assumption is decreased/increased by 50 basis points - the present value of the obligation

In ₹ Million

Discount rate	Year ended March 31, 2023	Year ended March 31, 2022
Decrease by 0.50%	3,877.73	3,519.09
Increase by 0.50%	3,784.05	3,405.09

B) Impact of change in the expected future interest rate on PF when the base assumption is decreased/increased by 50 basis points - the present value of obligation

In ₹ Million

PF interest rate	Year ended March 31, 2023	Year ended March 31, 2022
Decrease by 0.50%	3,784.05	3,403.99
Increase by 0.50%	3,875.31	3,516.89

38. Contingent liabilities

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Guarantees given by the Company's Bankers on behalf of the Company, against the sanctioned guarantee limit of ₹ 7,250 million (March 31, 2022: ₹ 7,250 million) for contracts undertaken by the Company and secured by extension of charge by way of joint hypothecation of stock-in-trade, stores and spares, book debts, etc.	3,151.26	3,372.64
Claim against the Company not acknowledged as Debts - to the extent ascertained **[(Refer note 38(a)]**	306.79	344.18
Excise/Service tax demands - matters under dispute* **[(Refer note 38(b)]**	141.27	130.10
Customs demands - matters under dispute* **[(Refer note 38(c)]**	50.97	50.97
Income tax demands - matters under dispute **[(Refer note 38(d)]**	54.92	54.92

* Excludes interest and penalty for the previous year

(a) The Company is contesting the demands raised pertaining to property tax. It also includes claims against the Company comprising of dues with respect to personnel claims (amount unascertainable), local taxes etc.

Notes to Financial Statements

for the year ended March 31, 2023

38. Contingent liabilities (contd.)

(b) Includes amount pertaining to incentives received under Government schemes, etc.

(c) Includes amount pertaining to classification differences of products, etc.

(d) Includes amount pertaining to matters relating to the applicability of TDS

The Company is contesting the demands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appellate process. No provision has been recognised in the financial statements for the tax demand raised. The management based on its internal assessment and the advice from its legal counsel believes that it is only possible/remote, but not probable, that the action will succeed.

Note: In cases where the amounts have been accrued, they have not been included above.

Deferred payment liabilities

Sales tax deferral incentives attached to the erstwhile windmill division, which was demerged to BF Utilities Limited (BFUL) under section 392 and 394 of the erstwhile Companies Act, 1956 sanctioned by the High Court of the Judicature at Mumbai, have been passed on thereafter from year to year by the Company to the latter, under an arrangement, with all liabilities and obligations attached thereto taken over completely by BFUL. The net liability outstanding of BFUL after such pass on amounts to ₹ Nil million (March 31, 2022: ₹ 45.12 million).

39. Related Party disclosures

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

Related parties where control exists	
Subsidiaries	Bharat Forge Global Holding GmbH
	Bharat Forge America Inc.
	BF Infrastructure Limited
	Kalyani Strategic Systems Limited
	Bharat Forge International Limited
	BF Elbit Advanced Systems Private Limited
	Analogic Controls India Limited (Merged with Kalyani Strategic Systems Limited w.e.f March 10, 2023)
	Indigenous IL Limited
	Kalyani Centre For Precision Technology Limited
	Eternus Performance Materials Private Limited
	Kalyani Powertrain Limited
	BF Industrial Solutions Limited (formerly Nouveau Power and India Infrastructure Private Limited, w.e.f. June 28, 2021)
	Kalyani Lightweighting Technology Solutions Limited (w.e.f. July 12, 2022)

Notes to Financial Statements

for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(i) Names of the related parties and related party relationships (contd.)

Step down subsidiaries	Bharat Forge CDP GmbH
	Bharat Forge CDP Trading (upto January 14, 2021)
	Bharat Forge Holding GmbH
	Bharat Forge Tennessee Inc.
	Bharat Forge PMT Technologie LLC
	Bharat Forge Aluminiumtechnik GmbH
	Bharat Forge Kilsta AB
	Bharat Forge Daun GmbH
	Kalyani Rafael Advanced Systems Private Limited
	Mecanique Generale Langroise
	Bharat Forge Aluminium USA, Inc.
	Kalyani Mobility INC (formerly Kalyani Precision Machining INC.)
	BFIL-CEC JV
	Kalyani Strategic Systems Australia Pty Limited (w.e.f. November 10, 2021)
	Tork Motors Private Limited (w.e.f. November 22, 2021)
	Sagar-Manas Technologies Limited
	Ferrovia Transrail Solutions Private Limited (w.e.f. March 02, 2023)
	J S Auto Cast Foundry India Private Limited (w.e.f. July 01, 2022)
	Electroforge Limited
	Lycan Electric Private Limited (w.e.f. November 22, 2021)
	BF Industrial Technology & Solutions Limited (formerly Sanghvi Forging and Engineering Limited, w.e.f June 28,2021)
	Sanghvi Europe B.V. (w.e.f June 28,2021)
Related parties with whom transactions have taken place during the period	
Joint ventures	BF NTPC Energy Systems Limited (under liquidation) REFU Drive GmbH
Joint venture of a subsidiary	BF Premier Energy Systems Private Limited*
Subsidiary of a Joint venture	Refu Drive India Private Limited
Associates and subsidiaries/ associates of associates	Tork Motors Private Limited (w.e.f. November 22, 2021)
	Tevva Motors (Jersey) Limited (Upto November 8, 2021)
	Tevva Motors Limited (Upto November 8, 2021)
	Lycan Electric Private Limited (Upto November 21, 2021)
	TMJ Electric Vehicles Limited (Formerly Tevva Motors [Jersey] Limited)
	Avaada MHVidarbha Private Limited
	Talbahn GmbH
	Ferrovia Transrail Solutions Private Limited (Upto March 02, 2023)

* Application for struck off filed on March 02, 2023

Notes to Financial Statements

for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(i) Names of the related parties and related party relationships (contd.)

Related parties with whom transactions have taken place during the period	
Other related parties (Enterprises owned or significantly influenced by key management personnel or their relatives)	Kalyani Steels Limited
	BF Utilities Limited
	Khed Economic Infrastructure Private Limited
	Kalyani Maxion Wheels Private Limited
	Automotive Axles Limited
	Kalyani Cleantech Private Limited
	United Metachem Private Limited
	Saarloha Advanced Materials Private Limited
	Nandi Economic Corridor Enterprises Limited
	Baramati Speciality Steels Limited
	Kalyani Technoforge Limited
	Kalyani Transmission Technologies Private Limited
	KGEPL Engineering Solutions Private Limited
	Kalyani Technoweld Private Limited
	Kalyani Medicomp Private Limited (formerly Kalyani Additives Private Limited)
	Kalyani Strategic Management Services Limited (formerly Kalyani Technologies Limited)
	KTMS Properties Company Private Limited
	KSMS Technologies Solutions Private Limited (formerly known as Kalyani Global Engineering Private Limited)
	Govalkonda Trading Company Private Limited
	Purandhar Trading Company Private Limited
	Raigad Trading Company Private Limited
	Vishalgad Trading Company Private Limited
	SBK Charitable Trust
	Elbit Systems Land And C4I Limited
	Radium Merchandise Private Limited

Notes to Financial Statements

for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(i) Names of the related parties and related party relationships (contd.)

Key management personnel	Mr. B. N. Kalyani (Chairman and Managing Director)
	Mr. A. B. Kalyani (Executive Director and Deputy Managing Director)
	Mr. G. K. Agarwal (Executive Director and Deputy Managing Director)
	Mr. B. P. Kalyani (Executive Director)
	Mr. S. E. Tandale (Executive Director)
	Mr. K. M. Saletore (Executive Director & CFO)
	Ms. T. R. Chaudhari (Company secretary)
	Mr. P. G. Pawar (Independent Director)
	Mr. S. M. Thakore (Independent Director) (Upto 12th November 2021)
	Mrs. L. D. Gupte (Independent Director)
	Mr. P. H. Ravikumar (Independent Director)
	Mr. P. C. Bhalerao (Independent Director) (Upto 12th November 2021)
	Mr. V. R. Bhandari (Independent Director)
	Mr. Dipak Mane (Independent Director)
	Mr. Murali Sivaraman (Independent Director)
	Mr. Kanwar Bir Singh Anand (Independent Director) (w.e.f 27th June 2022)
	Mrs. Sonia Singh (Independent Director) (w.e.f 27th June 2022)
Relatives of key management personnel	Smt. S. N. Kalyani
	Mr. G. N. Kalyani
	Mrs. R. G. Kalyani
	Ms. S. G. Kalyani
	Mr. V. G. Kalyani
	Mrs. A. G. Agarwal
	Mrs. S. S. Tandale
	Mrs. S. J. Hiremath
	Mrs. A. P. Kore
	Mrs. Deeksha Amit Kalyani
Post employment benefit trusts	Bharat Forge Company Limited Staff Provident Fund
	Bharat Forge Company Limited Employees Group Gratuity Fund
	Bharat Forge Company Limited Officer's Group Gratuity Fund
	Bharat Forge Company Limited Officer's Superannuation Scheme

Transactions and balances less than 10% of the total transactions and balances are disclosed as "Others".

Notes to Financial Statements

for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(ii) Related party transactions

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
1	**Purchase of raw materials, components, stores & spares**	**Subsidiaries**		
		Kalyani Powertrain Limited	5.97	1.03
		Analogic Controls India Limited	-	4.63
		BF Infrastructure Limited	-	4.52
			5.97	**10.18**
		Step down subsidiaries		
		Bharat Forge Kilsta AB	-	52.21
		Kalyani Rafael Advanced Systems Private Limited	3.95	37.50
		BF Industrial Technology & Solutions Limited	77.51	-
		Others	0.12	0.73
			81.58	**90.44**
		Associate		
		Aeron Systems Private Limited	1.60	-
		Joint ventures		
		REFU Drive GmbH	0.43	2.84
			2.03	**2.84**
		Other related parties		
		Kalyani Steels Limited	6,097.97	5,132.78
		Saarloha Advanced Materials Private Limited	15,381.66	11,803.44
		Others	493.37	389.80
			21,973.00	**17,326.02**
			22,062.58	**17,429.48**
2	**Other expenses**			
	- Machining/ subcontracting charges	**Subsidiaries**		
		Kalyani Centre for Precision Technology Limited	469.92	279.56
		Others	2.33	5.38
			472.25	**284.94**
		Step down subsidiaries		
		BF Industrial Technology & Solutions Limited	58.00	100.11
			58.00	**100.11**

Notes to Financial Statements

for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
	- Machining/ subcontracting charges (contd.)	**Subsidiary of a Joint venture**		
		Refu Drive India Private Limited	-	2.50
			-	**2.50**
		Other related parties		
		Kalyani Technoforge Limited	76.13	82.49
		Kalyani Transmission Technologies Private Limited	25.49	68.40
		Others	4.94	9.30
			106.56	**160.19**
			636.81	**547.74**
	- Power, fuel and water	**Associates and subsidiaries of associates**		
		Avaada MHVidarbha Private Limited	23.39	-
		Other related parties		
		BF Utilities Limited	31.79	143.47
			55.18	**143.47**
	- CSR expenditure	**Other related parties**		
		Kalyani Cleantech Private Limited	-	0.19
		Kalyani Strategic Management Services Limited (formerly Kalyani Technologies Limited)	-	0.69
			-	0.88
	- Rent*	**Step down subsidiaries**		
		Kalyani Rafael Advance Systems Private Limited	4.05	-
			4.05	**-**
		Other related parties		
		United Metachem Private Limited	10.01	9.60
		KTMS Properties Company Private Limited	18.71	20.07
		Others	4.06	3.84
			32.78	**33.51**
			36.83	**33.51**

* The lease arrangements which have been considered for Ind AS 116 disclosures in note no. 35 and taken to right-of-use assets have been considered in rent expenses for disclosing actual transactions with related parties.

Notes to Financial Statements

for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
	- Legal and professional fees	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	126.77	85.71
		Bharat Forge America Inc.	98.63	82.94
		Bharat Forge International Limited	435.61	64.11
		Kalyani Strategic Systems Limited	93.30	-
		Others	32.71	-
			787.02	**232.76**
		Step down subsidiaries		
		Bharat Forge Kilsta AB	2.89	2.92
		Electroforge Limited	0.00	-
			2.89	**2.92**
		Other related parties		
		Kalyani Strategic Management Services Limited (formerly Kalyani Technologies Limited)	261.78	162.59
		Others	35.67	-
			297.45	**162.59**
			1,087.36	**398.27**
	- Donations	**Other related parties**		
		SBK Charitable Trust	-	25.00
			-	**25.00**
	- Directors' fees and travelling expenses	**Key management personnel**		
		Mr. P. G. Pawar	0.58	0.70
		Mr. S. M. Thakore	-	0.41
		Mrs. L. D. Gupte	0.43	0.28
		Mr. P. H. Ravikumar	0.66	0.56
		Mr. P. C. Bhalerao	-	0.48
		Mr. V. R. Bhandari	0.76	0.41
		Mr. Dipak Mane	1.75	0.28
		Mr. Murali Sivaraman	0.46	0.28
		Mr. Kanwar Bir Singh Anand	0.36	-
		Mrs. Sonia Singh	0.37	-
			5.37	**3.40**

Notes to Financial Statements

for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
	- Commission to directors other than managing and whole time directors	**Key management personnel**		
		Mr. P. G. Pawar	1.44	1.40
		Mr. S. M. Thakore	-	0.60
		Mrs. L. D. Gupte	0.56	0.55
		Mr. P. H. Ravikumar	1.13	1.10
		Mr. P. C. Bhalerao	-	0.70
		Mr. V. R. Bhandari	1.38	0.80
		Mr. D B Mane	0.75	1.00
		Mr. Murali Sivaraman	0.63	0.80
		Mr. Kanwar Bir Singh Anand	0.38	-
		Mrs. Sonia Singh	0.38	-
			6.65	**6.95**
	- Miscellaneous expenses	**Subsidiaries**		
		Bharat Forge International Limited	369.45	-
		Others	9.26	0.25
			378.71	**0.25**
		Step down subsidiaries		
		Kalyani Rafael Advance Systems Private Limited	0.12	-
			0.12	**-**
		Other related parties		
		Kalyani Strategic Management Services Limited (formerly Kalyani Technologies Limited)	164.94	116.26
		Kalyani Steels Limited	0.24	-
		Kalyani Technoforge Limited	10.42	-
			175.60	**116.26**
			554.43	**116.51**

Notes to Financial Statements

for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
	- Repairs and maintenance	**Subsidiaries**		
		Kalyani Powertrain Limited	-	0.04
			-	**0.04**
		Other related parties		
		Kalyani Technoforge Limited	-	21.17
		KTMS Properties Company Private Limited	13.70	9.51
			13.70	**30.68**
			13.70	**30.72**
	- Recovery of freight	**Subsidiaries**		
		Bharat Forge International Limited	2,795.95	1,838.06
			2,795.95	**1,838.06**
			5,192.28	**3,144.52**
3	Sale of goods and manufacturing scrap (net of returns, rebate etc.)	**Subsidiaries**		
		Bharat Forge International Limited	29,594.61	26,405.00
		Kalyani Strategic Systems Limited	270.97	-
		Kalyani Powertrain Limited	18.69	19.16
			29,884.27	**26,424.16**
		Step down Subsidiaries		
		BF Industrial Technology & Solutions Limited	41.05	41.74
		Others	18.57	4.56
			59.62	**46.30**
		Associates		
		Tork Motors Private Limited (Upto November 21, 2021)	-	-
			-	**-**
		Other related parties		
		Automotive Axles Limited	410.96	281.27
		Saarloha Advanced Materials Private Limited	2,864.56	2,564.61
		Others	42.18	31.99
			3,317.70	**2,877.87**
			33,261.59	**29,348.22**
4	Sale of Services	**Step down subsidiaries**		
		BF Industrial Technology & Solutions Limited	11.42	0.01
			11.42	**0.01**

Notes to Financial Statements

for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
4	Sale of Services (contd.)	**Other related parties**		
		Automotive Axles Limited	182.24	114.02
		Saarloha Advanced Materials Private Limited	70.76	57.71
		Others	1.10	2.07
			254.10	**173.80**
			265.52	**173.81**
5	Sale of stores, spares and raw materials	**Subsidiaries**		
		Kalyani Centre for Precision Technology Limited	32.74	10.22
			32.74	**10.22**
		Other related parties		
		Kalyani Technoforge Limited	-	2.03
			-	**2.03**
			32.74	**12.25**
6	Other income	**Subsidiaries**		
	- Dividend income	Bharat Forge International Limited	-	94.50
			-	**94.50**
	- Rent	**Subsidiaries**		
		Kalyani Centre for Precision Technology Limited	20.29	0.02
		Others	0.40	0.48
			20.69	**0.50**
		Other related parties		
		Kalyani Medicomp Private Limited (formerly Kalyani Additives Private Limited)	14.06	12.33
		Kalyani Technoforge Limited	20.07	-
		Others	6.46	5.69
			40.59	**18.02**
			61.28	**18.52**
	- Miscellaneous income	**Subsidiaries**		
		Bharat Forge America Inc.	28.44	19.23
			28.44	**19.23**
		Step down subsidiaries		
		Bharat Forge Aluminiumtechnik GmbH	32.95	0.30
		Others	10.11	7.58
			43.06	**7.88**

Notes to Financial Statements

for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
	- Miscellaneous income (contd.)	**Other related parties**		
		Kalyani Steels Limited	-	1.41
			-	**1.41**
			71.50	**28.52**
	- Sale/discard of property, plant and equipment	**Subsidiaries**		
		Kalyani Centre For Precision Technology Limited	0.32	32.48
		Kalyani Powertrain Limited	-	-
		Others	-	-
			0.32	**32.48**
		Step-down Subsidiaries		
		Bharat Forge Aluminiumtechnik GmbH	37.95	-
			37.95	**-**
			38.27	**32.48**
			171.05	**174.02**
7	Purchase of property, plant and equipment, intangible assets (including CWIP)	**Subsidiaries**		
		Kalyani Powertrain Limited	37.43	-
		Step-down Subsidiaries		
		Kalyani Rafael Advanced Systems Private Limited	-	3.85
			37.43	**3.85**
		Other related parties		
		KGEPL Engineering Solutions Private Limited	-	-
		Kalyani Technoforge Limited	-	48.77
		Kalyani Strategic Management Services Limited	-	22.44
		Kalyani Cleantech Private Limited	-	1.11
			-	**72.32**
			37.43	**76.17**
8	Finance provided:			
	- Investment	**Subsidiaries**		
		Bharat Forge America Inc.*	2,888.19	1,112.08
		Kalyani Powertrain Limited	270.54	1,623.23
		BF Industrial Solutions Limited	3,497.29	920.00
		Others	243.79	329.68
			6,899.81	**3,984.99**

* Includes loan given of ₹ 1,949.36 million which is converted into investment

Notes to Financial Statements

for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
	- Investment (contd.)	**Associates**		
		Avaada MHVidarbha Private Limited	113.75	-
			113.75	**-**
		Other related parties		
		Khed Economic Infrastructure Private Limited (Includes fair valuation impact)	162.74	235.68
			162.74	**235.68**
			7,176.30	**4,220.67**
	- Loans given	**Subsidiaries**		
		Kalyani Powertrain Limited	1,074.00	-
		Bharat Forge America Inc. [includes exchange (loss)/gain]	1,721.50	153.22
		BF Industrial Solutions Limited	100.00	750.00
		JS Auto Cast Foundry India Private Limited	950.00	-
		Others	2.66	140.00
			3,848.16	**1,043.22**
		Associates and subsidiaries of associates		
		Aeron Systems Private Limited	-	8.00
			-	**8.00**
			3,848.16	**1,051.22**
			11,024.46	**5,271.89**
9	Sale/Transfer of investment	**Subsidiaries**		
		Kalyani Powertrain Limited (investment in Tork Motors)	-	300.37
		Analogic Controls India Limited	46.41	-
		Associates and subsidiaries of associates		
		Aeron Systems Private Limited	137.18	-
			183.59	**300.37**
10	Recovery of loans given	**Subsidiaries**		
		BF Industrial Solutions Limited	100.00	750.00
		Bharat Forge America Inc. (Converted to Equity)	-	-
		JS Auto Cast Foundry India Private Limited	835.95	-
		Others	164.00	40.00
			1,099.95	**790.00**

Notes to Financial Statements
for the year ended March 31, 2023

39. Related Party disclosures (contd.)
(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
10	**Recovery of loans given (contd.)**	**Step down subsidiaries**		
		Tork Motors Private Limited (w.e.f. November 22, 2021)	28.00	4.00
			28.00	**4.00**
		Associates and subsidiaries of associates		
		Tork Motors Private Limited (upto November 21, 2021)	-	6.00
		Aeron Systems Private Limited	8.00	-
			8.00	**6.00**
			1,135.95	**800.00**
11	**Recovery of security deposits**	**Relatives of key management personnel**		
		Mrs. S. S. Tandale	-	-
			-	**-**
12	**Advance given**	**Subsidiaries**		
		Kalyani Centre for Precision Technology Limited	26.12	173.58
		Bharat Forge Global Holding GmbH	28.55	-
		Others	-	2.20
			54.67	**175.78**
		Step down subsidiaries		
		Kalyani Rafael Advanced Systems Private Limited	-	37.50
			-	**37.50**
		Other related parties		
		Kalyani Cleantech Private Limited	-	32.87
			-	**32.87**
			54.67	**246.15**
13	**Advance received**	**Subsidiaries**		
		Kalyani Centre for Precision Technology Limited	26.12	-
		Bharat Forge Global Holding GmbH	28.55	-
			54.67	**-**
14	**Capital advance given**	**Associate**		
		Aeron Systems Private Limited	-	0.47
			-	**0.47**

Notes to Financial Statements
for the year ended March 31, 2023

39. Related Party disclosures (contd.)
(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
14	**Capital advance given (contd.)**	**Other related parties**		
		Khed Economic Infrastructure Private Limited	-	1,235.27
		KSMS Technologies Solutions Private Limited (formerly known as Kalyani Global Engineering Private Limited)	44.71	-
		Others	-	17.42
			44.71	**1,252.69**
			44.71	**1,253.16**
15	**Interest income**	**Subsidiaries**		
		Bharat Forge America Inc.	75.76	0.54
		Kalyani Powertrain Limited	47.35	-
		JS Auto Cast Foundry India Private Limited	27.61	-
		Others	27.65	20.61
			178.37	**21.15**
		Step down subsidiaries		
		Tork Motors Private Limited (w.e.f. November 22, 2021)	2.95	0.80
			2.95	**0.80**
		Associates and subsidiaries of associates		
		TMJ Electric Vehicles Limited (Formerly Tevva Motors [Jersey] Limited)	-	38.12
		Others	0.63	3.51
			0.63	**41.63**
		Other related parties		
		Saarloha Advanced Materials Private Limited	111.38	111.38
			111.38	**111.38**
			293.33	**174.96**
16	**Managerial remuneration @@**	**Key management personnel (Short-term employment benefits)**		
		Mr. B. N. Kalyani	200.45	147.38
		Mr. A. B. Kalyani	47.15	41.46
		Mr. G. K. Agarwal	45.10	43.25
		Mr. S. E. Tandale	47.41	28.91
		Mr. B. P. Kalyani	43.03	27.05
		Mr. K. M. Saletore	31.31	23.35
		Ms. T. R. Chaudhari	4.29	3.76
			418.74	**315.16**

@@ Does not include gratuity and leave encashment since the same is considered for all employees of the Company as a whole.

Notes to Financial Statements

for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
17	Dividend paid	**Key management personnel**		
		Mr. B. N. Kalyani	0.55	0.25
		Mr. A. B. Kalyani	4.90	2.21
		Mr. G. K. Agarwal	0.03	0.02
		Mr. B. P. Kalyani	0.05	0.02
		Mr. S. M. Thakore	-	0.09
		Mr. P. H. Ravikumar	0.05	0.02
		Mr. K. M. Saletore	0.01	0.00
			5.59	**2.61**
		Relatives of key management personnel		
		Mr. G. N. Kalyani	4.83	2.17
		Ms. Sheetal Gaurishankar Kalyani	0.16	-
		Mrs. Rohini Gaurishankar Kalyani	0.71	-
		Viraj Gaurishankar Kalyani	0.16	-
		Others	0.10	0.06
			5.96	**2.23**
			11.55	**4.84**
18	Reversal of provision for diminution in value of investment	**Subsidiaries**		
		Analogic Controls India Limited	16.55	-
			16.55	**-**
		Associates and subsidiaries of associates		
		TMJ Electric Vehicles Limited (Foremerly Tevva Motors (Jersey) Limited)	-	890.00
			-	**890.00**
			16.55	**890.00**
19	Contributions paid*	**Post employment benefit trusts**		
		Provident fund		
		Bharat Forge Company Limited Staff Provident Fund	266.08	245.28
			266.08	**245.28**
		Gratuity fund		
		Bharat Forge Company Limited Employees Group Gratuity fund	32.58	43.10
		Bharat Forge Company Limited Officer's Group Gratuity fund	78.05	68.90
			110.63	**112.00**

* For closing balances of above employee benefits trusts, refer note no.37.

Notes to Financial Statements

for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
19	Contributions paid (contd.)*	**Superannuation fund**		
		Bharat Forge Company Limited Officer's Superannuation scheme	16.59	17.80
			16.59	**17.80**
			393.30	**375.08**
20	Guarantees Given/ Renewed	**Subsidiaries**		
		Bharat Forge America Inc.	1,684.95	1,136.96
			1,684.95	**1,136.96**
		Step down subsidiaries		
		Bharat Forge Kilsta AB	-	1,515.78
		Bharat Forge Aluminium USA, Inc	1,446.59	1,114.22
			1,446.59	**2,630.00**
			3,131.54	**3,766.96**

* For closing balances of above employee benefits trusts, refer note no.37.

(iii) Balance outstanding as at the year end

In ₹ Million

Sr. No.	Nature of balance	Names of the related parties and nature of relationships	As at March 31, 2023	As at March 31, 2022
1	Trade payables	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	16.01	36.96
		Bharat Forge International Limited	-	81.09
		Kalyani Centre For Precision Technology Limited	109.49	67.88
		Bharat Forge America Inc.	17.54	22.82
		Others	22.79	6.78
			165.83	**215.53**
		Step down subsidiaries		
		BF Industrial Technology & Solutions Limited	91.39	25.82
		Bharat Forge CDP GmbH	10.16	45.54
		Others	10.10	9.87
			111.65	**81.23**

Notes to Financial Statements

for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(iii) Balance outstanding as at the year end (contd.)

In ₹ Million

Sr. No.	Nature of balance	Names of the related parties and nature of relationships	As at March 31, 2023	As at March 31, 2022
1	Trade payables (contd.)	**Associates and subsidiaries of associates**		
		Avaada MHVidarbha Private Limited	7.76	-
			7.76	**-**
		Subsidiary of a Joint venture		
		Refu Drive India Private Limited	-	0.97
			-	**0.97**
		Other related parties		
		Kalyani Steels Limited *	1,162.44	1,112.28
		Saarloha Advanced Materials Private Limited**	2,513.41	2,221.81
		Others	207.41	213.79
			3,883.26	**3,547.87**
			4,168.50	**3,845.60**
2	Trade receivables	**Subsidiaries**		
		Bharat Forge International Limited	18,592.84	14,484.67
		Kalyani Strategic Systems Limited	314.18	-
		Others	24.19	1.72
			18,931.21	**14,486.39**
		Step down subsidiaries		
		Bharat Forge Aluminiumtechnik GmbH	-	1.20
		Tork Motors Private Limited (w.e.f. November 22, 2021)	22.74	6.35
		Others	0.89	7.92
			23.63	**15.47**
		Other related parties		
		Automotive Axles Limited	203.95	155.05
		Saarloha Advanced Materials Private Limited	920.82	771.10
		Others	49.08	44.23
			1,173.85	**970.38**
			20,128.69	**15,472.24**
3	Receivable for sale of property, plant and equipment	**Subsidiaries**		
		Kalyani Powertrain Limited	-	0.07
			-	**0.07**
			-	**0.07**

* Net of advance given amounting to ₹ 470.00 million (March 31, 2022: ₹ 470.00 million) **[Refer note 22]**

** Net of advance given amounting to ₹ 250.00 million (March 31, 2022: ₹ 250.00 million) **[Refer note 22]**

Notes to Financial Statements

for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(iii) Balance outstanding as at the year end (contd.)

In ₹ Million

Sr. No.	Nature of balance	Names of the related parties and nature of relationships	As at March 31, 2023	As at March 31, 2022
4	Payables for capital goods	**Step down subsidiaries**		
		Kalyani Rafael Advanced Systems Private Limited	-	6.75
			-	**6.75**
		Other related parties		
		Kalyani Cleantech Private Limited	0.49	2.63
			0.49	**2.63**
			0.49	**9.38**
5	Non-current investments	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	6,089.60	6,089.60
		Bharat Forge America Inc.	5,643.78	2,755.59
		BF Infrastructure Limited	1,641.55	1,641.55
		Kalyani Powertrain Limited	1,893.79	1,623.24
		BF Industrial Solutions Limited	4,417.29	920.00
		Others	1,797.86	1,574.21
			21,483.87	**14,604.19**
		Joint ventures		
		BF NTPC Energy Systems Limited	33.64	33.64
		REFU Drive GmbH	919.14	919.14
			952.78	**952.78**
		Associates		
		Aeron Systems Private Limited	-	140.00
		Avaada MHVidarbha Private Limited	113.75	-
			113.75	**140.00**
		Other related parties (including fair value)		
		Khed Economic Infrastructure Private Limited	988.00	825.26
			988.00	**825.26**
			23,538.40	**16,522.23**
6	Loans given	**Subsidiaries**		
		BF Elbit Advanced Systems Private Limited	156.67	140.82
		Kalyani Powertrain Limited*	1,050.00	-
		Others	203.52	375.75
			1,410.19	**516.57**

* Of these ₹ 900 million are non current receivable [For more details, Refer note 46]

Notes to Financial Statements
for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(iii) Balance outstanding as at the year end (contd.)

In ₹ Million

Sr. No.	Nature of balance	Names of the related parties and nature of relationships	As at March 31, 2023	As at March 31, 2022
6	**Loans given (contd.)**	**Step down subsidiaries**		
		Tork Motors Private Limited (w.e.f. November 22, 2021)	-	28.00
			-	**28.00**
		Associates and subsidiaries of associates		
		Aeron Systems Private Limited	-	8.00
			-	**8.00**
			1,410.19	**552.57**
7	**Recoverable from subsidiaries (net of provision)**	**Subsidiaries**		
		Bharat Forge International Limited	1,716.98	933.34
		Others	15.02	66.72
			1,732.00	**1,000.06**
		Step down subsidiaries		
		Bharat Forge Aluminiumtechnik Gmbh	98.54	-
		Others	1.54	56.42
			100.08	**56.42**
			1,832.08	**1,056.48**
8	**Security deposits given**	**Other related parties**		
		BF Utilities Limited	200.00	210.00
		Kalyani Strategic Management Services Limited (formerly Kalyani Technologies Limited)	89.40	89.40
		Others	39.71	39.71
			329.11	**339.11**
			329.11	**339.11**
9	**Advance to suppliers**	**Subsidiaries**		
		BF Infrastructure Limited	-	2.62
		Bharat Forge International Limited	49.08	-
		Others	0.03	-
			49.11	**2.62**
		Other related parties		
		Saarloha Advanced Materials Private Limited	1,350.00	1,350.00
		Others	0.06	-
			1,350.06	**1,350.00**
			1,399.17	**1,352.62**

Notes to Financial Statements
for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(iii) Balance outstanding as at the year end (contd.)

In ₹ Million

Sr. No.	Nature of balance	Names of the related parties and nature of relationships	As at March 31, 2023	As at March 31, 2022
10	**Interest accrued**	**Subsidiaries**		
		Kalyani Powertrain Limited	42.35	-
		Others	-	0.85
			42.35	**0.85**
		Step down subsidiaries		
		Tork Motors Private Limited (w.e.f. November 22, 2021)	-	0.24
			-	**0.24**
			42.35	**1.09**
11	**Advance from customers**	**Other related parties**		
		Automotive Axles Limited	12.50	5.54
			12.50	**5.54**
12	**Capital advances**	**Associates and subsidiaries of associates**		
		Aeron Systems Private Limited	-	0.47
			-	**0.47**
		Other related parties		
		Khed Economic Infrastructure Private Limited	2,435.27	2,435.27
		Others	66.20	21.48
			2,501.47	**2,456.75**
			2,501.47	**2,457.22**
13	**Managerial remuneration payable ***	**Key management personnel (Short-term employment benefits)**		
		Mr. B. N. Kalyani	41.34	31.20
		Mr. A. B. Kalyani	3.18	2.40
		Mr. G. K. Agarwal	3.00	2.40
		Mr. S. E. Tandale	15.79	12.98
		Mr. B. P. Kalyani	14.75	10.03
		Mr. K. M. Saletore	6.83	8.84
			84.89	**67.85**
14	**Commission to directors other than managing and whole time directors**	**Other Directors and Relatives**		
		Mr. P. G. Pawar	1.44	1.40
		Mr. S. M. Thakore	-	0.60
		Mrs. L. D. Gupte	0.56	0.55
		Mr. P. H. Ravikumar	1.13	1.10
		Mr. P. C. Bhalerao	-	0.70

* Does not include gratuity and leave encashment since the same is considered for all employees of the Company as a whole.

Notes to Financial Statements
for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(iii) Balance outstanding as at the year end (contd.)

In ₹ Million

Sr. No.	Nature of balance	Names of the related parties and nature of relationships	As at March 31, 2023	As at March 31, 2022
14	**Commission to directors other than managing and whole time directors (contd.)**	Mr. V. R. Bhandari	1.38	0.80
		Mr. Dipak Mane	0.75	1.00
		Mr. Murali Sivaraman	0.63	0.80
		Mr. Kanwar Bir Singh Anand	0.38	-
		Mrs. Sonia Singh	0.38	-
			6.65	**6.95**
15	**Provision for diminution in value of investment**	**Subsidiaries**		
		BF Infrastructure Limited	1,355.60	1,355.60
		Analogic Controls India Limited	-	16.55
			1,355.60	**1,372.15**
		Joint Ventures		
		BF NTPC Energy Systems Limited	33.64	33.64
			33.64	**33.64**
			1,389.24	**1,405.79**
16	**Guarantee given**	**Subsidiaries**		
		Kalyani Strategic Systems Limited	500.00	500.00
		Bharat Forge America Inc.	1,684.95	1,136.96
			2,184.95	**1,636.96**
		Step down subsidiaries		
		Bharat Forge Kilsta AB	-	1,515.78
		Bharat Forge Aluminium USA, Inc	5,223.33	3,482.90
			5,223.33	**4,998.68**
			7,408.28	**6,635.64**

(1) Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured with a short term duration unless otherwise stated and interest free except for loans and interest-bearing advance given to supplier Saarloha Advance Material Private Limited. For the year ended March 31, 2023 the Company has not recorded any impairment of receivables relating to the amount owed by related parties other than those disclosed separately above (March 31, 2022: ₹ Nil). This assessment is undertaken in each financial year by examining the financial position of the related party and the market in which the related party operates.

(2) All transactions were made on normal commercial terms and conditions and at market rates.

(3) For details of guarantees given to related parties, refer note 39.

Notes to Financial Statements
for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(iv) Board of Directors of the Company in their meeting held on February 14, 2023 have passed the resolution for the re-appointment of Mr. B. N. Kalyani (DIN: 00089380), as the Managing Director of the Company and for being designated as Chairman and Managing Director of the Company, for a period of five (5) years with effect from March 30, 2023 up to March 29, 2028, along with the terms and conditions of the re-appointment including the remuneration payable to him. Pursuant to Section 110 of the Companies Act, 2013 read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, on April 14, 2023, the Company has commenced the process for postal ballot for this proposed appointment and the e-voting for the same will be completed by May 27, 2023.

40. Capital and other commitments

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Estimated value of contracts remaining to be executed on capital accounts and not provided for, net of advances	1,024.64	1,271.45
(b) Commitment for investment in Avaada MHVidarbha Private Limited	-	113.75
(c) Guarantees given by the Company on behalf of other companies [(Refer note 40(a)]		
Balance outstanding	7,408.28	6,137.83
(Maximum amount)	(8,986.70)	(6,137.83)
(d) For commitments relating to lease agreements, please refer note 35		

(a) The Company has issued various financial guarantees/support letters for the working capital requirements of the subsidiary companies. The management has considered the probability for the outflow of the same to be remote.

The Company, for its newly set up plant located at Mambattu, Nellore, Andhra Pradesh for Manufacture of Aluminium Casting, has imported Capital Goods under the Export Promotion Capital Goods Scheme of the Government of India, at concessional rates of duty on an undertaking to fulfill quantified exports. As at March 31, 2022 export obligation aggregates to USD 8.94 million (₹ 734.93 million), this is to be satisfied over a period of 6 years (Block year 1st to 4th year - 50% and 5th to 6th year - 50%) from December 14, 2018, as specified. Non-fulfilment of such future obligations, in the manner required, if any entails options/rights to the Government to levy penalties under the above referred scheme.

41. Capital Management

For the purpose of the Company's capital management, capital includes issued equity share capital, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a net debt-equity ratio, which is net debt divided by

Notes to Financial Statements

for the year ended March 31, 2023

41. Capital Management (contd.)

equity. The Company's policy is to keep the net debt-equity ratio below 1.00. The Company includes within its borrowings net debt and interest-bearing loans less cash and cash equivalents.

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Borrowings	44,009.15	38,991.89
Less: Cash and other liquid assets	20,671.51	23,737.98
Net debt	23,337.64	15,253.91
Equity	76,068.72	71,097.75
Net debt/equity Ratio	0.31	0.21

42. Loans and advances in the nature of loans given to subsidiaries/associates and firms/ companies in which directors are interested

In ₹ Million

Particulars	As at### March 31, 2023	As at### March 31, 2022
Bharat Forge Global Holding Gmbh* ^		
Balance outstanding	89.47	84.19
Maximum amount outstanding during the year	89.47	85.77
BF Infrastructure Limited (advance) !		
Balance outstanding	-	40.00
Maximum amount outstanding during the year	40.00	80.00
BF Elbit Advanced Systems Private Limited *		
Balance outstanding	156.69	140.82
Maximum amount outstanding during the year	156.69	140.82
Kalyani Strategic Systems Limited #		
Balance outstanding	-	50.00
Maximum amount outstanding during the year	50.00	50.00
Tork Motors Private Limited @		
Balance outstanding	-	28.00
Maximum amount outstanding during the year	28.00	38.00
Saarloha Advanced Materials Private Limited ##		
Balance outstanding	1,350.00	1,350.00
Maximum amount outstanding during the year	1,350.00	1,350.00
Bharat Forge America Inc. ^		
Balance outstanding	-	151.56
Maximum amount outstanding during the year	1,873.06	151.56

Notes to Financial Statements
for the year ended March 31, 2023

42. Loans and advances in the nature of loans given to subsidiaries/associates and firms/ companies in which directors are interested (contd.)

In ₹ Million

Particulars	As at### March 31, 2023	As at### March 31, 2022
Kalyani Centre for Precision Technology Limited**		
Balance outstanding	-	50.00
Maximum amount outstanding during the year	50.00	50.00
Aeron Systems Private Limited **		
Balance outstanding	-	8.00
Maximum amount outstanding during the year	8.00	8.00
BF Industrial Solutions Limited (formerly Nouveau Power and Infrastructure Private Limited)^^		
Balance outstanding	-	-
Maximum amount outstanding during the year	100.00	750.00
JS Auto Cast Foundry India Private Limited**		
Balance outstanding	114.05	-
Maximum amount outstanding during the year	950.00	-
Kalyani Powertrain Limited$$ ***		
Balance outstanding	1,050.00	-
Maximum amount outstanding during the year	1,050.00	-

* Receivable on demand.

! Receivable after 2 years from the date of disbursement of the loan. It can be repaid earlier than the maturity, based on mutual understanding.

^ The effect of foreign exchange fluctuation throughout the year is not considered while disclosing the maximum amount outstanding as shown above.

\# Receivable in 12 months from the date of disbursement of the loan.

$ Considered as a part of investment in the previous year. Refer note 6.

\## Non current advance for a continuous supply of goods.

@ Loan tenure is 3 years from the date of disbursement of the loan. Quarterly repayment is ₹ 2 million, ₹ 3 million, ₹ 5 million for years 1, 2 and 3 respectively.

** Receivable after 1 year from the date of disbursement of the loan. It can be repaid earlier than the maturity, based on mutual understanding.

$$ Receivable after 1 year and 3 years from the date of disbursement of tht loan. It can be repaid earlier than the maturity, based on mutual understanding.

*** Interest accrued is included in the carrying value of loans to subsidiaries for FY 2022-23

^^ Receivable after 3 months from the date of disbursement of the loan.

\### Receivables are excluding occurred interest

Notes to Financial Statements
for the year ended March 31, 2023

42. Loans and advances in the nature of loans given to subsidiaries/associates and firms/ companies in which directors are interested (contd.)

Loans and advances in the nature of loans granted to promoters, directors, key managerial personnel (KMPs) and other related parties either severally or jointly with any other person that are:

a) Repayable on demand or

b) without specifying any terms or period of repayment

In ₹ Million

Type of Borrower	March 31, 2023		March 31, 2022	
	Amount of loan or advances in the nature of loan outstanding	% of total loans and advances in the nature of loans	Amount of loan or advances in the nature of loan outstanding	% of total loans and advances in the nature of loans
Promoters	-	-	-	-
Directors	-	-	-	-
KMPs	-	-	-	-
Related Parties	246.16	9%	225.01	11%

Note: There are no investments by the loanee in the shares of the Company, when the respective company has made a loan or advance in the nature of a loan

43. Details of dues to Micro and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED, Act 2006)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Principal amount due to suppliers under MSMED Act, 2006*	63.70	80.22
Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	0.46	0.36
Payment made to suppliers (other than interest) beyond the appointed day, during the year	42.56	75.16
Interest paid to suppliers under MSMED Act, 2006 (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act, 2006 (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, 2006 for the payments already made	0.51	0.40
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	5.44	4.97

* The amount includes dues and unpaid of Nil (March 31, 2022: Nil)

The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company.

Notes to Financial Statements
for the year ended March 31, 2023

44. Relationships with companies struck off under section 248 of the Companies Act 2013 or section 560 of the Companies Act 1956.

In ₹ Million

Name of the struck off company	Transaction during the period	Balance outstanding	Nature of transaction	Relationship with the struck off company
March 31, 2023				
Harinagar Sugar Mills Ltd.	0.72	-	Sales	Customer*
Havinhomes Reality & Consulting Services Private Limited	0.01	-	Expense	Vendor*
Dreams Broking Private Limited	0.00	-	Dividend	Shareholder
Aditya Cyber Services And Management Solutions Private Limited	0.00	-	Dividend	Shareholder
March 31, 2022				
Havinhomes Reality & Consulting Services Private Limited	-	0.01	Payables	Vendor*
PALS Specalised Tooling System Private Limited	-	-	Payables	Vendor*
Wisdom Solutions Private Limited	0.36	-	Payables	Vendor*

* These parties are not related parties as per the definition of 'related party' under section 2(76) of the Companies Act 2013.

45. CSR expenditure

(a) Gross amount required to be spent by the Company during the year

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Gross amount required to be spent by the Company during the year	160.50	169.36

(b) An amount of ₹ 160.50 million (March 31, 2022: ₹ 169.36 million) was approved by the board towards CSR activities.

(c) Amount spent during the year

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	131.49	169.36
	131.49	**169.36**

Notes to Financial Statements

for the year ended March 31, 2023

45. CSR expenditure (contd.)

(d) For details of CSR expenditure incurred toward related parties, refer note 39.

(e) Details of ongoing projects and other than ongoing projects

Details to be disclosed under Sec 135 (6) (Ongoing Projects)

In ₹ Million

Financial year	Opening Balance		Amount transferred to Separate Unspent A/c during the year	Amount Required to be spent during the year	Amount Spent during the year		Closing Balance	
	With Company	In Separate CSR Unspent A/c			From Company's Bank A/c	From Separate CSR Unspent A/c	With Company	In Separate CSR Unspent A/c
2022-23	25.80	12.12	25.80	134.21	105.20	31.73	29.01	6.19
2021-22	26.85	-	26.85	158.68	132.88	14.73	25.80	12.12

In case of Sec 135 (5) (Other than Ongoing Projects)

In ₹ Million

Financial Year	Opening Balance	Amount Deposited in specified fund of Sch VII within 6 months	Amount required to be spent during the year	Amount spent during the year*	Closing Balance
2022-23	-	-	26.29	26.29	-
2021-22	14.60	14.60	10.68	10.68	-

* Includes administrative overheads of ₹ 6.00 Million (March 31, 2022: ₹ 5.90 Million)

(f) Details of shortfall, cumulative shortfall and reasons for shortfall

During the year ended March 31, 2023, as against the required expenditure of ₹ 160.5 million (March 31, 2022: ₹ 169.36 million), the Company has incurred an expenditure of ₹ 131.49 million (March 31, 2022: ₹ 169.36 million) and an amount of ₹ 29.01 million (March 31, 2022: ₹ 25.80 million) remained unspent due to phase wise implementation of CSR activities. The unspent amount for the year ended March 31, 2023, has been transferred to the unspent CSR account and the same shall be utilised by the Company in the next year for CSR projects undertaken by the Company.

(g) Nature of activities

Ongoing projects

As part of ongoing project for CSR, the Company has undertaken activities such as village development (water, internal roads, livelihood, health & education), promotion of sports, skill development, projects associated with community development & woman empowerment and education activities.

Other than ongoing projects

These include activities related to educational sponsorship, protection of heritage, art and culture and various rural development initiatives.

Notes to Financial Statements

for the year ended March 31, 2023

46. Disclosures required under Section 186(4) of the Companies Act 2013

In ₹ Million

Name of the borrowing entity	Purpose	Rate of Interest (p.a.)	Year ended$$ March 31, 2023	Year ended$$ March 31, 2022
Bharat Forge Global Holding GmbH	General corporate purpose *	3.50%	89.47	84.19
BF Infrastructure Limited	General corporate purpose !	9.00%	-	40.00
BF Elbit Advanced Systems Private Limited $$	Working Capital purpose *	10.00%	156.69	140.82
Saarloha Advanced Materials Private Limited	General corporate purpose #	8.25%	1,350.00	1,350.00
Tork Motors Private Limited	General corporate purpose ^	11.00%	-	28.00
Bharat Forge America Inc	General corporate purpose @	7.50%	-	151.56
Kalyani Centre for Precision Technology Ltd	General corporate purpose $	7.50%	-	50.00
Aeron Systems Private Limited	General corporate purpose **	8.00%	-	8.00
Kalyani Strategic Systems Limited	General corporate purpose **	7.50%	-	50.00
JS Auto Cast Foundry India Private Limited	Prepayment of existing term loan from banks##	8.50%	64.05	-
JS Auto Cast Foundry India Private Limited	General corporate purpose ##	8.70%	50.00	-
Kalyani Powertrain Limited $$	General corporate purpose ***	8.70%	1,050.00	-

* Receivable on demand.

! Receivable after 2 years from the date of disbursement of the loan. It can be repaid earlier than the maturity, based on mutual understanding.

Long term advance for a period of 4 years.

^ Loan Tenure is 3 years from the date of disbursement of the loan. Quarterly repayment is ₹ 2 million, ₹ 3 million, ₹ 5 million for years 1, 2 and 3 respectively.

** Receivable after 1 years, one bullet payment along with interest at the end of the term.

*** Receivable after 3 years, one bullet payment along with interest at the end of the term. ₹ 900 million is receivable after 1 year along with interest at the end of the loan

Receivable after 3 year and interest payable 6 monthly from the date of disbursement of the loan.

$ Receivable after 1 year, one bullet payment along with interest at the end of the term.

$$ Receivables are excluding accrued interest

- All loans are unsecured

Notes to Financial Statements

for the year ended March 31, 2023

46. Disclosures required under Section 186(4) of the Companies Act 2013 (contd.)

- Details of investments made are given in note 6 and note 7
- Guarantee given on behalf of
  - Bharat Forge America Inc., wholly owned subsidiary company, of ₹ 6,908.28 million (March 31, 2022: ₹ 4,581.96 million) for term loan or loans towards investment in step down subsidiaries.
  - Kalyani Strategic Systems Limited, subsidiary company, of ₹ 500.00 million (March 31, 2022: ₹ 500.00 million) for availing non-fund based credit facilities from the banks.

47 Details of funds advanced or loaned or invested to any other persons or entities, for lending or investing in other person or entities (Ultimate Beneficiaries)

For year ended March 31, 2023

Investments

The Company has investments in following subsidiaries for being further invested in step down subsidiaries of the Company

In ₹ Million

Sl. No.	Name of the subsidiary	Date of investment into subsidiary	Amount invested in subsidiary	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary
1	Kalyani Powertrain limited	August 19, 2022	270.00	Kalyani Mobility INC	August 19, 2022	263.91
2	BF Industrial Solutions limited	July 01, 2022	3,380.00	Promoters of JS Auto Cast Foundry India Private Limited	July 01, 2022	3,257.31
		October 06, 2022	117.29	Promoters of JS Auto Cast Foundry India Private Limited	October 06, 2022	117.29
3	Bharat Forge America Inc	April 12, 2022	609.04	Bharat Forge Aluminium USA, Inc.	April 13, 2022	609.04
		June 21, 2022	956.28	Bharat Forge Aluminium USA, Inc.	June 22, 2022	956.28
		September 21, 2022	156.18	Bharat Forge Aluminium USA, Inc.	September 22, 2022	156.18

Notes to Financial Statements

for the year ended March 31, 2023

47 Details of funds advanced or loaned or invested to any other persons or entities, for lending or investing in other person or entities (Ultimate Beneficiaries) (contd.)

Loans

The Company has given loans to following subsidiaries for being further invested in step down subsidiaries of the Company

In ₹ Million

Sl. No.	Name of the subsidiary	Date of investment into subsidiary	Amount invested in subsidiary	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary
1	Kalyani Powertrain limited	June 07, 2022	50.00	Tork Motors Private limited	June 08, 2022	50.00

For year ended March 31, 2022

Investments

The Company has investments in following subsidiaries for being further invested in step down subsidiaries of the Company

In ₹ Million

Sl. No.	Name of the subsidiary	Date of investment into subsidiary	Amount invested in subsidiary	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Amount invested by subsidiary into beneficiary
1	Bharat Forge America Inc.	May 10, 2021	440.39	Bharat Forge Aluminium USA, Inc.	May 10, 2021	440.39
		August 23, 2021	445.53	Bharat Forge Aluminium USA, Inc.	August 23, 2021	445.53
		October 13, 2021	226.16	Bharat Forge Aluminium USA, Inc.	October 13, 2021	226.16
2	Kalyani Powertrain Limited	September 09, 2021	347.57	Kalyani Mobility Inc.	September 09, 2021	347.57
		September 27, 2021	300.30	Tork Motors Private Limited	September 27, 2021	300.30
		February 10, 2022	150.05	Kalyani Mobility Inc.	February 10, 2022	149.98
		July 20, 2021	400.00	Tork Motors Private Limited#	November 24, 2021	399.98
3	BF Industrial Solutions Limited*	September 07, 2021	750.00	BF Industrial Technology and Solutions Limited	September 07, 2021	750.00
4	BF Industrial Solutions Limited	June 25, 2021	900.00	BF Industrial Technology and Solutions Limited	June 28, 2021	150.00
				Financial creditors as per IBC order	June 28, 2021	750.00

Notes to Financial Statements

for the year ended March 31, 2023

47 Details of funds advanced or loaned or invested to any other persons or entities, for lending or investing in other person or entities (Ultimate Beneficiaries) (contd.)

Loans

The Company has given loans to following subsidiaries for being further invested in step-down subsidiaries of the Company

In ₹ Million

Sl. No.	Name of the subsidiary	Date of investment into subsidiary	Amount invested in subsidiary	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Amount invested by subsidiary into beneficiary
1	Bharat Forge America Inc.	March 14, 2022	153.22	Bharat Forge Aluminium USA, Inc.	March 14, 2022	153.22

\# Investment in optionally convertible Debentures

* Amount repaid on the same date

Statement of compliance

With regard to the investments made, loans given and guarantees given during the year ended March 31, 2023 as well as March 31, 2022, the Company has complied with the relevant regulatory provisions.

Particulars of the intermediaries/beneficiaries/ultimate beneficiaries

1 **Bharat Forge America Inc.**
Registered office: 2150, Schmiede St, Surgoinville, Tennessee 37873, USA

Relationship with the beneficiary: Wholly owned Subsidiary

2 **Bharat Forge Aluminium USA, Inc.**
Registered office: 160, Mine lake Court, Suite 200, Raleigh, North Carolina 27615, USA

Relationship with the beneficiary: Step down Subsidiary

3 **Kalyani Powertrain Limited**
Registered office: S No 49, Industry House, Opposite Kalyani Limited, Mundhwa, Pune 411036

Relationship with the beneficiary: Wholly owned subsidiary

4 **BF Industrial Solutions Limited**
Registered office: S No 49, Industry House, Opposite Kalyani Limited, Mundhwa, Pune 411036

Relationship with the beneficiary: Wholly owned subsidiary

5 **Tork Motors Pvt Ltd, India**
Registered office: Plot No. 4/25, Sector No.10, PCNTDA, Pune 411026

Relationship with the beneficiary: Step down subsidiary

Notes to Financial Statements
for the year ended March 31, 2023

47 Details of funds advanced or loaned or invested to any other persons or entities, for lending or investing in other person or entities (Ultimate Beneficiaries) (contd.)

6 **Kalyani Mobility Inc.**
Registered office: 160, Mine lake Court, Suite 200, Raleigh, North Carolina 27615, USA

Relationship with the beneficiary: Step down subsidiary

7 **BF Industrial Technology and Solutions Limited**
Registered office: 244/6&7 GIDC estate, Waghodia, Gujarat.

Relationship with the beneficiary: Step down subsidiary

The Company has not received any funds from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

48. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosure of fair value measurement hierarchy for assets as at March 31, 2023:

In ₹ Million

Particulars	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at FVTOCI			
Unquoted equity instruments			
Khed Economic Infrastructure Private Limited	-	-	988.00
Avaada SataraMH Private Limited	-	-	142.45
Avaada MHBuldhana Private Limited [refer note 48 (c)]	-	-	20.34
TMJ Electric Vehicles Limited (Formerly know as Tevva Motors (Jersey) Ltd)	-	2,803.94	-
Quoted equity instruments			
Birlasoft Limited (erstwhile KPIT Technologies Limited)	160.08	-	-
KPIT Technologies Limited [refer note 48(b)]	567.09	-	-
Derivative instruments at fair value through OCI			
Cash flow hedges	-	1,893.54	-
Financial assets at FVTPL			
Unquoted equity instruments			
Gupta Energy Private Limited [refer note 48(a)]	-	-	-

Notes to Financial Statements

for the year ended March 31, 2023

48. Fair value hierarchy (contd.)

In ₹ Million

Particulars	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Derivative instruments at fair value through P&L			
Fair value hedges	-	78.49	-
Unquoted funds			
Investments in private equity fund	-	255.92	-
Investments in mutual funds	-	12,492.67	-
Quoted funds/bonds			
Investments in mutual funds	2,570.57	-	-
Financial liability at FVTOCI			
Cash flow hedges	-	187.88	-

Quantitative disclosure of fair value measurement hierarchy for assets as at March 31, 2022:

In ₹ Million

Particulars	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at FVTOCI			
Unquoted equity instruments			
Khed Economic Infrastructure Private Limited	-	-	825.26
Avaada SataraMH Private Limited	-	-	142.45
Avaada MHBuldhana Private Limited [refer note 48 (c)]	-	-	20.34
Tevva Motors (Jersey) Ltd	-	2,803.94	-
Quoted equity instruments			
Birlasoft Limited (erstwhile KPIT Technologies Limited)	278.88	-	-
KPIT Technologies Limited **[refer note 48(b)]**	368.44	-	-
Derivative instruments at fair value through OCI			
Cash flow hedges	-	3,843.39	-
Financial assets at FVTPL			
Unquoted equity instruments			
Gupta Energy Private Limited **[refer note 48(a)]**	-	-	-
Derivative instruments at fair value through P&L			
Fair value hedges	-	92.24	-

Notes to Financial Statements

for the year ended March 31, 2023

48. Fair value hierarchy (contd.)

In ₹ Million

Particulars	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Unquoted funds			
Investments in private equity fund	-	307.78	-
Investments in mutual funds	-	16,175.46	-
Quoted funds/bonds			
Investments in mutual funds	3,281.49	-	-

There have been no transfers between Level 1 and Level 2 during the year ended March 31, 2023 and March 31, 2022.

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at March 31, 2023 and March 31, 2022 are as shown below

Particulars	Valuation technique	Significant unobservable inputs	Range	Sensitivity of the input to fair value
Unquoted equity shares in Khed Economic Infrastructure Private Limited (KEIPL)	Cost method	Estimated realisation rates for developed land and land under development	March 31, 2023: ₹10.6 million to ₹12.6 million/acre (March 31, 2022: ₹ 10.50 million to ₹12.60 million/acre)	5% increase/(decrease) in realisation rate would result in increase/(decrease) in fair value per share by ₹ 1.50 (March 31, 2022: ₹ 55.27)
		Estimated realisation rates for undeveloped land	Not Applicable	
Unquoted equity shares in Avaada SataraMH Private Limited (ASPL)	Discounted Cash-flow (DCF) method	Weighted Average Cost of Capital (WACC)	March 31, 2023: 18.80% (March 31, 2022: 18.80%)	1% (March 31, 2022: 1%) increase (decrease) in the WACC would result in decrease (increase) in fair value by ₹ 6.15 million (31 March 2022: ₹ 6.15 million)
Unquoted equity shares in Avaada MHBuldhana Private Limited	Discounted Cash-flow (DCF) method	Weighted Average Cost of Capital (WACC)	March 31, 2023: 15.52% (March 31, 2022: Ref note c)	1% (March 31, 2022: 1%) increase (decrease) in the WACC would result in decrease (increase) in fair value by ₹ 0.11 million (31 March 2022: Ref note c)

Notes to Financial Statements
for the year ended March 31, 2023

48. Fair value hierarchy (contd.)

(a) Gupta Energy Private Limited (GEPL)

The Company has an investment in the equity instrument of GEPL. The same is classified as fair value through profit and loss. Over the years, GEPL has been making consistent losses. The management of the Company has made attempts to obtain the latest information for the purpose of valuation. However, such information is not available as GEPL has not filed the financial statements with the Ministry Of Corporate Affairs (MCA) since FY 2014-15. In view of the above, the management believes that the fair value of the investment is Nil as at April 1, 2015 and thereafter.

(b) KPIT Technologies Limited

The Company had invested into 613,000 equity shares of ₹ 2/- each of KPIT Technologies Limited. The Hon'ble National Company Law Tribunal, Mumbai Bench, has by its order approved the composite scheme of arrangement (Scheme), amongst Birlasoft (India) Limited, KPIT Technologies Limited, KPIT Engineering Limited and their respective shareholders. Pursuant to the Scheme, the engineering business of KPIT Technologies Limited has been transferred to KPIT Engineering Limited.

Pursuant to the order, Birlasoft (India) Limited has merged with KPIT Technologies Limited and KPIT Technologies has been renamed as "Birlasoft Limited". KPIT Engineering Limited has been renamed as "KPIT Technologies Limited".

Pursuant to the Scheme, the Company had received 1 equity share of KPIT Technologies Ltd. of ₹ 10/- each for 1 equity share of Birlasoft Ltd. of ₹ 2/- each. The ratio of cost of acquisition per share of Birlasoft Ltd. and KPIT Technologies Ltd. was 56.64% to 43.36%.

The investment in shares has been classified under level 1 of the fair value hierarchy as on March 31, 2023 and March 31, 2022.

(c) Avaada MHBuldhana Private Limited

The investment in equity shares of Avaada MHBuldhana Private Limited which was made on September 30, 2021 is governed by the terms of the share purchase agreement and the shares held by the Company are subject to certain restrictions in terms of the ability of the Company to sell the shares and the value at which this can be done. Considering the nature of restrictions and the overall intention of the management in relation to the equity shares, the fair value of such shares for the Company is the same as their cost i.e. the face value.

49. Financial instruments by category

Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's financial instruments as of March 31, 2023; other than those with carrying amounts that are reasonable approximates of fair values:

In ₹ Million

Particulars	Carrying value		Fair value	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Investments *	14,102.82	5,709.32	14,102.82	5,709.32
Loans	1,316.98	342.19	1,316.98	342.19
Trade receivables	113.25	113.25	113.25	113.25
Derivative instruments	646.49	2,574.29	646.49	2,574.29
Other non-current financial assets	357.21	673.86	357.21	673.86

Notes to Financial Statements
for the year ended March 31, 2023

49. Financial instruments by category (contd.)

In ₹ Million

Particulars	Carrying value		Fair value	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Total financial assets	**16,536.75**	**9,412.91**	**16,536.75**	**9,412.91**
Borrowings	12,031.78	13,006.52	12,031.78	13,006.52
Lease Liabilities	3,309.21	2,152.21	3,309.21	2,152.21
Derivative instruments	146.08	-	146.08	-
Other non-current financial liabilities	391.09	247.65	391.09	247.65
Total financial liabilities	**15,878.16**	**15,406.38**	**15,878.16**	**15,406.38**

* Investments do not include investments in subsidiaries, joint ventures and associates which are carried at cost and hence are not required to be disclosed as per Ind AS 107 "Financial Instruments Disclosures".

The management assessed that the fair value of cash and cash equivalent, trade receivables, derivative instruments, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

Further, the management assessed that the fair value of security deposits, trade receivables and other non-current receivables approximate their carrying amounts largely due to discounting/expected credit loss at rates which are an approximation of current lending rates.

The fair value of the financial assets and liabilities is included in the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

(i) Long-term fixed-rate and variable-rate receivables are evaluated by the Company based on parameters such as the individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

(ii) The fair values of quoted instruments are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in note 48. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

(iii) The fair values of the unquoted equity shares have been estimated using a cost method (KEIPL), market method (Tevva) as well as DCF model (ASPL and AMPL). The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

Notes to Financial Statements

for the year ended March 31, 2023

49. Financial instruments by category (contd.)

(iv) The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and forward rate curves of the underlying. All derivative contracts are fully cash collateralised, thereby eliminating both the counterparty and the Company's own non-performance risk. As at March 31, 2023 the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

(v) The Company's borrowings and loans are appearing in the books at fair value since the same are interest bearing. Hence discounting of the same is not required. The own non-performance risk as at March 31, 2023 and March 31, 2022 was assessed to be insignificant.

Reconciliation of fair value measurement of unquoted equity instruments classified as FVTOCI assets:

In ₹ Million

Type of Borrower	Unquoted equity shares in Avaada SataraMH Private Limited	Unquoted equity shares in Khed Economic Infrastructure Private Limited	Unquoted equity shares in Avaada MHBuldhana Private Limited	Unquoted equity shares in Tevva Motors (Jersey) Limited
As at April 1, 2021	**142.45**	**589.58**	**-**	**-**
Remeasurement recognised in OCI	-	235.68	-	1,346.17
Remeasurement recognised in Statement of profit and loss	-	-	-	-
Purchases	-	-	20.34	-
Conversion of investment in associate to financial instrument [Refer note 6 (k) and 32(b)]	-	-	-	1,457.77
Sales	-	-	-	-
As at March 31, 2022	**142.45**	**825.26**	**20.34**	**2,803.94**
Remeasurement recognised in OCI	-	162.74	-	-
Remeasurement recognised in Statement of profit and loss	-	-	-	-
Purchases	-	-	-	-
Conversion of investment in associate to financial instrument [Refer note 6 (k) and 32(b)]	-	-	-	-
Sales	-	-	-	-
As at March 31, 2023	**142.45**	**988.00**	**20.34**	**2,803.94**

Notes to Financial Statements

for the year ended March 31, 2023

50. Hedging activities and derivatives

Cash flow hedges

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in the US Dollar and Euro. These forecast transactions are highly probable.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

In ₹ Million

Type of Borrower	March 31, 2023		March 31, 2022	
	Assets	Liabilities	Assets	Liabilities
Fair value of foreign currency forward contracts	1,893.54	187.88	3,843.39	-

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arises requiring recognition through profit and loss. The amounts of outstanding forward contracts are as follows:

In ₹ Million

Nature of instrument	Currency	Purpose	March 31, 2023		March 31, 2022	
			Foreign Currency in Million	In ₹ Million	Foreign Currency in Million	In ₹ Million
Forward Contracts	USD	Hedging of highly probable forecast sales	621.00	53,742.45	628.22	53,217.25
Forward Contracts	EUR	Hedging of highly probable forecast sales	164.52	16,686.07	189.02	18,825.75

The cash flow hedges of the expected future sales during the year ended March 31, 2023 were assessed to be highly effective and a net unrealised (loss)/gain of ₹ 1,662.18 million (March 31, 2022: ₹ 3,761.17 million), with a deferred tax liability of ₹ 418.34 million (March 31, 2022 ₹ 946.61 million) relating to the hedging instruments, is included in OCI.

The amount removed from OCI during the year and included in the carrying amount of the hedged item as an adjustment for the year ended March 31, 2023 as detailed in note 33, totaling ₹ 1,373.62 million (gross of deferred tax) (March 31, 2022: ₹ 1,349.93 million). The amounts retained in OCI at March 31, 2023 are expected to mature and affect the statement of profit and loss till the year ended March 31, 2026.

Fair value hedges

At March 31, 2023 and March 31, 2022, the Company has a cross currency swap agreement in place. During the current year, the company has converted its Rupee Preshipment Credit into USD. Under the original agreement, the interest rate was fixed at 6.30% p.a. but due to cross currency swap arrangement the revised interest rate has been fixed at 4.00% p.a.

In earlier years, the Company has converted one of its USD loans into a Euro loan for interest arbitrage. Under the original agreement, the interest rate was fixed at LIBOR + 67 basis points, but due to the cross currency swap arrangement, the revised interest rate has been fixed at EURIBOR + 87 basis points, decreasing the corresponding interest cost on the term loan.

Notes to Financial Statements

for the year ended March 31, 2023

50. Hedging activities and derivatives (contd.)

Also as at March 31, 2023 the Company had certain forward contracts outstanding, which are being used to hedge the exposure to changes in the fair value of its underlying trade receivables.

The impact of the derivative instrument on the balance sheet as at March 31, 2023 is as follows:

In ₹ Million

Fair value hedge	Nominal amount (In Million)	Carrying amount of the asset/ (liability)	Line item in balance sheet where hedging instrument is disclosed	Changes in fair value for calculating hedge ineffectiveness for March 2023
Cross currency swap	EUR 10.21	76.42	Derivative instruments	Nil
Cross currency swap	USD 9.73	0.60	Derivative instruments	Nil
Forward Contracts	USD 2.28	1.47	Derivative instruments	Nil

The impact of the derivative instrument on the balance sheet as at March 31, 2022 is as follows:

In ₹ Million

Fair value hedge	Nominal amount (In Million)	Carrying amount of the asset/ (liability)	Line item in balance sheet where hedging instrument is disclosed	Changes in fair value for calculating hedge ineffectiveness for March 2022
Cross currency swap	EUR 17.86	85.10	Derivative instruments	Nil
Forward Contracts	EUR 3.03	13.61	Derivative instruments	Nil
Forward Contracts	USD 7.03	(6.47)	Derivative instruments	Nil

The impact of the hedged item on the balance sheet as at March 31, 2023 is as follows:

In ₹ Million

Fair value hedge	Nominal amount (In Million)	Changes in fair value for calculating hedge ineffectiveness for March 2023
Current borrowings	USD 12.00	NIL
Current borrowings	INR 800.00	NIL
Trade receivables	USD 2.28	NIL

The impact of the hedged item on the balance sheet as at March 31, 2022 is as follows:

In ₹ Million

Fair value hedge	Nominal amount (In Million)	Changes in fair value for calculating hedge ineffectiveness for March 2022
Non-current borrowings	USD 21.00	NIL
Trade receivables	EUR 3.03	NIL
Trade receivables	USD 7.03	NIL

Notes to Financial Statements

for the year ended March 31, 2023

50. Hedging activities and derivatives (contd.)

Derivatives not designated as hedging instruments

The Company has used foreign exchange forward contracts to manage the repayment of some of its foreign currency denominated borrowings. These foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions i.e. the repayments of foreign currency denominated borrowings.

51. Ratio analysis and its elements

In ₹ Million

	Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% change	Note reference for reasons for variance
(a)	Current ratio	Current Assets	Current Liabilities	1.36	1.67	-18%	
(b)	Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.58	0.55	5%	
(c)	Debt Service Coverage ratio	Earnings for debt service	Debt service	2.42	3.83	-37%	(1)
(d)	Return on Equity ratio (%)	Net Profits after taxes - Preference Dividend	Average Shareholder's Equity	14.12%	16.51%	-14%	
(e)	Inventory Turnover ratio	Cost of goods sold	Average Inventory	2.77	2.57	8%	
(f)	Trade Receivable Turnover Ratio	Net credit sales	Average Trade Receivable	2.64	3.06	-14%	
(g)	Trade Payable Turnover Ratio	Net credit purchases	Average Trade Payables	4.86	4.92	-1%	
(h)	Net Capital Turnover Ratio	Net sales	Working capital	4.45	2.42	84%	(2)
(i)	Net Profit ratio (%)	Net Profit	Net sales	13.81%	17.23%	-20%	
(j)	Return on Capital Employed (%)	Earning before interest and taxes (EBIT)	Capital Employed	13.27%	13.04%	2%	
(k)	Return on Investment (%)	Earning before interest and taxes (EBIT)	Average Shareholder's Equity	22.09%	22.70%	-3%	

Notes for movement in ratios

1 Movement in the ratio is attributable to an increase in revenue from operations which has been partially offset by an increase in the interest cost during the year.

2 Even though the revenue from operations has increased significantly, due to efficient working capital management this increase has not resulted in higher working capital. Hence this ratio has increased compared to the previous year.

Definitions

a Total Debt = Current and non-Current portion of long term borrowings + Short term borrowings

b Earning available for debt service = Profit for the year + Depreciation and Amortisation expense + Finance Costs + Exceptional items + (Gain)/Loss on sale of Property, plant and equipment

Notes to Financial Statements

for the year ended March 31, 2023

51. Ratio analysis and its elements (contd.)

c Debt service = Interest & Lease Payments + Principal Repayments

d Average Inventory = (Opening Inventory + Closing inventory)/2

e Net credit sales = Gross credit sales - Sales return

f Average Trade Receivable = (Opening Trade Receivable + Closing Trade Receivable)/2

g Net credit purchases = Gross credit purchases - Purchase return

h Average Trade Payables = (Opening Trade Payables + Closing Trade Payables)/2

i Net sales = Total sales - Sales return

j Working capital = Current assets - Current liabilities

k EBIT = Profit before Tax + Finance Costs + Exceptional items

l Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax

52. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, the management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

1) Leases

Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Refer to Note 35 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Notes to Financial Statements

for the year ended March 31, 2023

52. Significant accounting judgements, estimates and assumptions (contd.)

Property lease classification – Company as lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

2) Embedded derivatives

The Company has entered into certain hybrid contracts i.e. where an embedded derivative is a component of a non-derivative host contract, in the nature of financial liability. The Company has exercised judgement to evaluate if the economic characteristics and risks of the embedded derivative are closely related to the economic characteristics and risks of the host. Based on the evaluation, the Company has concluded that, these economic characteristics and risks of the embedded derivatives are closely related to the economic characteristics and risks of the host and thus not separated from the host contract and not accounted for separately.

3) Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

a) Identifying contracts with customers

The Company enters into a Master service agreement ('MSA') with its customers which define the key terms of the contract with customers. However, the rates and quantities to be supplied are separately agreed through purchase orders. management has exercised judgement to determine that contract with customers for the purpose of Ind AS 115 is MSA and customer purchase orders for the purpose of identification of performance obligations and other associated terms.

b) Identifying performance obligation

The Company enters into contract with customers for sale of goods and tooling income. The Company determined that both the goods and tooling income are capable of being distinct. The fact that the Company regularly sells these goods on a standalone basis indicates that the customer can benefit from it on an individual basis. The Company also determined that the promises to transfer these goods are distinct within the context of the contract. These goods are not input to a combined item in the contract. Hence, the tooling income and the sale of goods are separate performance obligations.

c) Determination of timing of satisfaction of performance obligation

The Company concluded that the sale of goods and tooling income is to be recognised at a point in time because it does not meet the criteria for recognising revenue over a period of time. The Company has applied judgement in determining the point in time when the control of the goods and tooling income is transferred based on the criteria mentioned in the standard read along with the contract with customers, applicable laws and considering the industry practices which are as follows:

Notes to Financial Statements

for the year ended March 31, 2023

52. Significant accounting judgements, estimates and assumptions (contd.)

(1) **Sale of goods**

The goods manufactured are "Build to print" as per design specified by the customer for which the tools/dies are approved before commercial production commences. Further, the dispatch of goods is made on the basis of the purchase orders obtained from the customer taking into account the just in time production model with customer.

(2) **Tooling income**

Tools are manufactured as per the design specified by the customer which is approved on the basis of the customer acceptance. The management has used judgement in identification of the point in time where the tools are deemed to have been accepted by the customers.

d) **Litigations**

The Company has various ongoing litigations, the outcome of which may have a material effect on the financial position, results of operations or cash flows. The Company's legal team regularly analyses current information about these matters and assesses the requirement for provision for probable losses including estimates of legal expenses to resolve such matters. In making the decision regarding the need for loss provision, the management considers the degree of probability of an unfavourable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a law suit or formal assertion of a claim against the Company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

Considering the facts on hand and the current stage of certain ongoing litigations where it stands, the Company forsees the remote risk of any material claim arising from claims against the Company. Management has exercised significant judgement in assessing the impact, if any, on the disclosures in respect of litigations in relation to the Company.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

1) Estimating the incremental borrowing rate to measure lease liabilities

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Notes to Financial Statements

for the year ended March 31, 2023

52. Significant accounting judgements, estimates and assumptions (contd.)

2) Impairment of non-financial assets (tangible and intangible)

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or Cash Generating Unit's (CGU's) fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining the fair value less costs to disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

3) Defined benefit plans

The cost of the defined benefit gratuity plan, other defined benefit plans and other post-employment plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, expected returns on plan assets and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases, discount rates and return on planned assets are based on expected future inflation rates for India. Further details about defined benefit plans are given in note 37.

4) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using different valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements and estimates include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer notes 48 and 49 for further disclosures.

5) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about the risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Further, the Company also evaluates the risk with respect to expected loss on account of loss in time value of money which is calculated using the average cost of capital for relevant financial assets.

Notes to Financial Statements
for the year ended March 31, 2023

52. Significant accounting judgements, estimates and assumptions (contd.)

The Company assesses the impairment of investments in subsidiaries, associates and joint ventures which are recorded at cost. The recoverable amount requires estimates of profit, discount rate, future growth rate, terminal values, etc. based on management's best estimate.

6) Provision for inventories

The management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete slow-moving items and net realisable value. The management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

53. Financial risk management objectives and policies

The Company's principal financial liabilities other than derivatives comprise loans and borrowings, trade payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables and cash and cash equivalents that derive directly from its operations. The Company also holds FVTOCI and FVTPL investments and enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a Finance and Risk Management Committee (FRMC) that advises on financial risks and the appropriate financial risk governance framework for the Company. The FRMC provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. Further, all the derivative activities for risk management purposes are carried out by experienced members of the senior management who have the relevant expertise, appropriate skills and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees on policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments in mutual funds, FVTOCI investments and derivative financial instruments.

The sensitivity analysis in the following sections relates to the position as at March 31, 2023 and March 31, 2022.

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at March 31, 2023 and comparatively as at March 31, 2022. The analysis excludes the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations and provisions.

The below assumptions have been made in calculating the sensitivity analysis:

Notes to Financial Statements
for the year ended March 31, 2023

53. Financial risk management objectives and policies (contd.)

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held as at March 31, 2023 and March 31, 2022 including the effect of hedge accounting.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates, other than 5.97% rated unsecured non-convertible debentures, 5.80% rated unsecured non-convertible debentures & 5.90% rupee term loan from a bank which have a fixed interest rate.

The Company generally borrows in foreign currency, considering the natural hedge it has against its export. Long-term and short-term foreign currency debt obligations carry floating interest rates.

The Company avails short term debt in foreign currency up to a tenure of 9 months, in the nature of export financing for its working capital requirements. LIBOR/SOFR or EURIBOR for the said debt obligations is fixed for the entire tenor of the debt, at the time of availment.

The Company has an option to reset LIBOR or EURIBOR either for 6 Months or 3 months for its long-term debt obligations. To manage its interest rate risk, the Company evaluates the expected benefit from either the LIBOR or EURIBOR resetting options and accordingly decides. The Company also has the option for its long-term debt obligations to enter into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

As at March 31, 2023, the Company's 49.07 % of total long-term borrowings are covered under a floating rate of interest (March 31, 2022: 72.05%).

Interest rate sensitivity

The Company's total interest cost for the year ended March 31, 2023 was ₹ 2,126.89 million (March 31, 2022: ₹ 1,073.01 million). The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, with all other variables held constant, the Company's profit before tax is affected through the impact on floating rate long term borrowings, as follows:

In ₹ Million

Particulars	Change in basis points	Effect on profit before tax and equity	
		March 31, 2023	March 31, 2022
USD	+/- 50	21.37	28.42
EUR*	+50	21.57	32.71
EUR*	-50	(21.57)	(9.31)

* During the previous financial year, EURIBOR was trading in a negative zone and some Euro borrowings were floored at zero EURIBOR while others were trading at floating EURIBOR. Further Euro borrowings includes USD borrowings swapped into Euro borrowings through cross currency swap.

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing significantly higher volatility than in prior years.

Notes to Financial Statements

for the year ended March 31, 2023

53. Financial risk management objectives and policies (contd.)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's export revenue and long-term foreign currency borrowings.

The Company manages its foreign currency risk by hedging its forecasted sales up to 3 to 4 years to the extent of 25%-65% on a rolling basis and the Company keeps its long-term foreign currency borrowings un-hedged which will be a natural hedge against its un-hedged exports. The Company may hedge its long term borrowing near the repayment date to avoid rupee volatility in the short term.

The Company avails bills discounting facility in INR for some of its export receivables to avail interest subvention benefit. The Company manages foreign currency risk by hedging the receivables against the said liability. The Company also manages foreign currency risk in relation to export receivable balances through forward exchange contracts.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The Company discloses fair value of the outstanding derivative in the financial statements. The impact on the Company's pre-tax equity due to changes in the fair value of the outstanding forward contracts is as follows:

In ₹ Million

Change in rate	Effect on OCI		Effect on net profit	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
USD/INR -1	630.73	628.22	2.28	7.03
EUR/INR -1	164.52	189.02	-	3.03
EUR/USD -0.01	Nil	Nil	8.39	13.54

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of un-hedged monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

In ₹ Million

Change in FC/INR rate	Effect on profit before tax and equity	
	March 31, 2023	March 31, 2022
USD 1	26.75	79.02
EUR 1	17.45	84.87

Notes to Financial Statements

for the year ended March 31, 2023

53. Financial risk management objectives and policies (contd.)

Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require ongoing purchase of steel. Due to the significant volatility of the price of steel, the Company has agreed with its customers for pass-through of increase/decrease in prices of steel. There may be lag effect in case of such pass-through arrangements.

Commodity price sensitivity

The Company has back to back pass through arrangements for volatility in raw material prices for most of the customers. However, in a few cases there may be a lag effect in the case of such pass-through arrangements and might have some effect on the Company's profit and equity.

Equity price risk

The Company is exposed to price risk in equity investments and classified on the balance sheet as fair value through profit and loss and through other comprehensive income. To manage its price risk arising from investments in equity, the Company diversifies its portfolio. Diversification and investment in the portfolio is done in accordance with the limits set by the Board of Directors.

At the reporting date, the exposure to unlisted equity securities at fair value was ₹ 4,210.65 million (March 31, 2022: ₹ 4,099.77 million). Sensitivity analysis of major investments has been provided in Note 48.

At the reporting date, the exposure to listed equity securities at fair value was ₹ 727.17 million (March 31, 2022: ₹ 647.32 million). An increase/decrease of 10% on the NSE market index could have an impact of approximately ₹ 72.72 million (March 31, 2022: ₹ 64.73 million) on the OCI or equity attributable to the Company. These changes would not have an effect on profit and loss.

Other price risks

The Company invests its surplus funds in mutual funds which are linked to debt markets. The Company is exposed to price risk for investments that are classified as fair value through profit and loss. To manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio. Diversification and investments in the portfolio are done in accordance with Company's investment policy approved by the Board of Directors. Accordingly, increase/decrease in interest rates by 0.25% will have an impact of ₹ 37.66 million (March 31, 2022: ₹ 48.64 million).

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, investment in mutual funds, other receivables and deposits, foreign exchange transactions and other financial instruments.

Trade receivable

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Further, the Company's customers include marquee Original Equipment Manufacturers and Tier I companies, having long standing relationships with the Company. Outstanding customer receivables are regularly monitored and reconciled. On March 31, 2023, receivables from the Company's top 5 customers accounted for approximately 34.36% (March 31, 2022: 35.19%) of all the receivables outstanding. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on the provision matrix **(Refer table below)**. Further, an

Notes to Financial Statements
for the year ended March 31, 2023

53. Financial risk management objectives and policies (contd.)

impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on historical data and subsequent expectations of receipts. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 12. The Company does not hold collateral as security except in the case of a few customers. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

In ₹ Million

Year ended	Particulars	Not yet due	Outstanding for following periods from due date of payment					
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
March 31, 2023	% of loss allowance	0.08%	4.97%	5.65%	28.08%	40.09%	24.62%	1.03%
March 31, 2022	% of loss allowance	0.00%	5.68%	10.62%	21.73%	36.44%	24.76%	1.16%

Other receivables, deposits with banks, mutual funds and loans given

Credit risk from balances with banks, financial institutions and mutual funds is managed in accordance with the Company's approved investment policy. Investments of surplus funds are made only with approved Counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on a regular basis and the said limits get revised as and when appropriate. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through the counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet on March 31, 2023 and March 31, 2022 is the carrying amounts as illustrated in the respective notes except for financial guarantees and derivative financial instruments. The Company's maximum exposure relating to financial guarantees and financial derivative instruments is noted in note 38 and note 50 respectively.

Liquidity risk

Cash flow forecasting is performed by the Treasury function. Treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration compliance with internal cash management. The Company's treasury invests surplus cash in marketable securities as per the approved policy, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. At the reporting date, the Company held mutual funds of ₹ 16,691.97 million (March 31, 2022: ₹ 19,957.17 million) and other liquid assets of ₹ 3,979.54 million (March 31, 2022: ₹ 3,780.81 million) that are expected to readily generate cash inflows for managing liquidity risk.

As per the Company's policy, there should not be a concentration of repayment of loans in a particular financial year. In case of such concentration of repayment, the Company evaluates the option of refinancing the entire or part of repayments for extended maturity. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders and the Company is also maintaining surplus funds with short term liquidity for future repayment of loans.

Notes to Financial Statements
for the year ended March 31, 2023

53. Financial risk management objectives and policies (contd.)

The table below summarises the maturity profile of the Company's financial liabilities:

In ₹ Million

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
March 31, 2023				
Borrowings	32,323.44	12,032.81	-	**44,356.25**
Trade and other payables	12,126.74	-	-	**12,126.74**
Lease liabilities	151.26	755.19	2,554.02	**3,460.47**
Other financial liabilities	391.09	626.09	-	**1,017.18**
Total	**44,992.53**	**13,414.09**	**2,554.02**	**60,960.64**
March 31, 2022				
Borrowings	25,985.37	13,006.52	-	**38,991.89**
Trade and other payables	9,669.87	-	-	**9,669.87**
Lease liabilities	96.46	506.43	1,645.78	**2,248.67**
Other financial liabilities	948.68	247.65	-	**1,196.33**
Total	**36,700.38**	**13,760.60**	**1,645.78**	**52,106.76**

The management believes that the probability of any outflow on account of financial guarantees issued by the Company being called on is remote. Hence the same has not been included in the above table. Further, as and when required, the Company also gives financial support letters to subsidiaries.

54. Standards issued but not yet effective

The Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, the MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

(a) Amendments to Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence the decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

(b) Amendments to Ind-AS 12: Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

Notes to Financial Statements

for the year ended March 31, 2023

54. Standards issued but not yet effective (contd.)

(c) Amendments to Ind-AS 8: Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact on its financial statements.

55. Other statutory information

55.1. There is no proceeding initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

55.2. The Company does not have any charge which is yet to be registered with the Registrar of Companies beyond the statutory period. With regard to the satisfaction of charges, a few cases of the company are outstanding with ROC due to technical reasons and the company is in the process of obtaining no dues certificates from the lenders, which the Company will be filing with the Registrar of Companies for satisfaction of the related charges.

55.3. The Company has not traded or invested in Cryptocurrency or Virtual Currency during the financial year.

55.4. During the year ended March 31, 2023, the Company was not a party to any approved scheme which needs approval from a competent authority in terms of Sections 230 to 237 of the Companies Act, 2013.

As per our report of even date

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Shiraz Vastani
Partner
Membership Number: 103334

Place: Pune
Date: May 05, 2023

For and on behalf of the Board of Directors of **Bharat Forge Limited**

B. N. Kalyani
Chairman and Managing Director
DIN : 00089380

G. K. Agarwal
Deputy Managing Director
DIN : 00037678

Kishore Saletore
Executive Director and CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 05, 2023

Independent Auditor's Report

To the Members of Bharat Forge Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Bharat Forge Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associates and its joint ventures, which comprise the consolidated balance sheet as at 31 March 2023, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate/consolidated financial statements of such subsidiaries and associate as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint ventures as at 31 March 2023, of its consolidated profit and other comprehensive loss, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associates and joint ventures in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of reports of the other auditors referred to in paragraph (a) of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment and based on the consideration of reports of other auditors on separate/consolidated financial statements of components audited by them, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report (Contd.)

Revenue from Sale of Products

See Note 2 F. and Note 24 to consolidated financial statements

The key audit matter	How the matter was addressed in our audit
The Group's revenue is derived primarily from sale of goods. The Group manufactures specialised forged and machined products as per specifications provided by its customers. Revenue from sale of goods is recognised at a point in time when performance obligation is satisfied and is based on the transfer of control to the customer as per terms of the contract with them which may vary for each customer. The Group and its external stakeholders focus on revenue as a key performance metric. Revenue recognition has been identified as a key audit matter as there could be incentives or external pressures to meet expectations resulting in revenue being overstated or recognised before the control has been transferred.	In view of the significance of the matter we and other auditors applied the following audit procedures in this area, to obtain sufficient appropriate audit evidence: • We and other auditors assessed the appropriateness of Group's accounting policies for revenue recognition by comparing with applicable accounting standards. • We and other auditors evaluated the design, implementation and operating effectiveness (wherever applicable) of key internal controls over recognition of revenue. • On a sample basis, we and other auditors tested revenue transactions recorded during the year by verifying the underlying documents to assess whether revenue is recognised appropriately when control is transferred. • We and other auditors tested, on a sample basis specific revenue transactions recorded before and after the financial year-end date to assess whether revenue is recognised in the correct financial period in which control if transferred. • We and other auditors scrutinised journal entries related to revenue recognised during the year based upon specified risk-based criteria, to identify unusual or irregular items.

Independent Auditor's Report (Contd.)

Assessment of impairment of Goodwill and Property, Plant and Equipment (PPE) in relation to Cash Generating Units (CGU) at certain wholly owned subsidiaries

See Note 2 P. and Note 3 to consolidated financial statements

The key audit matter	How the matter was addressed in our audit
The respective companies in the group periodically assess if there are any impairment indicators for recognising impairment loss in respect of the CGUs. An annual impairment test is done for those CGUs which include Goodwill. As at 31 March 2023, certain subsidiaries in India, Germany, USA and Sweden identified indicators for impairment. The impairment assessment of the CGUs of such subsidiaries involves significant judgements and estimates including future business projections, discount rates and other assumptions. Accordingly, this matter has been identified as a key audit matter.	The audit procedures performed by the respective auditors of those subsidiaries included the following: • Obtained understanding of the respective subsidiary's process for assessing the indicators of impairment of the CGU and the process followed for estimation of the recoverable value. • Evaluated the design and implementation of controls. • Assessed the methodology used by the subsidiary to estimate the recoverable value of the relevant CGU. • Evaluated the assumptions around key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates. • Performed sensitivity analysis of key assumptions used to determine which assumptions could change the outcome of impairment assessment. • Involved specialists to assist in evaluating the impairment model, assumptions and estimates, where applicable.

Other Information

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the financial statements and auditor's report thereon.

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

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

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive

Independent Auditor's Report (Contd.)

income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and the respective Board of Directors of its associates and joint ventures are responsible for overseeing the financial reporting process of each company.

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

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

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

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

Independent Auditor's Report (Contd.)

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements/financial information of such entity or business activities within the Group and its associates and joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements/financial information of such entity included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph (a) of the section titled "Other Matters" in this audit report.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

a. The consolidated financial statements of the Group and its associates and joint ventures for the year ended 31 March 2022 were audited by the predecessor auditor who had expressed an unmodified opinion on 16 May 2022.

b. We did not audit the financial information of 30 subsidiaries, whose financial information reflects total assets (before consolidation adjustments) of ₹ 92,138 million as at 31 March 2023, total revenues (before consolidation adjustments) of ₹ 83,919 million and net cash outflows (before consolidation adjustments) amounting to ₹ 697 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Holding Company's share of net loss

Independent Auditor's Report (Contd.)

(and other comprehensive loss) of ₹ 1 million for the year ended 31 March 2023, in respect of one associate, whose financial information has not been audited by us. These financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate is based solely on the reports of the other auditors.

One of above subsidiaries is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in its country and which has been audited by the other auditor under generally accepted auditing standards applicable in its country. The Holding Company's management has converted the financial information of such subsidiary located outside India from accounting principles generally accepted in its country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the reports of the other auditor and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

c. The financial information of three subsidiaries, whose financial information reflects total assets (before consolidation adjustments) of ₹ 35 million as at 31 March 2023, total revenues (before consolidation adjustments) of ₹ 12 million and net cash inflows (before consolidation adjustments) amounting to ₹ 0.02 million for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. The consolidated financial statements also include the Group's share of net loss (and other comprehensive loss) of ₹ 334 million for the year ended 31 March 2023, as considered in the consolidated financial statements, in respect of two associates and four joint ventures, whose financial information have not been audited by us or by other auditors. This unaudited financial information have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associates, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of this matter with respect to the financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2 A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate/consolidated financial statements of such subsidiaries and associate as were audited by other auditors, as noted in the "Other Matters" paragraph, 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 of the aforesaid consolidated financial statements.

b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors of the Holding Company as on 31 March 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate company incorporated in India, none of the directors of the Group companies, its associate companies and joint venture companies incorporated in India is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies and associate company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate/consolidated financial statements of the subsidiaries and associate, as noted in the "Other Matters" paragraph:

a. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2023 on the consolidated financial position of the Group. Refer Note 41 to the consolidated financial statements.

b. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts. Refer Note 9 to the consolidated financial statements in respect of such items as it relates to the Group.

c. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company, except for delays in depositing INR 0.55 million ranging from 7 years to 18 years which is unpaid as at 31 March 2023.

d (i) The respective management of the Holding Company and its subsidiary companies and associate company incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary companies

Independent Auditor's Report (Contd.)

and associate company respectively that, to the best of their knowledge and belief, other than as disclosed in the Note 54.1 to the consolidated 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 Holding Company or any of such subsidiary companies and associate company incorporated in India 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 Holding Company or any of such subsidiary companies and associate company incorporated in India ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The respective management of the Holding Company and its subsidiary companies and associate company incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary companies and associate company respectively that, to the best of their knowledge and belief, other than as disclosed in the Note 54.2 to the consolidated financial statements, no funds have been received by the Holding Company or any of such subsidiary companies and associate company incorporated in India from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiary companies and associate company incorporated in India shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiary companies and associate company incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditors notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

e. The interim dividend declared and paid by the Holding Company during the year and until the date of this audit report is in compliance accordance with Section 123 of the Act. The final dividend paid by the Holding Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend. As stated in Note 17 to the consolidated financial statements, the respective Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the respective members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Holding Company or any of such subsidiary companies and associate company incorporated in India only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

Independent Auditor's Report (Contd.)

C. In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies and associate company incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary companies and associate company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies and associate company is not in excess of the limit laid down under Section 197 of the Act. However, the re-appointment of the Chairman and Managing Director for the period from 30 March 2023 to 28 March 2028 and the remuneration for this period are subject to approval of the shareholders, for which the Holding Company has started the process of obtaining approval by postal ballot, in accordance with the provisions of the Companies Act, 2013 (Also refer note 48 (iv) to the consolidated financial statements). The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.:101248W/W-100022

Shiraz Vastani
Partner
Membership No.: 103334
ICAI UDIN:23103334BGYMRM1107

Place: Pune
Date: 05 May 2023

Independent Auditor's Report (Contd.)

Annexure A to the Independent Auditor's Report on the Consolidated Financial Statements of Bharat Forge Limited for the year ended 31 March 2023

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(xxi) In our opinion and according to the information and explanations given to us, following companies incorporated in India and included in the consolidated financial statements, have unfavourable remarks, qualification or adverse remarks given by the respective auditors in their reports under the Companies (Auditor's Report) Order, 2020 (CARO):

Sr. No.	Name of the entities	CIN	Holding Company/ Subsidiary/JV/ Associate	Clause number of the CARO report which is unfavourable or qualified or adverse
1	Bharat Forge Limited	L25209PN1961PLC012046	Holding Company	(i) (c), (iii) (c), (iii) (e), (vii) (a)
2	BF Industrial Solutions Limited	U29100PN2011PLC138621	Subsidiary	(xvii)
3	Kalyani Powertrain Limited	U29308PN2020PLC194429	Subsidiary	(iii) (e), (vii) (a), (xvii)
4	Lycan Electric Private Limited	U50200PN2015PTC156029	Subsidiary	(xvii)
5	Kalyani Strategic Systems Limited	U31902PN2010PLC138025	Subsidiary	(iii) (c) (xvii)
6	Electroforge Limited	U31909PN2022PLC213390	Subsidiary	(xvii)
7	Kalyani Lightweighting Technology Solutions Limited	U29299PN2022PLC213002	Subsidiary	(xvii)
8	Kalyani Centre For Precision Technology Limited	U29304PN2019PLC188666	Subsidiary	(ii) (b)
9	BF Infrastructure Limited	U45203PN2010PLC136755	Subsidiary	(xvii)
10	Sagar-Manas Technologies Limited	U29100PN2022PLC209117	Subsidiary	(xvii)
11	Ferrovia Transrail Solution Private Limited	U45300DL2012PTC239645	Subsidiary	(xvii)
12	Tork Motors Private Limited	U34104PN2010PTC135855	Subsidiary	(ix) (a) (xvii)
13	BF Elbit Advanced Systems Private Limited	U29270PN2012PTC144268	Subsidiary	(xvii)
14	Kalyani Rafael Advanced Systems Private Limited	U29270PN2015PTC156252	Subsidiary	(vii) (a)

Independent Auditor's Report (Contd.)

The above does not include comments, if any, in respect of the following entities as the CARO report relating to them has not been issued by its auditor till the date of principal auditor's report.

Name of the entities	CIN	Subsidiary/JV/ Associate
Eternus Performance Materials Private Limited	U74900PN2012PTC144091	Subsidiary
Avaada MHVidarbha Private Limited	U40106UP2021PTC144594	Associate
BF Premier Energy Systems Private Limited	U24292PN2015PTC154278	Joint Venture
BF-NTPC Energy Systems Limited	U40106DL2008PLC179793	Joint Venture
Refu Drive India Private Limited	U31909PN2019PTC185291	Joint Venture

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.:101248W/W-100022

Shiraz Vastani
Partner
Membership No.: 103334
ICAI UDIN:23103334BGYMRM1107

Place: Pune
Date: 05 May 2023

Independent Auditor's Report (Contd.)

Annexure B to the Independent Auditor's Report on the consolidated financial statements of Bharat Forge Limited for the year ended 31 March 2023

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of Bharat Forge Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company and such companies incorporated in India under the Act which are its subsidiary companies, its associate companies and joint venture companies, as of that date.

In our opinion and based on the consideration of reports of the other auditors on internal financial controls with reference to financial statements of subsidiary companies and associate company, as were audited by the other auditors, the Holding Company and such companies incorporated in India which are its subsidiary companies, its associate companies and joint venture companies, have, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The respective Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the respective company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

Independent Auditor's Report (Contd.)

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies and associate company in terms of their reports referred to in the other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 consolidated financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to 16 subsidiary companies and one associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

The internal financial controls with reference to financial statements insofar as it relates to one subsidiary company, one associate company and three joint venture companies, which are companies incorporated in India and included in these consolidated financial statements, have not been audited either by us or by other auditors. In our opinion and according to the information and explanations given to us by the Management, such unaudited subsidiary company, associate company and joint venture companies are not material to the Holding Company.

Our opinion is not modified in respect of above matters.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.:101248W/W-100022

Shiraz Vastani
Partner
Membership No.: 103334
ICAI UDIN:23103334BGYMRM1107

Place: Pune
Date: 05 May 2023

Consolidated Balance Sheet

as at March 31, 2023

In ₹ Million

	Notes	As at March 31, 2023	As at March 31, 2022
Assets			
I. **Non-current assets**			
(a) Property, plant and equipment	3	52,723.01	43,964.66
(b) Capital work-in-progress	3	6,963.86	11,247.55
(c) Investment property	4	2.89	2.89
(d) Goodwill	3	2,954.72	506.43
(e) Other intangible assets	5	816.46	690.35
(f) Intangible assets under development	5	47.75	-
(g) Right-of-use asset	43	5,112.02	3,535.54
(h) Investment in associates and joint ventures	6	586.52	805.22
(i) Financial assets			
(i) Investments	7	14,601.13	6,152.10
(ii) Loans	8	56.78	169.61
(iii) Trade receivables	12	113.25	113.25
(iv) Derivative instruments	9	822.17	2,662.32
(v) Other financial assets	10	570.14	677.79
(j) Deferred tax assets (net)	21	1,495.30	1,171.07
(k) Income tax assets (net)		802.48	550.24
(l) Other assets	14	6,153.21	4,530.74
		93,821.69	**76,779.76**
II. **Current assets**			
(a) Inventories	11	31,262.54	27,104.57
(b) Financial assets			
(i) Investments	7	10,500.56	19,080.24
(ii) Trade receivables	12	30,874.57	21,622.95
(iii) Cash and cash equivalents	13	5,087.13	5,584.24
(iv) Other bank balances	13	5,308.06	445.93
(v) Loans	8	127.02	166.77
(vi) Derivative instruments	9	1,325.53	1,361.34
(vii) Other financial assets	10	734.07	753.77
(c) Other assets	14	4,800.70	3,189.77
		90,020.18	**79,309.58**
Total Assets		**183,841.87**	**156,089.34**
Equity and Liabilities			
Equity			
(a) Equity share capital	15	931.27	931.27
(b) Other equity	16	66,123.99	64,775.47
Equity attributable to equity holders of the parent		**67,055.26**	**65,706.74**
Non-controlling interests	37	360.72	560.77
Total equity		**67,415.98**	**66,267.51**
Liabilities			
I. **Non-current liabilities**			
(a) Financial liabilities			
(i) Borrowings	18	17,512.72	17,873.43
(ii) Lease liabilities	43	4,161.77	2,835.16
(iii) Derivative instruments	19a	146.08	-
(iv) Other financial liabilities	19	391.09	247.65
(b) Provisions	20	1,411.73	1,760.71
(c) Deferred tax liabilities (net)	21	2,153.27	2,889.16
(d) Other liabilities	23	7,880.66	3,073.52
		33,657.32	**28,679.63**
II. **Current liabilities**			
(a) Financial liabilities			
(i) Borrowings	18	51,010.61	38,671.95
(ii) Lease liabilities	43	447.27	335.72
(iii) Trade payables	22		
Dues to micro enterprises and small enterprises		493.46	100.91
Dues to other than micro enterprises and small enterprises		21,019.94	16,212.74
(iv) Derivative instruments	19a	46.38	-
(v) Other financial liabilities	19	1,799.44	1,264.37
(b) Other liabilities	23	6,563.98	3,141.03
(c) Provisions	20	901.32	916.45
(d) Current tax liabilities (net)		486.17	499.03
		82,768.57	**61,142.20**
Total liabilities		**116,425.89**	**89,821.83**
Total equity and liabilities		**183,841.87**	**156,089.34**

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Shiraz Vastani
Partner
Membership Number: 103334

Place: Pune,
Date: May 05, 2023

For and on behalf of the Board of Directors of Bharat Forge Limited

B. N. Kalyani
Chairman and Managing Director
DIN : 00089380

G. K. Agarwal
Deputy Managing Director
DIN : 00037678

Kishore Saletore
Executive Director and CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 05, 2023

Consolidated Statement of Profit and Loss

for the year ended March 31, 2023

In ₹ Million

	Notes	Year ended March 31, 2023	Year ended March 31, 2022 (Refer note 58)
Income			
Revenue from operations	24	129,102.59	104,610.78
Other income	25	1,728.57	1,959.00
Total income [i]		**130,831.16**	**106,569.78**
Expenses			
Cost of raw materials and components consumed	26	60,649.93	46,175.79
Purchase of traded goods		1,664.03	1,883.13
(Increase) in inventories of finished goods, work-in-progress, traded goods, dies and scrap	27	(2,700.43)	(5,899.30)
Employee benefits expense	28	15,631.00	14,646.83
Finance costs	29	2,986.20	1,604.05
Depreciation, amortisation and impairment expense	30	7,355.86	7,303.01
Other expenses	31	36,182.83	27,644.98
Total expenses [ii]		**121,769.42**	**93,358.49**
Profit before share of (loss) of associates and joint ventures, exceptional items and tax [i - ii]		**9,061.74**	**13,211.29**
Share of (loss) of associates and joint ventures		(333.48)	(329.30)
Income tax expense/(credit)		0.90	0.90
Share of (loss) of associates and joint ventures		**(334.38)**	**(330.20)**
Profit before exceptional items and tax		**8,727.36**	**12,881.09**
Exceptional items gain/(loss)	32	(457.91)	924.05
Profit before tax		**8,269.45**	**13,805.14**
Income tax expense	21		
Current tax		3,951.57	3,529.58
Deferred tax (credit)		(765.99)	(495.05)
Income tax expense		**3,185.58**	**3,034.53**
Profit for the year		**5,083.87**	**10,770.61**
Other comprehensive income			
Other comprehensive income/(loss) not to be reclassified to profit and loss in subsequent periods (net of tax)			
- Re-measurement gains on defined benefit plans	33	358.64	362.73
- Net gain on FVTOCI equity securities	33	242.59	2,025.46
- Share of other comprehensive income of associates and joint ventures	33	(0.89)	0.57
		600.34	**2,388.76**
Income tax effect	33	**(121.04)**	**(499.29)**
(A)		**479.30**	**1,889.47**

Consolidated Statement of Profit and Loss

for the year ended March 31, 2023 (contd.)

In ₹ Million

	Notes	Year ended March 31, 2023	Year ended March 31, 2022 (Refer note 58)
Other comprehensive income/(loss) to be reclassified to profit and loss in subsequent periods (net of tax)			
- Non-controlling interest reserve [Refer note 59]	33	-	(148.19)
- Net movement on cash flow hedges	33	(2,103.56)	1,008.09
- Foreign Currency Translation reserve	33	397.45	(152.11)
		(1,706.11)	**707.79**
Income tax effect	**33**	**529.43**	**(245.85)**
(B)		**(1,176.68)**	**461.94**
Other comprehensive income for the year (net of tax) [A+B]		**(697.38)**	**2,351.41**
Total comprehensive income for the year (net of tax)		**4,386.49**	**13,122.02**
Of the total comprehensive income above,			
Attributable to:			
Equityholders of the parent		4,586.54	13,168.82
Non-controlling interests		(200.05)	(46.80)
Of the total comprehensive income above,			
Profit for the year			
Attributable to:			
Equityholders of the parent		5,283.64	10,817.56
Non-controlling interests		(199.77)	(46.95)
Of the total comprehensive income above,			
Other comprehensive income/(loss) for the year			
Attributable to:			
Equityholders of the parent		(697.10)	2,351.26
Non-controlling interests		(0.28)	0.15
Earnings per equity share [nominal value per share ₹ 2/- (March 31, 2022: ₹ 2/-)]	**34**		
Basic		11.35	23.23
Diluted		11.35	23.23

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Shiraz Vastani
Partner
Membership Number: 103334

Place: Pune
Date: May 05, 2023

For and on behalf of the Board of Directors of Bharat Forge Limited

B. N. Kalyani
Chairman and Managing Director
DIN : 00089380

G. K. Agarwal
Deputy Managing Director
DIN : 00037678

Kishore Saletore
Executive Director and CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 05, 2023

Consolidated Statement of changes in equity

for the year ended March 31, 2023

A. Equity share capital:

Equity shares of ₹ 2/- each issued, subscribed and fully paid

	No.
As at March 31, 2023	465,588,632
As at March 31, 2022	465,588,632
As at April 1, 2021	465,588,632

For the year ended 31st March 2023

In ₹ Million

Balance as on April 1, 2022	Changes in equity share capital during the current year	Balance as on March 31, 2023
931.27	-	931.27

For the year ended 31st March 2022

In ₹ Million

Balance as on April 1, 2021	Changes in equity share capital during the current year	Balance as on March 31, 2022
931.27	-	931.27

B. Other equity

In ₹ Million

Particulars	Attributable to the equity holders of the parent											
	Reserves and Surplus (Refer note 16)					Items of OCI (Refer note 16)						
	Securities premium	Capital reserves	Employee stock option outstanding	General reserve	Retained Earnings	Foreign currency translation reserve (FCTR)	Equity instruments through other comprehensive income	Non-controlling interest reserve	Cash flow hedge reserve	Sub Total	Non Controlling interests	Total
Balance as at April 1, 2022	6,930.89	15.50	16.29	3,230.48	48,867.41	1,074.38	1,974.15	(148.19)	2,814.56	64,775.47	560.77	65,336.24
- Profit/(Loss) for the year	-	-	-	-	5,283.64	-	-	-	-	5,283.64	(199.77)	5,083.87
- Other Comprehensive Income/(Loss)	-	-	-	-	248.48	397.45	231.10	-	(1,574.14)	(697.11)	(0.28)	(697.39)
- Compensation options granted during the year [Refer note 16 (d)]	-	-	21.11	-	-	-	-	-	-	21.11	-	21.11
	-	**-**	**21.11**	**-**	**5,532.12**	**397.45**	**231.10**	**-**	**(1,574.14)**	**4,607.64**	**(200.05)**	**4,407.59**
Transaction with owners in their capacity as owners												
- Final equity dividend	-	-	-	-	(2,560.74)	-	-	-	-	(2,560.74)	-	(2,560.74)
- Interim equity dividend	-	-	-	-	(698.38)	-	-	-	-	(698.38)	-	(698.38)
Balance as at March 31, 2023	**6,930.89**	**15.50**	**37.40**	**3,230.48**	**51,140.41**	**1,471.83**	**2,205.25**	**(148.19)**	**1,240.42**	**66,123.99**	**360.72**	**66,484.71**

Consolidated Statement of changes in equity

for the year ended March 31, 2023 (contd.)

B. Other equity (contd.)

In ₹ Million

Particulars	Attributable to the equity holders of the parent: Reserves and Surplus (Refer note 16): Securities premium	Capital reserves	Employee stock option outstanding	General reserve	Retained Earnings	Items of OCI (Refer note 16): Foreign currency translation reserve (FCTR)	Equity instruments through other comprehensive income	Non-controlling interest reserve	Cash flow hedge reserve	Sub Total	Non Controlling interests	Total
Balance as at April 1, 2021	**6,930.89**	**15.50**	**16.29**	**3,230.48**	**39,417.42**	**1,226.49**	**346.82**	**-**	**2,052.32**	**53,236.21**	**316.95**	**53,553.16**
- Profit/(Loss) for the year	-	-	-	-	10,817.56	-	-	-	-	10,817.56	(46.95)	10,770.61
- Other Comprehensive Income/(Loss)	-	-	-	-	261.99	(152.11)	1,627.33	(148.19)	762.24	2,351.26	0.15	2,351.41
- Compensation options granted during the year [Refer note 16 (d)]	-	-	-	-	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**11,079.55**	**(152.11)**	**1,627.33**	**(148.19)**	**762.24**	**13,168.82**	**(46.80)**	**13,122.02**
Acquisition of subsidiary's non-controlling interest (net) [Refer note 59]	-	-	-	-	-	-	-		-	-	290.62	290.62
Transaction with owners in their capacity as owners												
- Final equity dividend	-	-	-	-	(931.18)	-	-	-	-	(931.18)	-	(931.18)
- Interim equity dividend	-	-	-	-	(698.38)	-	-	-	-	(698.38)	-	(698.38)
Balance as at March 31, 2022	**6,930.89**	**15.50**	**16.29**	**3,230.48**	**48,867.41**	**1,074.38**	**1,974.15**	**(148.19)**	**2,814.56**	**64,775.47**	**560.77**	**65,336.24**

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Shiraz Vastani
Partner
Membership Number: 103334

Place: Pune
Date: May 05, 2023

For and on behalf of the Board of Directors of **Bharat Forge Limited**

B. N. Kalyani
Chairman and Managing Director
DIN : 00089380

G. K. Agarwal
Deputy Managing Director
DIN : 00037678

Kishore Saletore
Executive Director and CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 05, 2023

Consolidated Cash flow statement

for the year ended March 31, 2023

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Operating activities		
Profit after exceptional items & before tax	8,269.45	13,805.14
Add/(Less): Share of (loss) of associates and joint ventures (net of tax)	(334.38)	(330.20)
	8,603.83	14,135.34
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	7,355.86	7,303.01
Unrealised foreign exchange (gain)/MTM (net)	(412.88)	(502.98)
Interest income	(291.94)	(219.86)
Liabilities/provision no longer required written back	(98.10)	(246.41)
Provision for doubtful debts and advances (net) including expected credit loss	70.44	111.88
Bad debts/advances written off	72.46	5.16
Finance costs	2,986.03	1,604.26
(Gain) on sale of property, plant and equipment (net)	(42.72)	(223.46)
Dividend income from investment	(5.11)	(4.41)
Net loss/(gain) on sale of financial investments	(1,432.67)	(903.83)
Net loss/(gain) on fair valuation of financial instruments (FVTPL)	654.12	129.10
Share based payment expense	21.11	16.29
Non-cash exceptional items	-	(1,140.06)
Effects of consolidation	-	788.35
Operating profit before working capital changes	17,480.43	20,852.38
Working capital adjustments		
(Increase)/decrease in trade receivables	(7,687.58)	(8,035.43)
(Increase)/decrease in inventories	(3,623.38)	(9,076.27)
(Increase)/decrease in other financial assets	247.03	711.99
(Increase)/decrease in other assets	(1,531.41)	(799.59)
Increase/(decrease) in provisions	(320.57)	(166.82)
Increase/(decrease) in trade payables	4,338.99	4,328.65
Increase/(decrease) in other financial liabilities	62.51	37.14
Increase/(decrease) in other liabilities	8,150.97	731.76
Cash generated from operations	17,116.99	8,583.81
Income taxes paid (net of refunds)	(4,172.33)	(3,525.33)
Net cash flow from operating activities (I)	12,944.66	5,058.48
Investing activities		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress, capital creditors and capital advances)	(9,961.82)	(10,683.30)
Proceeds from sale of property, plant and equipment and intangible assets	263.18	1,036.96
Investments in joint venture/associates	(113.75)	-
Acquisition of a subsidiary, net of cash acquired	(3,376.73)	(1,441.80)
Loan given to joint venture/associates	(4.28)	(122.41)
Proceeds from loan given to joint venture/associates	11.56	67.49
Loan given to employees/others	-	(121.84)
Proceeds from loan given to employees/others	-	90.54
Investments in mutual funds, fixed deposits and other deposits	(113,521.16)	(83,807.90)
Proceeds from sale of financial instruments including fixed deposits	109,816.43	87,853.52
Interest received	168.13	223.83
Dividend received	5.11	4.41
Net cash flows (used in) investing activities (II)	(16,713.33)	(6,900.50)

Consolidated Cash flow statement

for the year ended March 31, 2023 (contd.)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Financing activities		
Dividend paid on equity shares	(3,252.83)	(1,641.68)
Interest paid on lease liability	(276.07)	-
Interest paid on borrowing and other liabilities	(2,111.42)	(1,444.12)
Acquisition of non-controlling interest	-	(329.68)
Payment of principal portion of lease liabilities	(368.84)	(579.81)
Proceeds from borrowings including bill discounting	77,101.66	66,810.15
Repayment of borrowings including bill discounting	(68,289.81)	(59,713.20)
Net cash flows from financing activities (III)	2,802.69	3,101.66
Net (decrease)/increase in cash and cash equivalents (I + II + III)	(965.98)	1,259.64
Net foreign exchange difference	57.58	3.56
Cash and cash equivalents at the beginning of the year*	5,584.24	4,473.15
Cash and cash equivalents at the end of the year*	4,675.84	5,736.35
Foreign currency translation reserve movement	397.42	(152.11)
Cash and cash equivalents on acquisition of subsidiary	13.87	-
Cash and cash equivalents at the end of the year*	5,087.13	5,584.24

* Excluding earmarked balances (on unclaimed dividend and unspent CSR accounts)

Cash and Cash equivalents for the purpose of cash flow statement

In ₹ Million

	Year ended March 31, 2023	Year ended March 31, 2022
Bank Balances		
In cash credit and current accounts	4,924.34	4,889.16
Deposits with original maturity of less than three months	160.21	549.93
Cash on hand	2.58	145.15
Total	5,087.13	5,584.24

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Shiraz Vastani
Partner
Membership Number: 103334

Place: Pune
Date: May 05, 2023

For and on behalf of the Board of Directors of Bharat Forge Limited

B. N. Kalyani
Chairman and Managing Director
DIN : 00089380

G. K. Agarwal
Deputy Managing Director
DIN : 00037678

Kishore Saletore
Executive Director and CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 05, 2023

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

1. Corporate Information

The consolidated financial statements comprise financial statements of Bharat Forge Limited ("the Holding Company") and its subsidiaries (collectively, the Group) and the Group's interest in associates and Joint Ventures for the year ended March 31, 2023. Bharat Forge Limited ("the Company") is a public Company domiciled in India. Its shares are listed on two stock exchanges in India. The Group is engaged in the manufacturing, assembling and selling of forged and machined components including aluminium castings for the auto and industrial sector and also in the manufacturing and assembly of electric vehicle related components. The Group caters to both domestic and international markets. The registered office of the Company is located at Mundhwa, Pune. The Holding Company's CIN is L25209PN1961PLC012046. The consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on May 5, 2023.

2. Significant accounting policies

2.1 Basis of preparation

These consolidated financial statements ('CFS') of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the CFS.

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments;
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

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

The consolidated financial statements are presented in INR and all values are rounded to the nearest million (INR 000,000), except when otherwise indicated.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiaries as at March 31, 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.2 Basis of consolidation (contd.)

- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Till the financial year ended March 31, 2021, the consolidated financial statements in respect of overseas subsidiaries (other than Bharat Forge International Limited), associates and joint ventures including their respective subsidiaries/associates were drawn for the year ended December 31, 2020, whereas the financial statements of the Holding Company were drawn for the year ended March 31, 2021.

During the previous year, the Board of Directors of the Holding Company had decided to align the accounting year of overseas subsidiaries, associates and joint ventures (other than components with the accounting year of the Holding Company). Consequently, the financial statements of these components had been prepared for 15 months from January 1, 2021 to March 31, 2022, whereas the financial statements of the Holding Company are drawn for 12 months starting from April 1, 2021 to March 31, 2022. Hence current year consolidated financials are not directly comparable to the consolidated financials of the year ended March 31, 2022.

The financial statements of Bharat Forge International Limited have been prepared for the year ended March 31, 2023 and March 31, 2022. The financial statements of Indian subsidiaries/associates/jointly controlled entities have been drawn for the year ended March 31, 2023 and March 31, 2022.

Consolidation procedure:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, the income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

2.2 Basis of consolidation (contd.)

b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c) Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in the statement of profit and loss
- Reclassifies the parent's share of components previously recognised in OCI to the statement of profit and loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

When the proportion of the equity held by non-controlling interest changes, the Group adjusts the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, is directly recognised in equity and attributed to the owners of the parent.

2.3 Summary of significant accounting policies

A. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred at the acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

A. Business combinations and goodwill (contd.)

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that the outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured on the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively
- Potential tax effects of temporary differences and carry forwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are accounted for in accordance with Ind AS 12

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in the statement of profit and loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the fair value of the net assets assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

A. Business combinations and goodwill (contd.)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

Where goodwill has been allocated to a cash generating unit and part of the operation within that unit is disposed off, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

B. Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 **Summary of significant accounting policies (contd.)**

B. Investment in associates and joint ventures (contd.)

The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in the OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, forms part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group recognises the share of profit/(loss) of associates and joint ventures in the statement of profit and loss and then calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit and loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the statement of profit and loss.

C. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in a normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 **Summary of significant accounting policies (contd.)**

C. Current versus non-current classification (contd.)

- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in a normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

D. Foreign currencies

The Group's consolidated financial statements are presented in INR, which is also the parent's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Group's monetary items at the closing rate are recognised as income or expense in the period in which they arise except for differences pertaining to Long Term Foreign Currency Monetary Items as mentioned subsequently.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or the statement of profit and loss are also recognised in OCI or the statement of profit and loss, respectively).

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

D. Foreign currencies (contd.)

Exchange Differences

The Group had availed the option available under Ind AS 101 para D13 AA and is continuing the policy adopted for accounting for exchange differences arising from the translation of long term foreign currency monetary items recognised in the financial statements for the year ending March 31, 2016. Hence, such exchange differences are accounted as below:

- Exchange differences arising on long-term foreign currency monetary items related to the acquisition of property, plant and equipment are capitalised and depreciated over the remaining useful life of the asset.
- Exchange differences arising on other long-term foreign currency monetary items are accumulated in the FCMITDA through Other Comprehensive Income (OCI). The amortisation of the balance of FCMITDA is transferred to the statement of profit and loss over the remaining life of the respective monetary item.
- All other exchange differences are recognised as income or as expense in the period in which they arise.

For the purpose of (a) and (b) above, the Group treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.

Further, the Group does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the statement of profit and loss.

Any goodwill arising in the acquisition/business combination of a foreign operation on or after April 1, 2015 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/acquisitions, which occurred before the date of transition to Ind AS (April 1, 2015), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, viz., April 1, 2015. Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

E. Fair value measurement

The Group measures financial instruments at fair value except those measured at amortised cost at each balance sheet date.

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

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

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

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

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

External valuers are involved in the valuation of significant assets, such as properties and unquoted financial assets. The involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Group 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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

E. Fair value measurement (contd.)

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

- Disclosures for valuation methods, significant estimates and assumptions (note 35)
- Quantitative disclosures of fair value measurement hierarchy (note 51)
- Investment in unquoted equity shares (note 7)
- Investment properties (note 4)
- Financial instruments (including those carried at amortised cost) (note 52)

F. Revenue from contracts with customers

Revenue from contracts with customers is recognised when the control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The policy of recognising the revenue is determined by the five stage model proposed by Ind AS 115 "Revenue from contract with customers".

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 35.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the control of the asset is transferred to the customer, generally on the date of bill of lading for export sales and generally on delivery for domestic sales. In the case of certain subsidiaries, revenue recognition is based on ex-factory/ex-works incoterms wherein the goods are made available at the subsidiary company's factory location to be picked up by the customers. The performance obligation is met at the time of goods being made available for pick up by customers. The normal credit term is 30 to 240 days upon delivery.

In the case of bill and hold arrangements, revenue is recognised when the Group completes its performance obligation to transfer the control of the goods to the customer in accordance with the agreed upon specifications in the contract for which the customer has accepted the control. Such goods are identified and kept ready for delivery based on which revenue is recognised.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer, if any.

Tooling income

Revenue from tooling income is recognised at the point in time when the control of the die is transferred, which is on receipt of the customer's approval as per the terms of the contract (referred to as the production parts approval process or PPAP) as per the terms of the contract.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

F. Revenue from contracts with customers (contd.)

Sale of services

Revenue from the sale of services is in nature of job work on customer product which normally takes 1–4 days maximum and hence revenue is recognised when products are sent to customer on which job work is completed. The normal credit period is 60 days.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before the payment of the consideration is due). Trade receivables that do not contain a significant financing component are measured at transaction price. Refer to accounting policies of financial assets in Note 2.2-R Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

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

G. Other Income

Interest income

For all financial assets measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in "other income" in the statement of profit and loss.

Dividends

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

H. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant or subsidy relates to revenue, it is recognised as income/netted off with expenses on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and is allocated to the statement of profit and loss over the periods and in the proportions in which depreciation on those assets is charged.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

H. Government grants (contd.)

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

Export incentives

Income from export incentives is accounted for on the export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim are fulfilled.

I. Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

I. Taxes (contd.)

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Indirect taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of indirect taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet

J. Property, plant and equipment

Property, plant and equipment, are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss (if any). On transition to Ind AS, the group has elected to continue with the carrying value of all of its property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment. Internally manufactured plant and equipment are capitalised at cost, including non-creditable indirect taxes after deducting the net proceeds from selling any items produced while bringing the asset to the required location and condition, wherever applicable. All significant costs relating to the acquisition and installation of property, plant and equipment/ investment property are capitalised. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

J. Property, plant and equipment (contd.)

of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for provision are met.

On transition to Ind AS, the group has elected to continue with the carrying value of all of its property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

The identified components are depreciated over their useful lives, the remaining asset is depreciated over the life of the principal asset.

Depreciation for identified components is computed on a straight line method based on useful lives, determined based on internal technical evaluation as follows:

Type of assets	Useful life estimated by management (years)
Building - Factory	8 – 50
Buildings – Others	5 – 60
Plant and machinery (including dies)	1 – 23
Plant and machinery – Windmill	19
Plant and machinery – continuous processing plant	18
Plant and Machinery - computer	3
Office equipment	3 – 11
Railway sidings	10
Power Line	6
Electrical installation	10
Factory equipments	2 – 10
Furniture and fixtures	10
Vehicles	3 – 9
Aircraft	6 – 18

Expenditure on power line is amortised on a straight-line basis over a period of six years.

The Holding Company and its Indian subsidiaries, based on the technical assessment made by a technical expert and management estimate, depreciate certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect a fair approximation of the period over which the assets are likely to be used.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

J. Property, plant and equipment (contd.)

Freehold land is carried at cost.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

K. Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Though the Group measures investment property using cost-based measurements, the fair value measurement of investment property is disclosed in a note 4. Fair values are determined based on a periodic evaluation performed by an accredited external independent valuer applying valuation model.

The investment properties held by the Group are in the nature of freehold land, hence are not subject to depreciation.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

In determining the amount of consideration from the derecognition of investment property, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

L. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

L. Intangible Assets (contd.)

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the net carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

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

Type of Asset	Useful life estimated by management (years)
Computer software	3 – 5
Development costs	10
Patents	10
Technology license	5
Customer contracts	2
Technical know-how	3

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of the carrying value of another asset.

During the period of development, the asset is tested for impairment annually.

M. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs w.r.t. borrowing taken on or after April 1, 2016.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

N. Leases

The Group 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.

Group as a lessee

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

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Type of Asset	Useful life estimated by management (years)
Buildings	2-18
Plant and machinery	3-15
Motor vehicles and other equipment	3-5
Leasehold Land	99

If the ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to accounting policies in Note 2.3-P Impairment of non-financial assets.

ii) Lease liabilities

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

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

N. Leases (contd.)

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

O. Inventories

The cost of inventories have been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and components, stores and spares and loose tools are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Costs are determined on a weighted average basis.

Work-in-progress and finished goods are valued at the lower of cost and net realisable value. The cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. The cost of work-in-progress and finished goods is determined on a weighted average basis.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

O. Inventories (contd.)

Traded goods are valued at lower of cost and are determined on a weighted average basis and net realisable value.

Dies are valued at cost or net realisable value. The cost includes direct material and labour and a proportion of manufacturing overheads based on normal operating capacity. The cost of dies is determined on a weighted average basis.

Scrap is valued at net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. The comparison of cost and net realisable value is made on an item-by-item basis.

P. Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Intangible assets under development are tested for impairment annually.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

P. Impairment of non-financial assets (contd.)

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Q. Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the consolidated financial statements. A disclosure for a contingent liability is made where there is a possible obligation arising out of a past event, the existence of which will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation arising out of a past event where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

R. Post-employment and other employee benefits

Provident fund

The Holding Company operates a defined benefit plan for the eligible employees to provide employee benefit in the nature of a provident fund. For the employees of the Group which are not covered under the above plan, a separate plan is operated which is a defined contribution plan.

The eligible employees of the Holding Company receive benefits from a provident fund, which is a defined benefit plan. Both the employee and the Holding Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

R. Post-employment and other employee benefits (contd.)

The Holding Company contributes a part of the contributions to the "Bharat Forge Group Limited Staff Provident Fund Trust". The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the Government. The Holding Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The cost of providing benefits under above mentioned defined benefit plan is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date, which recognises each period of service as giving rise to an additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

With respect to the employees of the Group who are not covered under the above scheme, a portion of the provident fund is contributed to the Government administered pension fund which is a defined contribution scheme.

The Holding Company and its Indian subsidiaries have no obligation, other than the contribution payable to the provident fund. The Holding Company and its Indian subsidiaries recognises contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then the excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity

The Holding Company and some of its Indian subsidiaries operate two defined benefits plan for its employees viz. gratuity and special gratuity scheme, whereas, the overseas subsidiaries operate only one defined benefit plan for gratuity payable to its employees. Payment for present liability of future payment of gratuity is being made to approved gratuity funds. The special gratuity scheme is unfunded. The cost of providing benefits under these plans is determined on the basis of actuarial valuation at each year end. A separate actuarial valuation is carried out for each plan using the project unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

R. Post-employment and other employee benefits (contd.)

Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in the statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Superannuation

Retirement benefit in the form of a superannuation plan is a defined contribution plan. Defined contributions to Life Insurance Corporation for employees covered under the Superannuation scheme are accounted at the rate of 15% of such employees' basic salary. The Group recognises expense toward the contribution paid/payable to the defined contribution plan as and when an employee renders the relevant service. If the contribution already paid exceeds the contribution due for service before the balance sheet date, the Group recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund. If the contribution already paid is lower than the contribution due for service before the balance sheet date, the Group recognises that difference excess as a liability. The Group has no obligation, other than the contribution payable to the superannuation fund.

Privilege leave benefits

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as a short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Group presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as a non-current liability.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

R. Post-employment and other employee benefits (contd.)

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of these benefits; and (b) when the entity recognises the cost for a restructuring that is within the scope of Ind AS 37 and involves payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Other long-term employee benefits

In the case of certain overseas subsidiaries, there are long term employee benefits in the nature of pension plans, jubilee scheme and early retirement scheme. Long-term employee benefits are defined benefit obligations and are provided for on the basis of an actuarial valuation. A separate actuarial valuation is carried out for each plan using the project unit credit method.

Actuarial gains and losses for all defined benefit plans are recognised in full in the period in which they occur in the consolidated statement of profit and loss.

S. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets excluding trade receivables are initially measured at fair value. Trade receivables that do not contain a significant financing component are measured at transaction price. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets measured at fair value through profit or loss) are added to the fair value measured on initial recognition of financial asset. Transaction costs directly attributable to the acquisition of financial assets measured at fair value through profit or loss are recognised in consolidated profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into three categories:

- Financial assets at amortised cost
- Financial assets, derivatives and equity instruments at fair value through profit and loss (FVTPL)
- Financial assets, equity and derivative instruments measured at fair value through other comprehensive income (FVTOCI)

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

S. Financial instruments (contd.)

Financial assets at amortised cost

A 'Financial asset' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to exchange traded funds, trade and other receivables.

The Company intends to hold its investment in open ended target maturity funds (i.e. exchange traded funds/ETF) till maturity. It may be noted that these funds have a pre-determined maturity date. These funds follow a passive buy and hold strategy; in which the existing underlying investment bonds are expected to be held till maturity unless sold for meeting redemptions or rebalancing requirements as stated in the scheme document. In our view, such strategy mitigates intermittent price volatility in open ended target maturity fund's underlying investments; and investors who remain invested until maturity are expected to mitigate the market/volatility risk to a large extent. These funds can invest only in plain vanilla INR bonds with fixed coupon and maturity; and cannot invest in floating rate bonds. Based on this, the Company believes that the investments in open ended target maturity funds meet the requirements of the SPPI test as per the requirements of Ind AS 109.

Financial assets at FVTOCI

A 'Financial asset' is classified at the FVTOCI if both of the following criteria are met:

- 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 SPPI

Financial assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Group recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI financial assets is reported as interest income using the EIR method.

Financial assets at FVTPL

FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

S. Financial instruments (contd.)

In addition, the Group may elect to designate a financial asset, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Financial assets included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

Equity investments

All equity investments in the scope of Ind AS 109 are measured at fair value. For all equity instruments not held for trading, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on the sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

S. Financial instruments (contd.)

Impairment of financial assets

In accordance with Ind AS 109, the Group applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Lease receivables under Ind AS 116
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115
- Financial assets that are measured at FVTOCI

The Group follows a 'simplified approach' for recognition of impairment loss allowance on trade receivables.

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

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

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

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

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

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

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

S. Financial instruments (contd.)

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

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

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

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

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

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

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit and 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 Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss include financial liabilities designated upon initial recognition as at fair value through profit and loss. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

S. Financial instruments (contd.)

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variables, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit and loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit and loss, unless designated as effective hedging instruments.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

S. Financial instruments (contd.)

Offsetting of financial instruments

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

T. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to the statement of profit and loss when the hedged item affects the statement of profit and loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, the hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as a charge.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 **Summary of significant accounting policies (contd.)**

T. **Derivative financial instruments and hedge accounting (contd.)**

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through the statement of profit and loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in trade receivables. The change in fair value is recognised as an asset or liability with corresponding gain or loss recognised in the statement of profit and loss.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in the statement of profit and loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the statement of profit and loss.

Cash flow hedges

Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in the statement of profit and loss. Refer to note 50 for more details.

Amounts recognised as OCI are transferred to the statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

U. **Cash and cash equivalents**

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above and net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 **Summary of significant accounting policies (contd.)**

V. **Dividend to equity holders of the Group**

The Group recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

W. **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing a performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

X. **Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

Y. **Share based payments**

- Employees of one of the components of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in Note 61.
- For options which are granted post acquisition date, the cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.
- Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

Y. Share based payments (contd.)

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

2.4 Changes in accounting policies and new and amended standards

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 Apr 2022. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective:

(a) Ind-AS 101: First-time Adoption of Indian Accounting Standards

Simplifies the application of Ind AS 101 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences. The amendment does not have any impact on the financial statements of the Group

(b) Ind-AS 103: Business Combinations

The amendment adds a new exception in Ind AS 103 for liabilities and contingent liabilities. The amendment does not have any material impact on the financial statements of the Group.

(c) Ind-AS 109: Financial Instruments

The amendment clarifies which fees an entity includes when it applies the '10%' test in assessing whether to derecognise a financial liability. The amendment does not have any material impact on the financial statements of the Group.

(d) Ind-AS 16: Property, plant and equipment

The amendment clarifies that an entity shall deduct from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The amendment does not have any material impact on the financial statements of the Group.

(e) Ind-AS 37: Provisions, Contingent liabilities and contingent assets

The amendment explains that the cost of fulfilling a contract comprises: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The amendment does not have any material impact on the financial statements of the Group.

(f) Ind AS 41: Agriculture

The amendment removes the requirement in Ind AS 41 for entities to exclude cash flows for taxation when measuring fair value. The amendment does not have any impact on the financial statements of the Group.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

3. Property, plant and equipment

In ₹ Million

	Freehold land	Building	Plant and machinery (Note b)	Railway siding	Office equipment	Electrical installation	Factory equipment	Sub Total (A)
Cost								
As at April 1, 2021	814.34	11,282.12	52,776.92	0.02	179.54	258.06	3,662.87	68,973.87
Foreign Currency Translation Reserve	(18.92)	(224.25)	(849.86)	-	1.16	-	(157.94)	(1,249.81)
Additions	-	477.71	5,848.54	-	21.19	-	467.03	6,814.47
Additions on acquisition of subsidiary	30.38	193.27	343.68	-	1.81	-	-	569.14
Disposals	-	(0.52)	(735.93)	-	(23.31)	-	(250.56)	(1,010.32)
Other adjustments								
- Borrowing cost [Refer note a]	-	0.81	64.47	-	-	-	0.30	65.58
- Exchange differences	(1.02)	-	-	-	0.67	-	-	(0.35)
As at March 31, 2022	824.78	11,729.13	57,447.82	0.02	181.06	258.06	3,721.70	74,162.58
Foreign Currency Translation Reserve	19.06	397.79	907.77	-	3.91	0.28	179.15	1,507.96
Additions	-	2,304.73	10,010.72	-	58.60	7.06	522.45	12,903.56
Additions on acquisition of subsidiary	295.84	245.58	1,362.67	-	4.47	50.68	-	1,959.24
Disposals	(28.61)	(37.43)	(1,066.32)	-	(3.47)	(0.01)	(43.21)	(1,179.05)
Other adjustments - Borrowing Cost			24.53					24.53
As at March 31, 2023	1,111.07	14,639.80	68,687.19	0.02	244.57	316.07	4,380.09	89,378.82
Depreciation and impairment								
As at April 1, 2021	-	2,181.57	22,486.69	-	93.19	149.68	2,007.42	26,918.55
Foreign Currency Translation Reserve	-	(66.41)	(483.67)	-	0.74	-	(101.69)	(651.03)
Charge for the year	-	536.55	5,237.55	-	26.82	6.74	496.58	6,304.24
Disposals	-	(0.51)	(739.34)	-	(22.15)	-	(127.00)	(889.00)
Other adjustments								
- Others [Refer note c]	-	-	-	-	-	-	-	-
As at March 31, 2022	-	2,651.20	26,501.23	-	98.60	156.42	2,275.31	31,682.76
Foreign Currency Translation Reserve	-	80.75	504.35	-	2.50	0.28	124.40	712.28
Additions	-	-	-	-	-	-	-	-
Additions on acquisition of subsidiary	-	16.14	109.62	-	0.46	7.44	-	133.66
Charge for the year	-	496.44	5,593.75	-	33.07	10.37	368.57	6,502.20
Disposals	-	(21.47)	(900.11)	-	(2.71)	-	(32.45)	(956.74)
Other adjustments	-	-	0.07	-	(0.07)	-	-	-
As at March 31, 2023	-	3,223.06	31,808.91	-	131.85	174.51	2,735.83	38,074.16
Net block								
As at March 31, 2022	824.78	9,077.93	30,946.59	0.02	82.46	101.64	1,446.39	42,479.82
As at March 31, 2023	1,111.07	11,416.74	36,878.28	0.02	112.72	141.56	1,644.26	51,304.66

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

3. Property, plant and equipment (contd.)

In ₹ Million

	Furniture and fixtures	Vehicles and aircraft	Power line	Sub Total (B)	Grand Total (A+B)	Capital work-in-progress
Cost						
As at April 1, 2021	311.37	3,108.75	16.17	3,436.29	72,410.16	9,013.37
Foreign Currency Translation Reserve	0.00	0.31	-	0.31	(1,249.50)	59.50
Additions	11.68	10.70	-	22.38	6,836.85	7,333.40
Additions on acquisition of subsidiary	4.56	1.91	-	6.47	575.61	100.38
Disposals	(12.28)	(1,421.28)	-	(1,433.56)	(2,443.88)	(5,367.74)
Transferred to asset block	-	-	-	-	-	-
Other adjustments						
- Borrowing cost [Refer note a]	-	-	-	-	65.58	106.47
- Exchange differences	(0.67)	-	-	(0.67)	(1.02)	14.40
As at March 31, 2022	314.66	1,700.40	16.17	2,031.23	76,193.81	11,259.78
Foreign Currency Translation Reserve	(18.74)	1.20	-	(17.54)	1,490.42	559.20
Additions	72.10	24.21	-	96.31	12,999.87	7,126.77
Additions on acquisition of subsidiary	22.90	26.43	-	49.33	2,008.57	37.26
Disposals	(2.26)	(8.43)	-	(10.69)	(1,189.74)	(12,025.10)
Other adjustments			-	-	-	-
- Borrowing cost [Refer note a]	-	-	-	-	24.53	18.18
As at March 31, 2023	**388.66**	**1,743.81**	**16.17**	**2,148.64**	**91,527.46**	**6,976.09**
Depreciation and impairment						
As at April 1, 2021	106.28	1,241.87	6.64	1,354.79	28,273.34	12.23
Foreign Currency Translation Reserve	-	0.01	-	0.01	(651.02)	-
Charge for the year	29.37	262.63	1.43	293.44	6,597.68	-
Disposals	(10.15)	(1,091.68)	-	(1,101.84)	(1,990.84)	-
As at March 31, 2022	125.49	412.83	8.07	546.39	32,229.15	12.23
Foreign Currency Translation Reserve	(4.07)	0.71	-	(3.36)	708.92	-
Additions	-	-	-	-	-	-
Additions on acquisition of subsidiary	3.48	2.79	-	6.27	139.93	-
Charge for the year	41.23	143.52	1.43	186.18	6,688.38	-
Disposals	(0.88)	(4.31)	-	(5.19)	(961.93)	-
As at March 31, 2023	**165.25**	**555.54**	**9.50**	**730.29**	**38,804.45**	**12.23**
Net block						
As at March 31, 2022	189.17	1,287.57	8.10	1,484.84	43,964.66	11,247.55
As at March 31, 2023	**223.41**	**1,188.27**	**6.67**	**1,418.35**	**52,723.01**	**6,963.86**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

3. Property, plant and equipment (contd.)

(a) Capitalised borrowing costs:

The Group capitalises these borrowing costs in the capital work-in-progress (CWIP) first. The amount of borrowing costs capitalised as other adjustments in the above note reflects the amount of borrowing cost transferred from Capital work-in-progress (CWIP) balances. The borrowing costs capitalised during the year ended March 31, 2023 was ₹ 133.95 million (March 31, 2022: ₹ 151.49 million). The capitalisation rate ranges from LIBOR + 60 bps to LIBOR + 100 bps p.a. and EURIBOR + 60 bps to EURIBOR + 95 bps p.a. refer to note 18(a).

(b) Assets include assets lying with third parties amounting to ₹ 406.56 Million (March 31, 2022: ₹ 156.40 Million).

(c) Other adjustments are related to reclassification within the block of assets.

(d) None of the components in the Group have revalued any property, plant and equipment during the year.

(e) Capital work in progress (CWIP) ageing schedule.

In ₹ Million

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
March 31, 2023					
Projects in progress	5,305.00	390.58	232.35	1,046.42	6,974.35
Projects temporarily suspended	–	37.26	–	–	37.26
Total	**5,305.00**	**427.83**	**232.35**	**1,046.42**	**7,011.61**
March 31, 2022					
Projects in progress	5,995.06	3,992.75	682.82	576.92	11,247.55
Projects temporarily suspended	–	–	–	–	–
Total	**5,995.06**	**3,992.75**	**682.82**	**576.92**	**11,247.55**

There are no projects whose completion is overdue or have exceeded their cost compared to the original plan.

4. Investment property

In ₹ Million

Particulars	Total
Cost	
As at April 1, 2021	**2.89**
Additions	–
Disposals	–
As at March 31, 2022	**2.89**
Additions	–
Disposals	–
As at March 31, 2023	**2.89**

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

4. Investment property (contd.)

In ₹ Million

Particulars	Total
Depreciation and impairment	
As at April 1, 2021	**-**
Depreciation for the year	-
As at March 31, 2022	**-**
Depreciation for the year	-
As at March 31, 2023	**-**
Net block	
As at March 31, 2022	**2.89**
As at March 31, 2023	**2.89**

Information regarding income and expenditure of investment property

In ₹ Million

Particulars	March 31, 2023	March 31, 2022
Rental income derived from investment properties (included in Rent in note 25)	3.86	3.12
Direct operating expenses (including repairs and maintenance) generating rental income	-	-
Direct operating expenses (including repairs and maintenance) that did not generate rental income (included in Rates and taxes in note 31)	1.03	1.03
Profit arising from investment properties before depreciation and indirect expenses	**2.83**	**2.09**
Less: Depreciation	-	-
Profit arising from investment properties before indirect expenses	**2.83**	**2.09**

The Group's investment properties consist of three parcels of land situated at Pune, Satara and Chakan.

As at March 31, 2023 and March 31, 2022, the fair values of the properties are ₹ 1,139.56 million and ₹ 2,432.95 million respectively. The Group obtains independent valuations for its investment properties at least annually. These valuations are performed by an accredited independent valuer firm and this firm is a registered valuer as defined under Rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. The best evidence of fair value is current prices in an active market for similar properties, where such information is not available, the Group considers ready reckoner rates. The main input used is the ready reckoner rate. All resulting fair value estimates for investment properties are included in Level 2.

The Group has no restrictions (other than the land for which matter is being subjudice and for which no income has been considered) on the realisability of its investment properties and has no contractual obligations to either construct or develop investment properties or for repairs, maintenance and enhancements. The Group's investment properties consist of three parcels of land situated at Pune, Satara and Chakan. Freehold land parcel includes 25 acres of land situated at Pune and 24.13 acres of land situated at Satara and 8.40 acres of land situated at Chakan, which have been given on lease. Due to certain matters being subjudice, the Group has not executed a lease deed with a related party for one of the said parcels of land.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

4. Investment property (contd.)

Reconciliation of fair value

In ₹ Million

Investment properties	Free hold land
at April 1, 2021	**2,432.95**
Fair value difference	-
Purchases	-
at March 31, 2022	**2,432.95**
Fair value difference	(1,293.39)
Purchases	-
at March 31, 2023	**1,139.56**

The fair value reduction in the current year is on account of change in the basis of ready reckoner rate used for the valuation. Till earlier periods fair value was derived on the basis of the most approximate ready reckoner rate while for the current year, since the notified ready reckoner rate is available, it has been used as the fair value for disclosure purposes. There is no other change in the basis of fair valuation disclosure.

5 Intangible assets and Goodwill

In ₹ Million

Particulars	Computer and Software	Customer contracts	Technical know-how	Development cost	Patents	Technology License	Total	Goodwill	Intangible assets under development
Cost									
As at April 1, 2021	**526.12**	**7.84**	**8.65**	**158.63**	**3.01**	**193.73**	**897.98**	**583.73**	**-**
Foreign Currency Translation Reserve	(7.23)	-	-	(9.07)	(0.19)	-	(16.49)	(32.52)	
Additions	54.73	-	-	1.19	-	369.20	425.12	-	-
Business combination [Refer note 5(a)]	14.45			47.11		293.96	355.52	285.39	
Disposals	(304.94)	-	-	-	-	-	(304.94)	-	
As at March 31, 2022	**283.13**	**7.84**	**8.65**	**197.86**	**2.82**	**856.89**	**1,357.18**	**836.60**	**-**
Foreign Currency Translation Reserve	17.79	-	-	8.74	0.19	-	26.72	29.31	
Additions	154.56	-	-	201.83	0.03	-	356.42	-	106.45
Additions on acquisition of subsidiary	7.59	-	-	-	-	-	7.59	2,433.33	
Disposals/Adjustment	(12.82)	-	-	-	-	-	(12.82)	-	(60.58)
Other adjustments									
- Borrowing cost									1.88
As at March 31, 2023	**450.25**	**7.84**	**8.65**	**408.43**	**3.04**	**856.89**	**1,735.09**	**3,299.24**	**47.75**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

5 Intangible assets and Goodwill (contd.)

In ₹ Million

Particulars	Computer and Software	Customer contracts	Technical know-how	Development cost	Patents	Technology License	Total	Goodwill	Intangible assets under development
Amortisation and impairment									
As at April 1, 2021	**449.80**	**7.84**	**4.75**	**158.63**	**2.71**	**98.75**	**722.48**	**260.40**	**-**
Foreign Currency Translation Reserve	(6.31)	-	-	(9.07)	(0.18)	-	(15.56)	(17.00)	-
Charge for the year	59.16	-	3.12	3.20	0.17	76.44	142.09	-	-
Disposals	(304.03)	-	-	-	-	-	(304.03)	-	-
Impairment	-	-	-	-	-	-	-	86.77	-
Other adjustments									
- Borrowing cost	5.62			13.35	-	102.88	121.86	-	-
As at March 31, 2022	**204.25**	**7.84**	**7.87**	**166.11**	**2.70**	**278.07**	**666.84**	**330.17**	**-**
Foreign Currency Translation Reserve	12.44	-	-	8.74	0.18	-	21.36	14.35	-
Additions on acquisition of subsidiary	3.73	-	-	-	-		3.73		
Charge for the year	79.90	-	-	35.37	0.03	121.01	236.31	-	-
Disposals	(9.60)	-	-	-	-	-	(9.60)	-	-
As at March 31, 2023	**290.72**	**7.84**	**7.87**	**210.22**	**2.91**	**399.08**	**918.64**	**344.52**	**-**
Net Block									
at March 31, 2022	**78.88**	**-**	**0.78**	**31.75**	**0.12**	**578.82**	**690.35**	**506.43**	**-**
at March 31, 2023	**159.53**	**-**	**0.78**	**198.21**	**0.13**	**457.81**	**816.46**	**2,954.72**	**47.75**

(a) During the previous year, the group had acquired Tork Motors Private Limited which is engaged in the business of design, development, manufacture and distribution of electric motorcycles and three wheeler electric drive train. Accordingly as part of the overall business combination, the group recognised the goodwill amounting to ₹ 285.39 million based on the valuation reports obtained as part of purchase price allocation.

(b) The Group has identified the Company Mécanique Générale Langroise (MGL) as the CGU, to which goodwill has been allocated. MGL is involved in the machining of Oil & Gas and other industrial sector components. The goodwill generated through business combination has been entirely allocated to CGU 'MGL' which pertains to the forging segment. The carrying amount of goodwill as at March 31, 2023 is ₹ 270.87 million (March 31, 2022: ₹ 255.91 million) net of impairment.

(c) During the current year, the group has acquired JS Auto Cast Foundry India Private Limited which is engaged in the business of ductile iron foundry manufacturing raw and machined castings Accordingly as part of the overall business combination, the group recognised the goodwill amounting to ₹ 2,433.34 million based on the valuation reports obtained as part of purchase price allocation **[Refer to note 46]**.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

5 Intangible assets and Goodwill (contd.)

Impairment of Goodwill:

1. BF Infrastructure Limited

The Group performed its annual impairment test for the year March 31, 2023. The Group considers the discounted cash flows, among other factors, when reviewing for indicators of impairment. The calculations use pre-tax cash flow projections based on financial budgets/forecasts approved by the management.

Key assumptions used for value in use calculations

Weighted Average Cost of Capital % (WACC) before tax (discount rate): 21.55% (March 31, 2022: 21.55%)

Terminal growth rate: 5.00% (March 31, 2022: 5.00%)

The discount rate is calculated as follows: WACC = Cost of equity x (1- gearing) + Cost of debt x (1- tax rate) x gearing. The terminal growth rate used is in line with long term inflation rate.

The Group has performed sensitivity analysis around the base assumptions and have concluded that no reasonable changes in key assumptions would cause the recoverable amount of the CGU to be less than the carrying value.

Based on the above assessment, there is no need for impairment of goodwill.

2. Mécanique Générale Langroise (MGL)

The Group performed its annual impairment test for the year March 31, 2023. The Group considers the discounted cash flows, among other factors, when reviewing for indicators of impairment. The calculations use pre-tax cash flow projections based on financial budgets/forecasts approved by the management.

Key assumptions used for value in use calculations

Weighted Average Cost of Capital % (WACC) before tax (discount rate): 12.50% (March 31, 2022: 10.90%)

Terminal growth rate: 1.50% (March 31, 2022: 1.50%)

The discount rate is calculated as follows: WACC = Cost of equity x (1- gearing) + Cost of debt x (1- tax rate) x gearing. The terminal growth rate used is in line with long term inflation rate.

The Group has performed sensitivity analysis around the base assumptions and have concluded that no reasonable changes in key assumptions would cause the recoverable amount of the CGU to be less than the carrying value after impairment.

Based on the above assessment, there is no need for impairment of goodwill in March 31, 2023 (March 31, 2022: ₹ 86.77 million).

3. Tork Motors Private Limited

The Group performed its annual impairment test for the year March 31, 2023. The Group considers the discounted cash flows, among other factors, when reviewing for indicators of impairment. The calculations use pre-tax cash flow projections based on financial budgets/forecasts approved by the management.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

5 Intangible assets and Goodwill (contd.)

Key assumptions used for value in use calculations

Weighted Average Cost of Capital % (WACC) before tax (discount rate): 25.50%

Terminal growth rate: 2.00%

The discount rate is calculated as follows: WACC = Cost of equity x (1- gearing) + Cost of debt x (1- tax rate) x gearing. The terminal growth rate used is in line with the long term inflation rate.

The Group has performed sensitivity analysis around the base assumptions and have concluded that no reasonable changes in key assumptions would cause the recoverable amount of the CGU to be less than the carrying value after impairment.

Based on the above assessment, there is no need for impairment of goodwill.

6. Investment in associates and joint ventures

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
At Cost		
Unquoted equity instruments (fully paid)		
- Investment in associates		
Talbahn GmbH [note 6 (a)]	0.30	0.30
Less: Provision for diminution	(0.30)	(0.30)
	-	-
4,900 (March 31, 2022: 4,900) equity shares of ₹ 10/- each fully paid up in Ferrovia Transrail Solutions Private Limited **[Refer note 6 (g) and note 39 (1)]**	-	-
14,208 (March 31, 2022: 14,208) equity shares of ₹ 10/- each fully paid up in Tork Motors Private Limited **[Refer note 6 (b), note 37 and 39]**	-	-
136,500 (March 31, 2022: 136,500) equity shares of ₹ 10/- each fully paid up in Aeron Systems Private Limited **[Refer note 6 (d) and note 39]**	114.90	116.06
11,375,000 (March 31, 2022: Nil) equity shares of ₹ 10/- each fully paid up in Avaada MHVIDARBHA Private Limited **[Refer note 6 (i) and note 39]**	111.35	-
Nil (March 31, 2022: Nil) ordinary shares of £ 0.00001 each in TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited) [10,094,948 (March 31, 2020: GBP 10,094,948)] **[Refer note 6 (c), note 39 and note 32 (d)]**	-	-
Add: Conversion of Loan note of GBP 3.50 million along with Interest accrued	-	-
Less: Provision for impairment in value of investments **[Refer note 32(d)]**	-	-
	226.25	**116.06**
Carried over	226.25	116.06

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

6. Investment in associates and joint ventures (contd.)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Brought over	226.25	116.06
-Investments in joint ventures		
7,128,219 (March 31, 2022: 7,128,219) equity shares of ₹ 10/- each fully paid up in BF NTPC Energy Systems Ltd. (BFNTPCESL) **[Refer note 6 (a) and (f)]**	-	-
Nil (March 31, 2022: 100,000) equity shares of ₹ 10/- each fully paid up in BF Premier Energy Systems Pvt. Ltd. (BFPESPL) **[Refer note 6 (h) and 38]**	-	-
12,500 (March 31, 2022: 12,500) ordinary shares of Eur 1.00 each in Refu Drive GmbH [11,350,000 (March 31, 2022: Euro 11,350,000)] **[Refer note 6 (e) and note 38]**	360.27	689.16
Total	**586.52**	**805.22**

a. Not included in the consolidation based on materiality.

b. During the earlier year, the Group had made further investment in Tork Motors Private Limited of ₹ 39.99 million by acquiring 1,895 equity shares of ₹ 10/- each. During the previous year, the Group has made an investment of ₹ 400 million in the form of zero coupon optionally convertible debentures (ZOCD). The Group was holding 48.86% interest in Tork Motors Private Limited ('TMPL') till November 21, 2021 and post conversion of such ZOCDs, the Group holds 64.29% interest in TMPL as at March 31, 2022 and is classified as a subsidiary post that date.

c. The Group holds investments in Tevva Motors Limited (held through TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)), collectively referred to as Tevva. Tevva is a start-up engaged in modular electrification systems for a medium range of commercial vehicles. During the previous year, the Group had further extended the tenure of the convertible loan note amounting to GBP 3.50 million to December 31, 2021. Considering the management's intention to convert the said loan (along with interest accrued thereon) into equity at GBP 13.38 per share, the Group had disclosed the amount of loan as investment in associate as of March 31, 2021. During the previous year, this loan has been converted into equity share capital.

   During the previous year, Tevva Motors raised additional funding to finance its operations. Post allotment of equity shares by Tevva Motors to the new investors, Tevva has ceased to be an associate of the Group. Accordingly, the Company has classified it to be an equity instrument held as fair value through other comprehensive income. For further details, refer note 32.

d. During the previous year, the Group has made further investment in Aeron Systems Private Limited of ₹ 60.00 million by acquiring 58,500 equity shares of ₹ 10/- each. On 23rd February, 2023 the holding Company sold 136,500 Equity shares having face value of ₹ 10/- each of Aeron Systems Private Limited to Kalyani Strategic Systems Limited at a fair value of ₹ 1,005/- per share amounting to ₹ 137.18 million on a private placement basis for a consideration other than cash and the same shall rank pari passu with existing equity shares of the Company.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

6. Investment in associates and joint ventures (contd.)

e. During the earlier year, the Group had entered into a Joint Venture Agreement with Refu Elektronik GmbH, Germany and its affiliates/Promoters (REFU) for incorporating a Joint Venture Company i.e. Refu Drive GmbH (JV), under the laws of Germany. During the earlier year, the Holding Company has made an investment of ₹ 892.34 million by acquiring 12,500 equity shares of Eur 1/- each and balance portion pertains to transactions costs that are directly attributable to the investment.

f. During the earlier year, the shareholders of BFNTPCESL at their EGM held on October 9, 2018 decided to voluntarily liquidate the Company and engaged a liquidator to liquidate the Company under the provisions of Section 59 of Insolvency and Bankruptcy Code 2016.

g. During the year the Group acquired additional equity in Ferrovia Transrail Solutions Private Limited (FTSPL) post which, the Group acquired a 100% interest in FTSPL. Accordingly, FTSPL has ceased to be an associate w.e.f March 02, 2023. For further details, refer note 39.

h. During the year BF Premier Energy System Pvt. Ltd. has applied with Registrars of Companies for removing its name pursuant to section 248 (2) of the Companies Act 2013 and Rule 4(1) of the Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016 vide form no STK - 2 on 2nd March, 2023. The said strike-off is approved by the Group and also by its JV partner. The order for the same has not been passed by ROC till 31st March, 2023.

i. During the current year, the Group has invested an amount of ₹ 113.75 million by acquiring 11,375,000 equity shares of ₹ 10 each for procurement of solar power.

7. Investments

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current investments		
(a) Investments designated at amortised cost		
- Debt instruments (unquoted) (fully paid)	1,628.73	500.22
(a)	**1,628.73**	**500.22**
(b) Investments designated at fair value through OCI (FVTOCI) (Refer note 7 (a))		
- Equity instruments (unquoted)		
- Investments in others (Group holds 5% or more of the share capital) fully paid		
38,384,202 (March 31, 2022: 38,384,202) equity shares of ₹ 10/- each fully paid up in Khed Economic Infrastructure Private Limited	988.00	825.26
14,245,000 (March 31, 2022: 14,245,000) equity shares of ₹ 10/- each in Avaada SataraMH Private Limited **[Refer note 7(e)]**	142.45	142.45
2,033,850 (March 31, 2022: 2,033,850) equity shares of ₹ 10/- each in Avaada MHBuldhana Private Limited **[Refer note 7(e)]**	20.34	20.34
1,160,668 (March 31, 2022: 1,160,668) ordinary shares of £ 0.00001 each in TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited) **[Refer note 7(f)]**	2,952.03	2,941.02
Carried over	4,102.82	3,929.07
Carried over	1,628.73	500.22

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

7. Investments (contd.)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Brought over	1,628.73	500.22
Brought over	4,102.82	3,929.07
8,491,812 (March 31, 2022: 8,491,812) Preferred Stock having par value $ 0.00001 in Electron Transport Inc. **[Refer note 7(h)]**	350.21	305.70
- Equity instruments (quoted)		
Investment in others		
613,000 (March 31, 2022: 613,000) equity shares of ₹ 10/- each fully paid up in KPIT Technologies Limited	160.08	368.44
613,000 (March 31, 2022: 613,000) equity shares of ₹ 2/- each fully paid up in Birlasoft Limited	567.09	278.88
Total FVTOCI Investments (b)	**5,180.20**	**4,882.09**
(c) Investments at fair value through profit or loss (FVTPL)		
Equity instruments (unquoted)		
Investments in others (Group holds 5% or more of the share capital)		
504,432 (March 31, 2022: 504,432) equity shares of ₹ 10/- each fully paid up in Gupta Energy Private Limited **[Refer note 7(b)]**	-	-
Investments in private equity fund (unquoted funds)		
1,538,810.22 (March 31, 2022: 1,179,546.87) Units of ₹ 100/- each of Paragon Partners Growth Fund - I	255.92	307.78
Investment in Limited Liability Partnership 14% (31 March 2022: Nil) share in SPI Power LLP **[Refer note 7(i)]**	0.01	-
Investments in mutual funds (quoted funds)	**1,129.77**	**338.52**
Investments in mutual funds (unquoted funds)	**6,406.50**	**123.49**
Total FVTPL Investments (c)	**7,792.20**	**769.79**
Total [(a) + (b)+(c)]	**14,601.13**	**6,152.10**
Current investments		
Investments at fair value through profit or loss (fully paid)		
Investments in mutual funds (quoted funds)	**1,440.80**	**2,942.97**
Investment in mutual funds (quoted funds) by subsidiary companies [Refer note 7(g)]	**-**	**74.54**
Investments in mutual funds (unquoted funds)	**6,086.17**	**16,051.97**
Investment in mutual funds (unquoted funds) by subsidiary companies [Refer note 7(g)]	**2,973.59**	**10.76**
Total	**10,500.56**	**19,080.24**
Aggregate book value of quoted investments	**1,925.09**	**2,955.87**
Aggregate market value of quoted investments	**3,297.74**	**4,003.35**
Aggregate value of unquoted investments	**21,803.94**	**21,228.99**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

7. Investments (contd.)

(a) These investments are designated as FVTOCI as they are not held for trading purpose and are not in similar line of business as the Group.

(b) **Gupta Energy Private Limited**

Shares of GEPL pledged against the facility obtained by Gupta Global Resources Private Limited. This investment is carried at fair value of ₹ Nil.

(c) Investments at fair value through OCI (fully paid) reflect investment in quoted and unquoted equity securities and quoted debt securities. Refer note 51 for determination of their fair values.

(d) Investments at fair value through profit or loss (fully paid) reflect investment in quoted/unquoted equity and debt securities. Refer note 51 for determination of their fair values.

(e) **Avaada MHBuldhana Private Limited [ABPL]**

During the previous year, the Group had made an investment in Avaada MHBuldhana Private Limited (ABPL) of ₹ 20.24 million by acquiring 2,033,850 equity shares of ₹ 10/- each, as a pre-condition for seeking approval from MSEDCL for Open Access permission by ABPL. Hence, the said investment is made subject to, amongst other conditions, obtaining permission by ABPL from relevant government authorities for the consumption of renewable energy by the Company under open access for solar plant of ABPL.

(f) **TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)**

The Company holds investments in Tevva Motors Limited (held through TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)), collectively referred to as Tevva. Tevva is a start-up engaged in modular electrification systems for medium range of commercial vehicles, has raised additional funding to finance its operations. Post allotment of equity shares by Tevva Motors to the new investors, Tevva has ceased to be an associate of the Group from November 8, 2021. Accordingly, the Company has classified it to be an equity instrument held through fair value through other comprehensive income. Also refer note 32.

(g) **Includes investment in quoted mutual funds amounting to ₹ Nil (March 31,2022: ₹ 74.54 million) with respect to Nil (March 31, 2022: 2) the subsidiaries.**

Investment in unquoted mutual funds amounting to ₹ 2,973.59 million (March 31,2022: ₹ 10.76 million) with respect to 2 (March 31, 2022: 1) of the subsidiaries.

Name of the mutual fund plan	March 31, 2023		March 31, 2022	
	Units held	Amount	Units held	Amount
Quoted				
Units of Axis Liquid Fund (G)	-	-	4,518.416	10.62
Units of HDFC Liquid Fund (G)	-	-	6,608.465	27.44
Units of ICICI Pru Liquid Fund (G)	-	-	48,058.997	15.04
Units of Kotak Liquid Fund Reg (G)	-	-	633.136	2.71
Units of SBI Liquid Fund Reg Plan (G)	-	-	3,186.088	10.55
Units of Tata Liquid Fund (G)	-	-	2,453.567	8.18
		-		**74.54**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

7. Investments (contd.)

Name of the mutual fund plan	March 31, 2023		March 31, 2022	
	Units held	Amount	Units held	Amount
Unquoted				
Units of Axis Liquid Fund (G)	273,756.39	679.23	4,577.593	10.76
Units of ICICI Pru Liquid Fund (G)	1,782,068.85	589.25	-	-
Units of Kotak Liquid Fund Reg (G)	115,302.05	520.86	-	-
Units of Kotak Money Market Fund(G)	110,618.13	420.71	-	-
Units of Nippon India Liquid Fund (G)	181,504.41	763.54	-	-
		2,973.59		**10.76**

(h) During the previous year, the Group had made an investment in the preferred stock of Electron Transport Inc, USA having par value of $ 0.00001 amounting to ₹ 305.70 million.

(i) During the current year, the Group has made an investment in SPI Power LLP amounting to ₹ 0.01 million.

8. Loans

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current (Unsecured, considered good)		
Other loans		
Loans to employees	56.78	59.68
Loans to associates and joint ventures [Refer note 6 (c), 45, 47]	-	109.93
Total	**56.78**	**169.61**
Current (Unsecured, considered good)		
Other loans		
Loans to employees	33.53	33.06
Loans to associates and joint ventures [Refer note 6 (c), 45, 47]	-	110.71
Loans to others	93.49	23.00
Total	**127.02**	**166.77**

No loans are due from directors or other officers of the Group, firms in which the director is a partner or private companies in which the director is a director or member either severally or jointly with any other person, except for loans/advances disclosed in Note 45 and 47.

Loans are non derivative financial assets which generate fixed interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.

During the previous year, the Group through its wholly owned subsidiary, Kalyani Powertrain Limited, acquired additional stake in Tork Motors and hence it is classified as a subsidiary as on March 31, 2022. Hence the amount receivable from TMPL has been included as part of loans to subsidiaries in financial statements (Current ₹ 10.50 million and non-current ₹ 17.50 million).

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

9. Derivative instruments

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	822.17	2,525.66
Fair value hedges (FVTPL)		
Cross currency swap	-	136.66
Total	**822.17**	**2,662.32**
Current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	1,247.05	1,317.73
Fair value hedges (FVTPL)		
Cross currency swap	77.02	7.14
Foreign currency forward contracts	1.46	36.47
Total	**1,325.53**	**1,361.34**

Derivative instruments at fair value through OCI reflect the positive change in the fair value of foreign currency forward contracts, designated as cash flow hedges to hedge highly probable forecast sales in US Dollars (USD) and Euro (EUR).

Derivative instruments at fair value through profit or loss reflect the positive change in fair value of cross currency swaps, designated as fair value hedge through which the Holding Company has converted one of its USD loans into a Euro loan to avail the benefit of the negative EURIBOR interest rates. Further, one of the subsidiaries has cross currency swap agreement, designated at fair value hedge through which the company has converted its USD loan to Euro loan to avail the benefit of negative EURIBOR interest rates. They also reflect positive changes in the fair value of foreign currency forward contracts to hedge exposure to changes in the fair value of underlying trade receivables.

10. Other financial assets

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non current		
Government grants*	48.57	350.05
Security deposits	420.03	318.30
Deposits with original maturity for more than twelve months** @	101.54	9.44
Total	**570.14**	**677.79**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

10. Other financial assets (contd.)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Current		
Government grants*	624.62	579.20
Energy credit receivable - windmills	10.32	10.56
Interest accrued on fixed deposits, loan to various parties and others	-	72.62
Security deposits	65.66	1.12
Interest Recoverable	22.77	-
Other receivables***	10.70	90.27
Total	**734.07**	**753.77**

* Includes receivable against various schemes of export incentives and Industrial Promotion Subsidy (IPS) under Package Scheme of Incentives (PSI) 2007, Energy Tax refund, compensation for short time work (Kurzarbeit) and subsidy for capital expansion with respect to some of the subsidiaries. There are no unfulfilled conditions or other contingencies attached to these Government grants.

** ₹ 1.23 (March 31, 2022: ₹ 1.17 million) held as security for various Government authorities and ₹ 1.23 million (March 31, 2022: 1.17 million) under bank lien for bank guarantees issued.

*** Other receivables included sundry balances receivables.

@ During the year, Bharat Forge Limited through the Company has entered into a share purchase agreement with the shareholders of J S Autocast Foundry India Private Limited ("JSA") to purchase 39,68,330 equity shares for a total consideration of ₹ 3,460.98 million as on 01 July 2022. In accordance with the aforementioned share purchase agreement, out of the total purchase consideration a sum of ₹ 100.00 million is payable to the erstwhile shareholders of JSA after a period of 3 years from the date of purchase and the amount so payable is to be deposited in a separate Escrow account to be maintained with ICICI Bank Limited. Also, in accordance with the ESCROW agreement, the balance in the aforementioned ESCROW account is restricted and not available for general use by the Company.

11. Inventories

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Raw materials and components*	7,256.59	6,349.74
Work-in-progress	9,564.13	7,777.52
Finished goods**	11,839.86	10,422.00
Stock of traded goods	3.25	355.26
Stores, spares and loose tools	2,218.16	1,933.80
Dies and dies under fabrication	241.19	187.14
Scrap	139.36	79.11
Total	**31,262.54**	**27,104.57**

* Includes goods in transit March 31, 2023: ₹ 182.73 million

** Includes goods in transit March 31, 2023: ₹ 6,424.67 million

During the year ended March 31, 2023: ₹ 46.05 million [March 31, 2022: ₹ 7.96 million] was recognised as (reversal of expense)/expenses for inventories carried at net realisable value.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

12. Trade receivables

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non current		
Unsecured		
Considered good	117.36	117.36
Significant increase in credit risk	-	-
Total	**117.36**	**117.36**
Less:		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Unsecured (Considered good)	4.11	4.11
Significant increase in credit risk	-	-
	4.11	**4.11**
Total	**113.25**	**113.25**
Current		
Secured		
Considered good	87.82	83.33
Credit impaired	-	-
	87.82	**83.33**
Unsecured		
Considered good (including related parties receivable)	31,081.82	21,755.55
Significant increase in credit risk	-	-
Credit impaired	109.13	104.73
	31,190.95	**21,860.28**
Less:		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Credit impaired	109.13	104.73
Unsecured (considered good)	295.07	215.93
	404.20	**320.66**
Total	**30,874.57**	**21,622.95**

No trade receivables are due from directors or other officers of the Group either severally or jointly with any other person.

For terms and conditions relating to related party receivables, refer note 48.

Trade receivables are non-interest bearing and are generally on terms of 30 to 240 days.

For details of debts due from firms or private companies in which any director is a partner, a director or a member, refer note 48.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

12. Trade receivables (contd.)

Trade receivable ageing schedule

As at March 31, 2023

In ₹ Million

Particulars	Not yet due	Outstanding for following periods from due date of payment					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues							
(a) Considered good	24,051.77	5,924.47	824.88	234.50	49.93	82.59	31,168.14
(b) Which have significant increase in credit risk	-	-	-	-	-	-	-
(c) Credit impaired	-	-	-	59.07	26.84	23.22	109.13
Unbilled revenue	-	-	-	-	-	-	-
Disputed dues	-	-	-	-	-	118.86	118.86
(a) Considered good	-	-	-	-	-	-	-
(b) Which have significant increase in credit risk	-	-	-	-	-	-	-
(c) Credit impaired	-	-	-	-	-	-	-
Unbilled revenue	-	-	-	-	-	-	-
Total	**24,051.77**	**5,924.47**	**824.88**	**293.57**	**76.77**	**224.67**	**31,396.13**
Loss Allowance	**-**	**(213.57)**	**(62.07)**	**(74.19)**	**(30.13)**	**(28.35)**	**(408.31)**

As at March 31, 2022

In ₹ Million

Particulars	Not yet due	Outstanding for following periods from due date of payment					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues							
(a) Considered good	17,387.88	4,003.38	275.63	126.23	39.59	123.53	21,956.24
(b) Which have significant increase in credit risk	-	-	-	-	-	-	-
(c) Credit impaired	-	0.04	28.50	24.74	2.83	14.65	70.76
Unbilled revenue	-	-	-	-	-	-	-
Disputed dues							
(a) Considered good	-	-	-	-	-	-	-
(b) Which have significant increase in credit risk	-	-	-	-	-	-	-
(c) Credit impaired	-	-	-	-	-	33.97	33.97
Unbilled revenue	-	-	-	-	-	-	-
Total	**17,387.88**	**4,003.43**	**304.13**	**150.96**	**42.42**	**172.15**	**22,060.97**
Loss Allowance	**-**	**(170.94)**	**(53.80)**	**(36.60)**	**(5.15)**	**(58.28)**	**(324.77)**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

12. Trade receivables (contd.)

The amount repayable under the bill discounting arrangement is presented as borrowing. The relevant carrying amounts are as follows:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Transferred receivables	5,081.35	3,208.58
Associated borrowing **[bank loans - Refer note 18]**	5,081.35	3,210.65

13. Cash and bank balances

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalent		
Balances with banks:		
In cash credit and current accounts	4,924.34	4,889.16
Deposits with original maturity of less than three months**	160.21	549.93
Cash on hand	2.58	145.15
Total	**5,087.13**	**5,584.24**
Other bank balances		
Earmarked balances (on unclaimed dividend accounts and unspent CSR account)	44.18	47.61
Deposits with original maturity of less than twelve months*	5,263.88	398.32
Total	**5,308.06**	**445.93**

Bank deposits earn interest at fixed rates. Short term deposits are generally made for varying periods between seven days to twelve months, depending on the cash requirements of the Company and earn interest at the respective deposit rates.

* Includes deposits of ₹ 9.24 million (March 31, 2022: ₹ 21.23 million) under bank lien for bank guarantees issued.

** Interest accrued is included in the carrying value of deposits with the orginal maturity of less than three months for FY 2022-23.

14. Other assets

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current (Unsecured, considered good)		
Capital advances	4,304.14	2,770.70
Balances with government authorities	405.70	367.31
Advances to suppliers#	1,350.00	1,363.78
Others*	91.67	28.95
Employees' benefits - employees' provident fund	1.70	-
Total	**6,153.21**	**4,530.74**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

14. Other assets (contd.)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Current (Unsecured, considered good)		
Balances with government authorities	2,307.41	1,564.37
Government grant - Export incentives receivable	1.54	-
Advance to suppliers	1,357.59	737.01
Others *	1,134.16	888.39
Total	**4,800.70**	**3,189.77**

* Includes prepaid expenses, sundry debit balances etc.

No advances are due from directors or other officers of the Group, firms in which a director is a partner or private companies in which the director is a director or a member either severally or jointly with any other person except as disclosed in note 45.

For terms and conditions relating to related party receivables, refer note 48.

\# Pertains to non-current advance given to Saarloha Advanced Materials Private Limited for a continuous supply of goods, which carries interest rate at 8.25% p.a. Frequency of interest payment is quarterly.

Break up of financial assets carried at amortised cost

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Investments **[Refer note 7]**	1,628.73	500.22
Loans **[Refer note 8]**	183.80	336.38
Other financial assets **[Refer note 10]**	1,304.21	1,431.56
Trade receivables **[Refer note 12]**	30,987.82	21,736.20
Cash and cash equivalents **[Refer note 13]**	5,087.13	5,584.24
Other bank balances **[Refer note 13]**	5,308.06	445.93
Total	**44,499.75**	**30,034.53**

Break up of financial assets carried at fair value through OCI

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Investments **[Refer note 7]**	5,180.20	4,882.09
Derivative instruments **[Refer note 9]**	2,069.22	3,843.39
Total	**7,249.42**	**8,725.48**

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

14. Other assets (contd.)

Break up of financial assets carried at fair value through profit and loss

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Investments [Refer note 7]	18,292.76	19,850.03
Derivative instruments [Refer note 9]	78.48	180.27
Total	**18,371.24**	**20,030.30**

15. Equity share capital

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Authorised shares (No.)		
975,000,000 (March 31, 2022: 975,000,000) equity shares of ₹ 2/- each	1,950.00	1,950.00
43,000,000 (March 31, 2022: 43,000,000) cumulative non convertible preference shares of ₹ 10/- each	430.00	430.00
2,000,000 (March 31, 2022: 2,000,000) unclassified shares of ₹ 10/- each	20.00	20.00
Issued (No.)		
465,768,492 (March 31, 2022: 465,768,492) equity shares of ₹ 2/- each	931.54	931.54
Subscribed and fully paid-up (No.)		
465,588,632 (March 31, 2022: 465,588,632) equity shares of ₹ 2/- each	931.18	931.18
Add:		
172,840 (March 31, 2022: 172,840) forfeited equity shares comprising of 15,010 equity shares	0.09	0.09
(March 31, 2022: 15,010) of ₹ 2/- each (amount partly paid ₹ 1/- each) and 157,830 equity shares		
(March 31, 2022: 157,830) of ₹ 2/- each (amount partly paid ₹ 0.50 each)		
Total issued, subscribed and fully paid-up share capital	**931.27**	**931.27**

(a) Terms/rights attached to equity shares

The Holding Company has only one class of issued equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. The Holding Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

15. Equity share capital (contd.)

(b) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

Equity Shares	As at March 31, 2023		As at March 31, 2022	
	No	₹ in Million	No	In ₹ Million
At the beginning of the year	465,588,632	931.18	465,588,632	931.18
Issued during the year	-	-	-	-
Outstanding at the end of the year	465,588,632	931.18	465,588,632	931.18

In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Disclosure of shareholding of promoter and promoter group

Name of the promoter/promoter group member	Number of shares held at March 31, 2023	% of total shares	% Change during the year
Promoter			
Babasaheb Neelkanth Kalyani	78,150	0.02%	0.00%
Promoter group			
Amit Babasaheb Kalyani	700,350	0.15%	0.00%
Deeksha Amit Kalyani	50	0.00%	0.00%
Gaurishankar Neelkanth Kalyani	690,440	0.15%	0.00%
Rohini Gaurishankar Kalyani	101,460	0.02%	0.00%
Sheetal Gaurishankar Kalyani	22,980	0.00%	0.00%
Viraj Gaurishankar Kalyani	22,800	0.00%	0.00%
KSL Holdings Private Limited	46,285,740	9.94%	0.00%
Ajinkya Investment & Trading Company	14,981,850	3.22%	0.00%
Sundaram Trading and Investment Private Limited	55,240,174	11.86%	0.00%
Kalyani Investment Company Limited	63,312,190	13.60%	0.00%
BF Investments Limited	15,614,676	3.35%	0.00%
Rajgad Trading Company Private Limited	1,360,260	0.29%	0.00%
Tangmarg Trading and Investment Private Limited	904,200	0.19%	0.00%
Yusmarg Trading and Investment Private Limited	1,847,000	0.40%	0.00%
Kalyani Consultants Private Limited	936,472	0.20%	0.00%
Janhavi Investment Private Limited	4,686,640	1.01%	0.00%
Dronacharya Trading and Investment Private Limited	152,980	0.03%	0.00%
Cornflower Investment & Finance Limited	533,900	0.11%	0.00%
Dandkaranya Trading and Investment Private Limited	1,107,350	0.24%	0.00%
Campanula Investment & Finance Limited	739,980	0.16%	0.00%

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

15. Equity share capital (contd.)

Name of the promoter/promoter group member	Number of shares held at March 31, 2023	% of total shares	% Change during the year
Hastinapur Trading and Investment Private Limited	178,800	0.04%	0.00%
Kalyani Export & Investment Pvt Ltd	1,003,240	0.22%	0.00%
Aboli Investment Pvt Ltd	127,872	0.03%	0.00%
Wathar Investment & Trading Co. Pvt Ltd	61,320	0.01%	0.00%

Name of the promoter/promoter group member	Number of share held at March 31, 2022	% of total shares	% Change during the year
Promoter			
Babasaheb Neelkanth Kalyani	78,150	0.02%	0.00%
Promoter group			
Amit Babasaheb Kalyani	700,350	0.15%	0.00%
Deeksha Amit Kalyani	50	0.00%	0.00%
Gaurishankar Neelkanth Kalyani	690,440	0.15%	0.00%
Rohini Gaurishankar Kalyani	101,460	0.02%	0.00%
Sheetal Gaurishankar Kalyani	22,980	0.00%	0.00%
Viraj Gaurishankar Kalyani	22,800	0.00%	0.00%
KSL Holdings Private Limited	46,285,740	9.94%	0.00%
Ajinkya Investment & Trading Company	14,981,850	3.22%	(23.71%)
Sundaram Trading and Investment Private Limited	55,240,174	11.86%	0.00%
Kalyani Investment Company Limited	63,312,190	13.60%	0.00%
BF Investments Limited	15,614,676	3.35%	0.00%
Rajgad Trading Company Private Limited	1,360,260	0.29%	0.00%
Tangmarg Trading and Investment Private Limited	904,200	0.19%	0.00%
Yusmarg Trading and Investment Private Limited	1,847,000	0.40%	0.00%
Kalyani Consultants Private Limited	936,472	0.20%	0.00%
Jannhavi Investment Private Limited	4,686,640	1.01%	0.00%
Dronacharya Trading and Investment Private Limited	152,980	0.03%	0.00%
Cornflower Investment & Finance Limited	533,900	0.11%	0.00%
Dandkaranya Trading and Investment Private Limited	1,107,350	0.24%	0.00%
Campanula Investment & Finance Limited	739,980	0.16%	0.00%
Hastinapur Trading and Investment Private Limited	178,800	0.04%	0.00%
Kalyani Export & Investment Pvt Ltd	1,003,240	0.22%	0.00%
Aboli Investment Pvt Ltd	127,872	0.03%	0.00%
Wathar Investment & Trading Co. Pvt Ltd	61,320	0.01%	0.00%

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

15. Equity share capital (contd.)

(d) Shares held by holding/ultimate holding company and/or their subsidiaries/associates

The Company being ultimate holding company, there are no shares held by any other holding, ultimate holding company and their subsidiaries/associates.

(e) Aggregate number of bonus shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

Particulars	As at March 31, 2023	As at March 31, 2022
Equity shares allotted as fully paid bonus shares by capitalisation of capital redemption reserve and securities premium account during the year ended March 31, 2018	232,794,316	232,794,316

(f) Details of shareholders holding more than 5% shares in the Company

Name of Shareholder	As at March 31, 2023		As at March 31, 2022	
	No.	% of holding	No.	% of holding
Equity Shares of ₹ 2/- each fully paid				
Kalyani Investment Company Limited	63,312,190	13.60%	63,312,190	13.60%
Sundaram Trading and Investment Private Limited	55,240,174	11.87%	55,240,174	11.87%
KSL Holding Private Limited	46,285,740	9.94%	46,285,740	9.94%

(g) Shares reserved for issue under option

Particulars	As at March 31, 2023	As at March 31, 2022
	No.	No.
4680 (March 31, 2022: 4,680) equity shares of ₹ 2/- each out of the previous issue of equity shares on a right basis together with 234 (March 31, 2022: 234) detachable warrants entitled to subscription of 2340 (March 31, 2022: 2,340) equity shares of ₹ 2/- each, have been kept in abeyance and reserve for issue pending adjudication of title to the pre-right holding.	7,020.00	7,020.00

(h) Global depository receipts

The Company had issued 3,636,500 equity shares of ₹ 10/- each (later sub-divided into 18,182,500 equity shares of ₹ 2/- each) in April 2005 represented by 3,636,500 Global Depository Receipts (GDR) (on sub division 18,182,500 GDRs) evidencing "Master GDR Certificates" at a price of USD 27.50 per GDR (including premium). GDRs outstanding as at year end are 800 (March 31, 2022: 800). The funds raised had been utilised towards the object of the issue. Holders of GDRs will have no voting rights or other direct rights of a shareholder with respect to the shares underlying the GDR.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

16. Other equity

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Capital reserves		
Special capital incentive [Refer note 16 (a)]		
Balance as per the last financial statements	2.50	2.50
Add: Arising during the year		-
Closing balance	**2.50**	**2.50**
Warrants subscription money [Refer note 16(b)]		
Balance as per the last financial statements	13.00	13.00
Closing balance	**13.00**	**13.00**
Closing balance	**15.50**	**15.50**
Securities premium [Refer note 16(c)]		
Balance as per the last financial statements	6,930.89	6,930.89
Add: Arising during the year	-	-
Closing balance	**6,930.89**	**6,930.89**
Employee stock option outstanding [Refer note 16(d)]		
Balance as per the last financial statements	16.29	-
Add: Compensation options granted during the year	21.11	16.29
Less: Exercise of shares options	-	-
Closing balance	**37.40**	**16.29**
General reserve [Refer note 16(e)]		
Balance as per the last financial statements	3,230.48	3,230.48
Add: Amount transferred from surplus balance in the statement of profit and loss	-	-
Closing balance	**3,230.48**	**3,230.48**
Retained earnings in the statement of profit and loss [Refer note 16(f)]		
Balance as per the last financial statements	48,867.41	39,417.42
Add:		
- Net profit for the year	5,283.64	10,817.56
- Items of other comprehensive income:		
(1) Re-measurement of defined benefit obligations	248.48	261.99
Less:		
- Final equity dividend of previous year	2,560.74	931.18
- Interim equity dividend	698.38	698.38
Closing balance	**51,140.41**	**48,867.41**
Carried over	61,354.68	59,060.57

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

16. Other equity (contd.)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Brought over	61,354.68	59,060.57
Cash flow hedge reserve [Refer note 2.3 (s)]		
Balance as per the last financial statements	2,814.56	2,052.32
Add: Arising during the year	(546.23)	1,772.42
Less: Adjusted during the year	1,027.91	1,010.18
Closing balance	**1,240.42**	**2,814.56**
Foreign currency translation reserve (FCTR) [Refer note 2.3 (d)]		
Balance as per the last financial statements	1,074.38	1,226.49
Add: Arising during the year	397.45	(152.11)
Closing balance	**1,471.83**	**1,074.38**
Non-controlling interest reserve		
Balance as per the last financial statements	(148.19)	-
Add: Acquisition of non-controlling interest in KSSL [Refer note 57]	-	(148.19)
Closing balance	**(148.19)**	**(148.19)**
Equity instruments through other comprehensive income		
Balance as per the last financial statements	1,974.15	346.82
Add: Arising during the year	231.10	1,627.33
Closing balance	**2,205.25**	**1,974.15**
Closing balance Total:	**66,123.99**	**64,775.47**

(a) Special capital incentive:

Special capital incentive has been created during the financial year 1999-2000, amounting to ₹ 2.50 million under the 1988 Package Scheme of Incentives.

(b) Warrants subscription money:

The Company had issued and allotted to Qualified Institutional Buyers, 10,000,000 equity shares of ₹ 2/- each at a price of ₹ 272/- per share aggregating to ₹ 2,720 million on April 28, 2010, simultaneous with the issue of 1,760, 10.75% Non Convertible Debentures (NCD) of a face value of ₹ 1,000,000/- at par, together with 6,500,000 warrants at a price of ₹ 2/- each entitling the holder of each warrant to subscribe for 1 equity share of ₹ 2/- each at a price of ₹ 272/- at any time within 3 years from the date of allotment. Following the completion of three years term, the subscription money received on issue of warrants was credited to the capital reserve as the same is not refundable/adjustable. Further the warrants had lapsed and ceased to be valid from April 28, 2013.

(c) Securities premium account:

Securities premium is used to record the premium on the issue of shares. The reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

16. Other equity (contd.)

(d) Employee stock option outstanding

One of the subsidiaries in India has issued equity settled stock options to its employees. Refer note 59 for details.

(e) General reserve

General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. The general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

(f) Surplus in the statement of profit and loss

Surplus in the statement of profit and loss represents the undistributed profits of the Company accumulated as on balance sheet date.

17. Distribution made and proposed to be made

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Cash dividends on equity shares declared and paid:		
Final dividend		
For the year ended on March 31, 2022: ₹ 5.50 per share (March 31, 2021: ₹ 2 per share)	2,560.74	931.18
Interim dividend		
For the year ended on March 31, 2023: ₹ 1.50 per share (March 31, 2022: ₹ 1.50 per share)	698.38	698.38
Proposed dividend on equity shares:		
Final cash dividend		
For the year ended on March 31, 2023: ₹ 5.50 per share (March 31, 2022: ₹ 5.50 per share)	2,560.74	2,560.74

Proposed dividends on equity shares are subject to approval at the Annual General Meeting and are not recognised as a liability as at year end.

The Company has complied with the provisions of Section 123 of the Companies Act 2013 related to dividend declared and dividend paid.

18. Borrowings

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current borrowings		
- **Debentures**		
5.97% Rated unsecured non-convertible debentures [Refer note 18 (c)]	3,981.19	4,969.27
Carried over	3,981.19	4,969.27

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

18. Borrowings (contd.)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Brought over	3,981.19	4,969.27
5.80% Rated Unsecured non-convertible debentures [Refer note 18 (d)]	1,995.44	-
- **Term loans from banks**		
Foreign currency term loans (other than Rupee loans) (secured)		
On bilateral basis **[Refer note 18 (a)]**	1,265.71	4,863.71
On syndication basis **[Refer note 18 (a)]**	3,327.11	-
Foreign currency term loans (other than Rupee loans) (unsecured)		
On bilateral basis **[Refer note 18 (a)]**	4,055.15	7,127.68
On syndication basis **[Refer note 18 (a)]**	-	909.57
Rupee term loans (secured)		
On bilateral basis **[Refer note 18 (b)(i)]**	2.62	3.20
Rupee term loans (unsecured)		
On bilateral basis **[Refer note 18 (b)(iii)]**	2,885.50	-
Total	**17,512.72**	**17,873.43**
Current borrowings		
- **Debentures**		
5.97% Rated unsecured non-convertible debentures [Refer note 18 (c)]	999.22	-
- **Current maturity of term loans from banks**		
Foreign currency term loans (other than Rupee loans) (secured)		
On bilateral basis **[Refer note 18 (a)]**	855.10	507.62
Foreign currency term loans (other than Rupee loans) (unsecured)		
On bilateral basis **[Refer note 18 (a)]**	4,028.92	4,087.71
On syndication basis **[Refer note 18 (a)]**	1,040.23	682.18
- **From banks**		
- **Foreign currency loans**		
Preshipment credit (secured) **[Refer note 18 (e)(i)]**	5,390.78	4,606.28
Preshipment credit (unsecured) **[Refer note 18 (e)(i)]**	600.00	-
Bill discounting with banks (secured) **[Refer note 18 (e)(ii)]**	13,696.56	12,461.28
Bill discounting with banks (unsecured) **[Refer note 18 (e)(ii)]**	6,439.44	3,795.61
Overdraft facilities (secured) **[Refer note 18 (e)(iii)]**	645.22	12,080.91
- **Rupee loans**		
Cash credit (secured) **[Refer note 18 (e)(iv)]**	16,484.55	29.63
Bill discounting with banks (unsecured) **[Refer note 18 (e)(ii)]**	259.53	352.31
Carried over	50,439.55	38,603.53

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

18. Borrowings (contd.)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Brought over	50,439.55	38,603.53
Loans from companies and directors (unsecured) [Refer note 18 (e)(vi)]	17.97	68.42
Interest accrued but not due on borrowings	553.09	-
Total	**51,010.61**	**38,671.95**
Total secured loans	41,667.65	34,552.63
Total unsecured loans	26,855.68	21,992.75
Total	**68,523.33**	**56,545.38**

Changes in liabilities arising from financing activities

In ₹ Million

Particulars	Current borrowings	Non-current borrowings
Balance as on April 1, 2021	**27,817.02**	**22,180.03**
Net cash flows	6,681.99	1,013.69
Foreign exchange management	(894.86)	(146.05)
Reclassified from non-current to current	5,196.76	(5,196.76)
Others	(143.43)	25.65
Balance as on March 31, 2022	**38,657.48**	**17,876.56**
Net cash flows	4,257.95	4,553.90
Foreign exchange movement	940.09	1,664.16
Reclassified from non-current to current	6,596.26	(6,596.26)
Others	558.83	14.36
Balance as on March 31, 2023	**51,010.61**	**17,512.72**

(a) **Term loans**

Foreign currency term loans on syndicated and bilateral basis (Secured & unsecured)

Repayable in half yearly/yearly instalments along with interest ranging from LIBOR + 60 bps to LIBOR + 100 bps p.a. and EURIBOR + 60 bps to EURIBOR + 95 bps p.a.

Date of repayment	Repayment schedule			
	As at March 31, 2023		As at March 31, 2022	
	USD in Million	In ₹ Million	USD in Million	In ₹ Million
From				
- August, 2021 (Yearly installment over 3 years)	12.00	986.31	21.00	1,591.75
- October, 2021 (Yearly installment over 3 years)	20.00	1,643.85	35.00	2,652.91
- December, 2022 (18 months installment over 4.5 years)	32.00	2,630.16	40.00	3,031.90
- December 2023 (Quarterly installment for 12 quarters)	17.40	1,434.37	17.40	1,269.90

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

18. Borrowings (contd.)

Date of repayment	Repayment schedule			
	As at March 31, 2023		As at March 31, 2022	
	EUR in Million	In ₹ Million	EUR in Million	In ₹ Million
- August, 2020 (Yearly installment over 3 years)	-	-	8.00	673.68
- May, 2022 (Yearly installment over 3 years)	28.00	2,505.58	40.00	3,368.40
- February, 2020 (Yearly installment over 5 years)	10.00	894.85	18.00	1,515.78
- June 21 (Half yearly installment for 8 half years)	4.50	403.23	6.75	571.45
- January 23 (Monthly installment for 16 months)	9.90	887.12	9.90	838.13
- April 2021 (Quarterly installment for 32 quarters)	30.42	2,725.50	30.52	2,583.48
- December 2023 (Monthly installment for 12 months)	0.63	56.70	0.70	59.26

(a) Term loans are secured against general property, plant and equipment and specific property, plant and equipment of the Group.

(b) (i) **Rupee term loan on bilateral basis (Secured)**

Repayable in 84 monthly installments from the date of start of repayment, along with interest at base rate + 3.45%. The loan is secured against land and guarantee given by directors of the concerned subsidiary.

(b) (ii) **Rupee Term Loan (unsecured)**

During the current year, the group has availed the term loan of ₹ 1,037.30 million which ranges from 7.63% p.a. to 7.90% p.a from bank.

In ₹ Million

Date of repayment	Repayment schedule	
	As at March 31, 2023	As at March 31, 2022
From		
- December 2022 (Quarterly installment for 4 years)	228.00	-
- March 2023 (Quarterly installment for 5 years)	569.95	-
- February 2024 (Quarterly installment over 3 years)	239.35	-

(b) (iii) **Rupee Term Loan (unsecured)**

During the current year, the Company has availed the term loan of ₹ 2,000 million @ 5.90% p.a. from bank.

In ₹ Million

Date of repayment	Repayment schedule	
	As at March 31, 2023	As at March 31, 2022
From		
- April 2025 (Yearly installment over 3 years)	2,000.00	-

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

18. Borrowings (contd.)

(c) Unsecured Non-convertible debentures (NCDs) Repayable in yearly instalments along with interest of 5.97% p.a.

The Company has issued 5,000 5.97% BFL 2025 listed, rated, unsecured, redeemable, non-convertible debentures having a face value of ₹ 1,000,000/- each on private placement basis.

In the event of rating downgrade of the Debenture to A+ or below or suspension/withdrawal of the rating of the Issuer/Debenture by any rating agency, the Debenture Holders would reserve a right to recall the outstanding principal amount on the Debentures along with other monies/accrued interest due in respect thereof.

In ₹ Million

Date of repayment	Repayment schedule	
	As at March 31, 2023	As at March 31, 2022
From		
- August 2023 (Yearly installment over 3 years)	5,000.00	5,000.00

(d) Unsecured Non-convertible debentures (NCDs) Repayable in yearly instalments along with interest of 5.80% p.a.

During the current year, the Company issued 2,000 5.80% BFL 2025 listed, rated, unsecured, redeemable, non-convertible debentures having a face value of ₹ 1,000,000/- each on private placement basis.

In the event of downgrade rating of the Debenture to A+ or below or suspension/withdrawal of the rating of the Issuer/Debenture by any rating agency, the Debenture Holders would reserve a right to recall the outstanding principal amount on the NCDs along with other monies/accrued interest due in respect thereof.

In ₹ Million

Date of repayment	Repayment schedule	
	As at March 31, 2023	As at March 31, 2022
On		
- April 2025	2,000.00	2,000.00

(e) Working capital loans

(i) Preshipment packing credit

The loan is secured against hypothecation of inventories **(Refer note 11)** and trade receivables **(Refer note 12)**.

Preshipment packing credit - Rupee (secured and unsecured) is repayable within 90 days and carries interest @ 7.00% to 8.50% p.a.

Preshipment credit - foreign currency (secured and unsecured) is repayable within 90 days to 180 days and carries interest @ SOFR + 55 bps to SOFR + 150 bps p.a.

(ii) Bill discounting with banks

The loan is secured against the hypothecation of inventories **(Refer note 11)** and trade receivables **(Refer note 12)**.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

18. Borrowings (contd.)

Bill discounting (secured and unsecured) with banks is repayable within 30 to 210 days.

Rupee and Foreign bill discounting (secured and unsecured) with banks carries interest @ 7.00% p.a. to 7.75% p.a. and SOFR + 55 bps to SOFR + 150 bps p.a. & EURIBOR + 55 bps to EURIBOR + 150 bps p.a. respectively.

(iii) Overdraft facility (Foreign currency) (secured)

The loan is secured against the hypothecation of inventories and trade receivables.

Overdraft is repayable on demand and carries interest at Euribor/LIBOR + 2 to 3% per annum.

(iv) Cash credits (Rupee) (secured)

The loan is secured against the hypothecation of inventories and trade receivables.

Overdraft is repayable on demand and is secured by current assets, the interest for at 3 month MCLR plus 1%, presently at 7.35% p.a. This facility is secured by first pari-passu charge on the current assets. For 6 months rate of Interest applicable is I-MCLR-6M + spread. Currently I-MCLR-6M is 7.20% and Spread is 3.71% p.a.

Cash credit is repayable on demand and carries interest @ 8.05% to 14.00% per annum.

(v) Letter of credit discounting (secured)

Letter of credit discounting facility covers discounting of inland bills drawn by suppliers of raw material, consumable stores and spares and backed by letters of credit issued by banks. The facility carries interest as informed by bank from time to time.

(vi) Loans from companies and directors (unsecured)

Loans from companies and directors are repayable on demand carrying interest in the range of 13% to 18% per annum.

(vii) Working Capital Demand Loan (Secured)

The secured loan is secured against the hypothecation of inventories and trade receivables.

Working Capital Demand Loan is repayable within 7 to 30 days and carries interest @ 7.00% to 8.50% p.a.

(g) Loan availed for specific purpose and not used for the same:

During the year a component in the Group has availed fresh term loans of ₹ 3,037.30 Million and these funds have been utilised for the intended purpose. The Holding Company has raised term loans in the form of external commercial borrowings and non convertible debentures during the previous year. During the year ended March 31, 2023, the Company has availed unsecured term loans and issued listed, rated, unsecured, redeemable, non-convertible debentures on private placement basis. Proceeds from this term loan and debentures have been utilised for the intended purpose."

(h) Working capital facilities and statements filed with bank

Companies of the group have availed working capital facilities from banks in the form of packing credit, bill discounting and cash credit. These companies have filed the quarterly statements with banks with regard to the securities provided against such working capital facilities on periodic basis. The statements filed by the respective companies are in agreement with the books of accounts of the Holding Company.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

18. Borrowings (contd.)

(i) Fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). During the current year, Company's working capital borrowings denominated in USD have been earmarked to a new benchmark rate i.e. SOFR. The alternative reference rate for US dollar LIBOR is the Secured Overnight Financing Rate (SOFR). As at 31 March 2023, the Company's Foreign Currency Term loans denominated in USD is indexed to US dollar LIBOR. The Company is in the process of implementing appropriate fallback clauses for all US dollar LIBOR indexed exposures in the year ended March 31, 2023. These clauses automatically switch the instrument from USD LIBOR to SOFR post June 30, 2023 as announced by the Financial Conduct Authority (FCA).

There is no material impact on company's finance cost consequent to such change in the index. There is no material impact on company's finance cost consequent to such change in the index.

(j) None of the Indian companies in the Group has been declared as wilful defaulter by any bank or financial institution or government or any government authority.

19. Other financial liabilities

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Other non-current financial liabilities at amortised cost		
Voluntary retirement scheme compensation	273.12	227.31
Security deposits	117.97	20.34
Total	**391.09**	**247.65**
Other current financial liabilities at amortised cost		
Interest accrued but not due on borrowings	-	151.77
Payables for capital goods	1,325.36	615.46
Security deposits	92.30	247.30
Directors commission	7.00	6.95
Investor Education and Protection Fund (as and when due) #	-	
- Unpaid dividend	38.00	35.14
- Unpaid matured deposits	0.04	0.04
Voluntary retirement scheme compensation	239.68	155.06
Purchase consideration payable	89.62	-
Others ***	7.44	52.65
Total	**1,799.44**	**1,264.37**

\# The Holding Company has declared interim as well as final dividend in past years. Though a large portion of this dividend has been paid to members of the Holding Company, an amount of ₹ 0.55 Million has been pending over the period. Pursuant to provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the unclaimed dividend shall be remitted online to Investor Education and Protection Fund ('IEPF') along with a Statement in the relevant form, containing details of shareholders. Considering that all the particulars required for filing are not available, the Holding Company has not transferred the unclaimed dividend to IEPF and the relevant funds are available in separate banks accounts (Refer Other Bank Balances in note 13).

*** Other include commission payable and other liabilities.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

19 (a). Derivative instruments

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current		
Fair value hedges (FVTPL)		
Cross currency swap	146.08	-
Total	**146.08**	**-**
Current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	46.38	-
Total	**46.38**	**-**

Derivative instruments at fair value through profit or loss reflect the negative change in fair value of cross currency swaps, designated as fair value hedge through which the Company has converted one of its USD loans into a Euro loan to avail the benefit of the negative EURIBOR interest rates.

20. Provisions

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current		
Provision for gratuity **[Refer note 40]**	136.63	125.86
Provision for special gratuity **[Refer note 40]**	148.05	169.57
Provision for leave benefits	10.98	-
Provision for pension and similar obligation **[Refer note 40]**	830.04	1,097.46
Provision for jubilee scheme **[Refer note 40]**	89.81	85.95
Provision for early retirement **[Refer note 40]**	57.90	3.69
Provision for employee's provident fund **[Refer note 40]**	3.79	29.58
Provision for manpower cost optimization **[Refer note 32(b)]**	134.53	248.60
Total	**1,411.73**	**1,760.71**
Current		
Provision for gratuity **[Refer note 40]**	116.62	111.63
Provision for special gratuity **[Refer note 40]**	19.47	11.33
Provision for leave benefits	650.91	640.30
Provision for commitment*	11.36	18.06
Provision for pension and similar obligation **[Refer note 40]**	11.39	19.81
Provision for manpower cost optimisation **[Refer note 32(b)]**	91.57	115.32
Total	**901.32**	**916.45**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

20. Provisions (contd.)

* In the case of one of the subsidiaries of the Group, the erstwhile management had entered into contracts with various customers, which have been classified as onerous on account of cost overruns and delays in timely execution. Accordingly, a provision for expected losses on such contracts has been recognised to the extent of the present obligation under the contract.

Provision for onerous contracts

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	18.06	-
Add: Provision made during the year	6.71	31.77
Less: Provision reversed during the year	(13.41)	(13.71)
Balance at the end of the year	**11.36**	**18.06**

Provision for manpower cost optimisation

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	363.92	291.91
Add: Created during the year	143.36	195.26
Less: Utilised/reversed during the year	(302.65)	(106.73)
Less: Foreign currency transaction reserve	21.47	(16.52)
Closing balance	**226.10**	**363.92**

21. Income and deferred taxes

The major components of income tax expense/(income) recognised for the year ended March 31, 2023 and March 31, 2022 are: Statement of profit and loss:

Statement of profit and loss:

In ₹ Million

Profit or loss section	As at March 31, 2023	As at March 31, 2022
Current income tax:		
Current income tax charge	3,951.57	3,529.58
Deferred tax		
Relating to origination and reversal of temporary differences	(765.99)	(495.05)
Income tax expense reported in the statement of profit and loss	**3,185.58**	**3,034.53**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

21. Income and deferred taxes (contd.)

OCI section

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax related to items recognised in OCI:		
Net movement on cash flow hedges	(529.43)	245.85
Net loss on re-measurement of defined benefit plans	90.04	101.16
Net (loss)/gain on FVTOCI equity securities	(31.00)	(398.13)
Tax charged to/(Released from) OCI	**(408.39)**	**745.14**

Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for March 31, 2023 and March 31, 2022

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Accounting profit before tax from operations	8,269.45	13,805.14
Accounting profit before income tax		
At India's statutory income tax rate of 25.168% (March 31, 2021: 25.168%)	2,081.26	3,474.48
Exceptional items	-	(353.31)
Tax impact of losses on which deferred tax asset is not recognised	1,332.84	20.66
Effect of differential rates	24.19	114.58
Adjustments in respect of reversal of tax expenses of earlier years	(98.74)	(157.50)
Effects of deferred tax asset on tax losses in Germany	-	(159.67)
Utilisation of previously unrecognised tax losses	-	(226.06)
Other disallowances (including consolidation adjustments)	(153.97)	321.35
At the effective income tax rate of (38.53%) (March 31, 2022: 23.08%)	**3,185.58**	**3,034.53**
Income tax expense reported in the statement of profit and loss	**3,185.58**	**3,034.53**

Major components of deferred tax as at March 31, 2023 and March 31, 2022:

Deferred tax liability (net)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax relates to the following:		
Property, plant and equipment and intangible assets	1,801.81	1,963.37
Fair valuation of cash flow hedges	418.34	946.61
Fair valuation of FVTOCI equity securities	446.12	434.64
Temporary differences in accounting treatment as required by Income tax standards	(513.00)	(455.46)
Net deferred tax liability	**2,153.27**	**2,889.16**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

21. Income and deferred taxes (contd.)

Deferred tax asset (net)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax relates to the following:		
Property, plant and equipment and intangible assets	2.01	3.57
Temporary differences in accounting treatment as required by Income tax standards	(290.78)	(464.05)
Unrealised profit on inventory	(1,206.53)	(710.59)
Net deferred tax asset	**(1,495.30)**	**(1,171.07)**

Major components of deferred tax for the year ended March 31, 2023 and March 31, 2022:

Deferred tax expense/(income)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax relates to the following:		
Property, plant and equipment and intangible assets	(163.12)	(87.65)
Unrealised profit on inventory	(495.94)	(205.67)
Temporary differences in accounting treatment as required by Income tax standards	(106.93)	(201.73)
Deferred tax (income)	**(765.99)**	**(495.05)**

Reflected in the balance sheet as follows

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax assets	(66.88)	(20.82)
Deferred tax liabilities	2,220.15	2,909.98
Deferred tax liabilities (net)	**2,153.27**	**2,889.16**
Deferred tax assets	(1,497.31)	(1,174.64)
Deferred tax liabilities	2.01	3.57
Deferred tax assets (net)*	**(1,495.30)**	**(1,171.07)**

* Relates to temporary differences arising in different tax jurisdictions

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

21. Income and deferred taxes (contd.)

Reconciliation of deferred tax liabilities and assets

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Reconciliation of deferred tax liabilities (net)		
Opening balance	**2,889.16**	**2,345.76**
Tax (expense) during the period recognised in profit or loss	(369.80)	(145.54)
Deferred tax liabilities on hedge	(529.43)	-
Deferred tax liabilities on business combination	134.76	-
Tax income during the period recognised in OCI	28.58	688.94
Closing balance	**2,153.27**	**2,889.16**
Reconciliation of deferred tax assets (net)		
Opening balance	(1,171.07)	(900.66)
Tax income/(expense) during the period recognised in profit or loss	(396.19)	(349.51)
Tax (expense)/income during the period recognised in OCI	93.25	56.20
Other adjustments (including FCTR)	(21.29)	22.90
Closing balance	**(1,495.30)**	**(1,171.07)**

(a) The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

(b) The Group has tax losses which arose due to carried forward business losses in India of ₹ 1,193.63 million (March 31, 2022: ₹ 1,372.88 million) that are available for offsetting for eight years against future taxable profits of the Group under the head income from business. This loss will expire in eight years from the end of the respective year to which it pertains.

(c) The Group has tax losses which arose due to carried forward business losses in the USA of ₹ 2,361.32 million (March 31, 2022: ₹ 2,177.22 million) that are available for offsetting for twenty years and ₹ 3,501.30 million (March 31, 2022: ₹ 317.79 million) that are available for offsetting indefinitely against future taxable profits under relevant heads of income of the companies in which the losses arose. These losses will expire in various years between tax years 2026 and 2037.

(d) The Group has tax losses which arose due to carried forward business losses in Sweden of ₹ 2,032.00 million (March 31, 2022: ₹ 1,994.21 million) that are available for offsetting for an indefinite period against future taxable profits under relevant heads of income of the subsidiary in which the losses arose. Also the Group has tax losses which arose due to carried forward business losses in Germany of ₹ 2,488.65 million (March 31, 2022: ₹ Nil) that are available for offsetting for an indefinite period against future taxable profits under relevant heads of income of the subsidiaries in which the losses arose.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

21. Income and deferred taxes (contd.)

(e) Deferred tax assets have not been recognised in respect of the above mentioned loss as they may not be used to offset taxable profits, they have arisen on account of carried forward business losses and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Group was able to recognise all unrecognised deferred tax assets, the profit would increase by ₹ 2,755.32 million (March 31, 2022: ₹ 1,296.64 million).

(g) During the years ended March 31, 2023 and March 31, 2022, the Group has not surrendered any transaction or disclosed as income in the tax assessments under the Income Tax Act, 1961, (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

22. Trade payables

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Trade payables		
Dues to micro enterprises and small enterprises	493.46	100.91
Dues to other than micro enterprises and small enterprises (including related parties payables)	21,019.94	16,212.74
Total	**21,513.40**	**16,313.65**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are generally settled on 60 to 90 days terms.
- Other payables (under note 19 and 23) are non-interest bearing and have an average term of 90 days
- For terms and conditions with related parties, refer note 48.

Trade payable includes acceptances given by the Group for invoices of its supplier which were financed by the supplier with banks.

The above amount of trade payables is net off certain advances given to suppliers (Related parties) amounting to ₹ 720 million (March 31, 2022: ₹ 720 million). The Group currently has a legally enforceable right to set off the advance against the respective payables. The Group intends to settle these amounts on a net basis.

For the Group's credit risk management processes, refer Note 55.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

22. Trade payables (contd.)

Trade payables Ageing

As at March 31, 2023

In ₹ Million

Particulars	Outstanding for following periods from due date of payment						
	Unbilled*	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises (Undisputed)	-	270.23	223.23		-	-	493.46
Total outstanding dues of creditors other than micro enterprises and small enterprises (Undisputed)	4,038.13	6,463.97	9,612.86	267.49	182.89	174.75	20,740.09
Total outstanding dues of creditors other than micro enterprises and small enterprises (Disputed)	-	-	279.85	-	-	-	279.85
Total	**4,038.13**	**6,734.20**	**10,115.94**	**267.49**	**182.89**	**174.75**	**21,513.40**

* Unbilled represents accrual for expenses

As at March 31, 2022

In ₹ Million

Particulars	Outstanding for following periods from due date of payment						
	Unbilled*	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises (Undisputed)	-	64.43	36.20	0.23	0.04	-	100.90
Total outstanding dues of creditors other than micro enterprises and small enterprises (Undisputed)	2,269.84	4,594.72	7,529.16	995.82	137.31	674.55	16,201.40
Total outstanding dues of creditors other than micro enterprises and small enterprises (Disputed)	-	-	4.70	3.59	3.06	-	11.35
Total	**2,269.84**	**4,659.15**	**7,570.06**	**999.64**	**140.41**	**674.55**	**16,313.65**

* Unbilled represents accrual for expenses

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

23. Other liabilities

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current		
Contract liabilities (Advance from customers) $	5,384.00	-
Government grant*	148.81	541.49
Settlement for anti-trust proceedings **[Refer note 32]**	2,271.40	2,531.93
Others**	76.45	0.10
Total	**7,880.66**	**3,073.52**
Current		
Contract liabilities (Advance from customers) $	3,702.22	959.21
Employee contributions and recoveries payable ****	620.14	612.53
Statutory dues payable including tax deducted at source **** #	963.43	1,071.74
Government grant*	425.79	85.97
Settlement for anti-trust proceedings **[Refer note 32]**	448.04	304.37
Others **	404.36	107.21
Total	**6,563.98**	**3,141.03**

* Government grants include grants and subsidies for investments in property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

** Others include rent received in advance, rent equalisation reserve and miscellaneous liabilities.

$ The contract liabilities primarily relate to the advance consideration received on contracts entered with customers for which performance obligations are yet to be performed, therefore, revenue will be recognised when the goods are passed on to the customers.

**** Includes payable on account of deferral given in relation to overseas subsidiaries granted on account of COVID support measures.

\# Includes payable with respect to Goods and Service Tax, Gram Panchayat Tax, Withholding taxes, provident fund etc.

Government grant - investment subsidies and grants

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	627.46	746.84
Add: Received during the year	7.33	19.56
Less: Released to the statement of profit and loss	(91.24)	(98.64)
Less: Foreign currency transaction reserve	31.05	(40.30)
Closing balance	**574.60**	**627.46**

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

23. Other liabilities (contd.)

Break up of the financial liabilities at amortised cost

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Borrowings **[Refer note 18]**	68,523.33	56,545.38
Lease liabilities **[Refer note 43]**	4,609.04	3,170.88
Other financial liabilities **[Refer note 19]**	2,190.53	1,512.02
Trade payables **[Refer note 22]**	21,513.40	16,313.65
Total financial liabilities carried at amortised cost	**96,836.30**	**77,541.93**

Break up of the financial liabilities at fair value through profit or loss

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Derivative instruments **[Refer note 19(a)]**	146.08	-

24. Revenue from operations

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Sale of products		
- Sale of goods	121,496.31	97,961.67
- Tooling income	708.00	421.88
Total sale of products	**122,204.31**	**98,383.55**
Sale of services		
- Job work charges	684.79	596.13
Other operating revenues		
- Manufacturing scrap	5,127.15	4,715.88
- Government grants - export incentives **[Refer note 10]**	1,039.83	859.17
- Sale of electricity/REC - Windmills	46.51	56.05
	6,213.49	**5,631.10**
Total Revenue from operations	**129,102.59**	**104,610.78**

Set out below is the amount of revenue recognised from

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Amounts included in contract liabilities at the beginning of the year	497.17	229.37
Changes in contract liabilities during the year	-	-

For balances in respect of contract liabilities refer note 23 and trade receivables refer note 12

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

24. Revenue from operations (contd.)

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Sale of products	122,204.31	98,383.55
Sale of services	684.79	596.13
Manufacturing scrap	5,127.15	4,715.88
Revenue from contract with customers	**128,016.25**	**103,695.56**
Less: Adjustments (sales returns, discounts, etc.)	(343.20)	(776.90)
Revenue as per contracted price	**128,359.45**	**104,472.46**

25. Other income

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Dividend income from investments	5.11	4.41
Net gain on fair valuation of financial instruments (FVTPL)	(654.12)	(129.64)
Net gain on sale of financial investments	1,432.67	903.83
Government grants*	120.17	114.45
Provision for doubtful debts and advances written back (net)	18.06	
Liabilities/provisions no longer required written back	98.10	246.41
Interest income on assets measured at amortised cost		
- Fixed deposits and others**	291.94	182.36
- Loan to associates	1.33	39.33
Rent [Refer note 43(b)]	43.34	20.58
Gain on sale/discard of property, plant and equipment (net)	42.72	223.46
Miscellaneous income ***	329.25	353.81
Total	**1,728.57**	**1,959.00**

* Includes government grant on pre shipment credit and bill discounting where the Holding Company has availed the benefit of interest equalisation scheme of the Reserve Bank of India. There are no unfulfilled conditions or contingencies attached to these grants.

** Includes interest on account of unwinding of security deposits and interest income on fixed income securities

*** Miscellaneous income includes sundry sale, discount received, miscellaneous recoveries, etc.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

26. Cost of raw materials and components consumed

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Inventory at the beginning of the year [Refer note 11]	6,349.74	3,111.38
Inventory on acquisition	170.97	37.63
Add: Purchases	61,385.81	49,376.52
Less: Inventory as at end of the year [Refer note 11]	7,256.59	6,349.74
Total	**60,649.93**	**46,175.79**

27. Decrease/(Increase) in inventories of finished goods, work-in-progress, traded goods, dies and scrap

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Inventories at the end of the year [Refer note 11]		
Work-in-progress [includes items lying with third parties]	9,564.13	7,777.52
Finished goods [includes items lying with third parties and items in transit]	11,839.86	10,422.00
Stock of traded goods [includes items lying with third parties and items in transit]	3.25	355.26
Dies and dies under fabrication	241.19	187.14
Scrap	139.36	79.11
	21,787.79	**18,821.03**
Inventories at the beginning of the year [Refer note 11]		
Work-in-progress [includes items lying with third parties]	7,777.52	5,947.02
Finished goods [includes items lying with third parties and items in transit]	10,422.00	5,940.34
Stock of traded goods [includes items lying with third parties and items in transit]	355.26	526.67
Dies and dies under fabrication	187.14	438.45
Scrap	79.11	30.36
	18,821.03	**12,882.84**
Add: Inventory on acquisition	266.33	38.89
Total	**(2,700.43)**	**(5,899.30)**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

28. Employee benefits expense

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Salaries, wages and bonus (including managing and whole time director's remuneration)*	13,361.62	12,128.51
Contributions to provident and other funds/scheme (net) # *	695.26	730.11
Gratuity expense **[Refer note 40 (a,f)]**	90.69	83.30
Special gratuity expense **[Refer note 40 (b)]**	3.38	20.87
Share based payments **[Refer note 61]**	21.11	16.29
Staff welfare expenses	1,458.94	1,667.75
Total	**15,631.00**	**14,646.83**

\# Other funds/scheme includes a contribution towards the early retirement scheme and Employee State Insurance scheme

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

* Net of government grant in the nature of short time work (Kurzarbeit) and Paycheck Protection Program ("PPP") loan for COVID support with respect to some of the subsidiaries amounting to Nil (March 31, 2022: ₹ 258.61 million).

29. Finance costs

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest on bank facilities under amortised cost method	2,382.57	1,049.89
Exchange differences regarded as an adjustment to borrowing costs **	250.03	181.75
Interest on lease liabilities **(Refer note 43)**	276.07	232.15
Others#	77.53	140.26
Total	**2,986.20**	**1,604.05**

* Includes unwinding impact of transaction cost on borrowings.

** Represents exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

\# Others includes net interest expense on defined benefit plans **[Refer note 40]** etc.

30. Depreciation, amortisation and impairment expense

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation on property, plant and equipment **[Refer note 3]**	6,688.38	6,597.68
Amortisation on other intangible assets **[Refer note 5]**	236.31	142.09
Depreciation on right of use asset **[Refer note 43]**	431.17	476.47
Impairment of goodwill **[Refer note 5]**	-	86.77
Total	**7,355.86**	**7,303.01**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

31. Other expenses

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Consumption of stores, spares and tools	5,419.98	4,655.91
Machining/subcontracting charges	4,422.03	4,343.35
Power, fuel and water*	8,343.53	5,830.69
Less: Credit for energy generated	64.69	62.33
	8,278.84	**5,768.36**
Repairs and maintenance		
- Building repairs and road maintenance	254.24	234.09
- Plant and machinery	1,756.48	1,585.06
Contract labour charges	1,634.12	752.09
Rent **[Refer note 43 (a)]**	195.34	126.05
Rates and taxes	220.76	165.10
Insurance	309.44	238.55
CSR Expenditure	160.50	170.77
Legal and professional fees	1,144.75	997.28
Commission	133.34	121.60
Donations	1.25	28.33
Packing material	1,159.75	1,033.25
Freight and forwarding charges	6,217.71	4,331.47
Directors' fees and travelling expenses	5.63	3.38
Commission to directors other than managing and whole time directors	7.00	6.95
Loss on sale/discard of property, plant and equipment (Net)	25.69	-
Provision for doubtful debts and advances (includes expected credit loss) (net)	70.44	111.88
Bad debts/advances written off/back (net)	72.46	5.16
Exchange difference (net)** $	89.17	(349.33)
Payment to Auditors***	120.94	90.28
Miscellaneous expenses ****	4,482.97	3,225.40
Total	**36,182.83**	**27,644.98**

* Net of government grant in the nature of energy tax refund with respect to some of the subsidiaries amounting to ₹ 176.11 million (March 31, 2022: ₹ 190.16 million)

** Includes MTM (gain)/loss of ₹ (81.13) million (March 31, 2022: ₹ (177.24) million)

$ Includes foreign exchange (gain)/loss amounting to ₹ 128.10 million (March 31, 2022: ₹ (38.94)million) on account of differential restatement of foreign exchange loan.

*** Includes ₹ 88.32 million (March 31, 2022: ₹ 68.74 million) paid to subsidiary auditors

**** Miscellaneous expenses includes labour charges, travelling expenses, printing, stationery, postage, telephone, etc.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

31. Other expenses (contd.)

Capitalisation of expenditure

The Group has capitalised the following expenses of revenue nature to the cost of Property, plant and equipment/ capital work in progress(CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Group.

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest on bank facilities	34.93	112.43
Interest on lease liabilities	5.49	
Salaries, wages and bonus	75.39	469.81
Depreciation on right of use assets	14.86	-
Consumption of stores and spares and loose tools	22.39	45.06
Others	12.68	52.83
Total	**165.74**	**680.13**

Expenditure on research and development

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Cost of raw materials and components consumed	6.48	9.80
Employee benefits expense	384.21	310.31
Other expenses	243.17	257.88
Total	**633.86**	**577.99**

32. Exceptional items

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Voluntary retirement scheme compensation **[Refer note 32(a)]**	(442.08)	(739.56)
Provision for manpower cost optimisation in overseas subsidiaries **[Refer note 32(b)]**	(15.83)	(106.53)
Reversal of impairment and gain on fair valuation, on loss of significant influence, in TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited). **[Refer note 32(c)]**	-	1,499.62
Conversion of Tork Motors Private Limited from associate to subsidiary and gain on fair valuation of shares **[Refer note 32(d)]**	-	270.52
Total	**(457.91)**	**924.05**

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

32. Exceptional items (contd.)

(a) Voluntary retirement scheme compensation

During the year, the Company has announced Voluntary Retirement Schemes (VRS) on April 28, 2022 and January 13, 2023 for its permanent eligible employees who have attained 40 years of age and have completed 10 years of service with the Company. The amount of expenditure under these schemes is disclosed as an exceptional item.

During the previous year, the Holding Company had announced Voluntary Retirement Schemes (VRS) on June 4, 2021, October 25, 2021 and December 30, 2021 for its permanent eligible employees who had attained 40 years of age and have completed 10 years of service with the Holding Company. The amount of expenditure under these schemes is disclosed as an exceptional item.

(b) Provision for manpower cost optimization in Overseas subsidiaries

Certain overseas subsidiaries, as a part of one off cost optimisation initiative, have decided to rationalise the manpower cost in relation to its activities.

On account of these actions, cost of redundancy payment to employees is provided for.

(c) Reversal of impairment and gain on fair valuation on, loss of significant influence

During the previous year, the Group's associate viz. Tevva Motors Limited (held through TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)), collectively referred to as "Tevva", a start-up engaged in modular electrification system for a medium range of commercial vehicles, raised additional funding to finance its operations. Post allotment of equity shares to the new investors, Tevva has ceased to be an associate of the Group.

The Group's equity investment in TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited) was earlier impaired in the financial year ended March 31, 2020. With the global EV markets gaining traction and setting higher valuation benchmarks, reversal of impairment and gain on the fair valuation on loss of significant influence as an associate of ₹ 1499.62 million has been recorded as a part of "Exceptional items" for the year ended March 31, 2022.

(d) Conversion of Tork Motors Private Limited from associate to subsidiary and gain on fair valuation of shares

During the previous year, Kalyani Powertrain Limited (KPL) had converted its investment in Zero Coupon Optionally Convertible Debentures of Tork Motors Private Limited ("TMPL") into equity shares, amounting to ₹ 400 million. Pursuant to this conversion, KPL's stake (and Group's stake) in TMPL's equity shares has increased to 60.66% (on fully diluted basis). Consequently, TMPL became a subsidiary of the Group w.e.f. November 22, 2021. Accordingly, the gain on fair valuation of shares of TMPL of ₹ 270.52 million was recorded as a part of "Exceptional items" in the consolidated financial statements for the year ended March 31, 2022.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

33. Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI for each type of reserve in equity is shown below:

In ₹ Million

During the year ended March 31, 2023	Cash flow hedge reserve	FVTOCI Reserve	Non - controlling interest reserve	Retained earnings	Foreign currency translation differences	Income tax/ Deferred tax effect	Total
Currency forward contracts	(725.37)	-	-	-	-	182.56	(542.81)
Reclassified to statement of (profit) or loss	(1,378.19)	-	-	-	-	346.86	(1,031.33)
Gain on FVTOCI financial assets	-	242.59	-	-	-	(11.49)	231.10
Re-measurement gains/(losses) on defined benefit plans (including share of associate, joint ventures)	-	-	-	357.75	-	(109.54)	248.21
Foreign exchange translation difference	-	-	-	-	397.45	-	397.45
Total	**(2,103.56)**	**242.59**	**-**	**357.75**	**397.45**	**408.39**	**(697.38)**

In ₹ Million

During the year ended March 31, 2022	Cash flow hedge reserve	FVTOCI Reserve	Non- controlling interest reserve	Retained earnings	Foreign currency translation differences	Income tax/ Deferred tax effect	Total
Currency forward contracts	2,358.02	-	-	-	-	(585.60)	1,772.42
Reclassified to statement of (profit) or loss	(1,349.93)	-	-	-	-	339.75	(1,010.18)
Gain on FVTOCI financial assets	-	2,025.46	-	-	-	(398.13)	1,627.33
Acquisition of partly owned subsidiaries	-	-	(148.19)				(148.19)
Re-measurement gains/(losses) on defined benefit plans (including share of associate, joint ventures)	-	-	-	363.30	-	(101.16)	262.14
Foreign exchange translation difference	**-**	**-**	**-**	**-**	**(152.11)**	**-**	**(152.11)**
Total	**1,008.09**	**2,025.46**	**(148.19)**	**363.30**	**(152.11)**	**(745.14)**	**2,351.41**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

34. Earnings per share

In ₹ Million

Particulars		Year ended March 31, 2023	Year ended March 31, 2022
Numerator for basic and diluted EPS			
Net (loss)/profit after tax attributable to equity holders of parent (in ₹ million)	(A)	5,283.64	10,817.56
Denominator for basic EPS [Refer note 15(b)]			
Weighted average number of equity shares for basic EPS	(B)	465,588,632	465,588,632
Denominator for diluted EPS [Refer note 15(b)]			
Weighted average number of equity shares for diluted EPS	(C)	465,588,632	465,588,632
Basic earnings per share of face value of ₹ 2 each (in ₹)	(A/B)	11.35	23.23
Diluted earnings per share of face value of ₹ 2 each (in ₹)	(A/C)	11.35	23.23

35. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

1) Leases

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. Accordingly, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group included the renewal period as part of the lease term for leases of plant and machinery with shorter non-cancellable period (i.e., three to five years). The Company typically exercises its option to renew these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of plant and machinery with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

35. Significant accounting judgements, estimates and assumptions (contd.)

1) Leases (contd.)

these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Refer to Note 43 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

2) Derivative contracts

The holding company enters into foreign exchange forward contracts to hedge its exposure of foreign currency risk of highly probable forecasted sales. The outstanding contracts at each reporting date are measured at fair value through OCI and derivative assets/liabilities are recognised accordingly. Due to the changes in risks and estimates during the lifecycle of the customer contracts, in order to apply hedge accounting, management is required to demonstrate that the underlying contract is considered to be a highly probable transaction and that the hedges are highly effective and maintain hedge documentation. The management has exercised judgement to determine that the underlying contracts are highly probable and accordingly the hedge is effective.

3) Embedded derivative

The Group has entered into certain hybrid contracts i.e. where an embedded derivative is a component of a non-derivative host contract, in the nature of financial liability. The Group has exercised judgement to evaluate if the economic characteristics and risks of the embedded derivative are closely related to the economic characteristics and risks of the host. Based on the evaluation, the Group has concluded, that these economic characteristics and risks of the embedded derivatives are closely related to the economic characteristics and risks of the host and thus not separated from the host contract and not accounted for separately.

4) Control assessment for Joint ventures/partly owned subsidiaries

In assessing the power over investee for control evaluation, the Group has exercised judgement in considering certain rights given to the co-venturer in a joint venture arrangement/shareholders' agreement as either substantive rights or protective rights. The Group has evaluated if the rights are designed to protect the interests of their holder without giving that party power over the investee to which those rights relate in which case, it is considered as protective right not considered in the control assessment for joint ventures. Also, in the case of all the joint arrangements, the Group has an interest in the net assets of the joint arrangements and accordingly the same is considered as joint ventures. Further, with respect to certain subsidiaries in regulated segments, the Group has evaluated and believes that it exercises control over such subsidiaries in accordance with the terms of the Foreign Direct Investment & Foreign Investment Promotion Board Policies.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

35. Significant accounting judgements, estimates and assumptions (contd.)

5) Share of profit/loss of associates

In the case of loss making associates and joint ventures, the Group discontinues to absorb its share of losses once the carrying amount of the relevant investment becomes NIL. However, if there are other long term interests that in substance form part of the investor's net investment in an associate or joint venture, then the Group continues to absorb its share of losses against such long term interest. The Group has used judgement to determine if it is legally or constructively obliged to make payments on behalf of the associate or joint venture.

6) Revenue from contracts with customers

The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

I. Identifying contract with customers

The Group enters into a Master service agreement ('MSA') with its customers which defines the key terms of the contract with customers. However, the rates for quantity to be supplied are separately agreed through purchase orders. The management has exercised judgment to determine that contract with customers for the purpose of Ind AS 115 is MSA and customer purchase orders for the purpose of identification of performance obligations and other associated terms.

II. Identifying performance obligation

The Group enters into contract with customers for tooling income and goods. The Group determined that both the tooling income and the goods are capable of being distinct. The fact that the Group regularly sells these goods on a stand-alone basis indicates that the customer can benefit from it on an individual basis. The Group also determined that the promises to transfer these goods are distinct within the context of the contract. These goods are not input to a combined item in the contract. Hence, the tooling income and the sale of goods are separate performance obligations.

III. Determination of timing of satisfaction of performance obligation for the sale of products

The Group concluded that tooling income and goods are to be recognised at a point in time because it does not meet the criteria for recognising revenue over a period of time. The Group has applied judgment in determining the point in time when the control of the tooling income and goods is transferred based on the criteria mentioned in the standard read along with the contract with customers, applicable laws and considering the industry practices which are as follows:

1. Sale of goods

The goods manufactured are "Build to print" as per the design specified by the customer for which the tools/dies are approved before commercial production commences. Further, the dispatch of goods is made on the basis of the purchase orders obtained from the customer taking into account the just-in-time production model with the customer.

2. Tooling income

Tools are manufactured as per the design specified by the customer which is approved on the basis of the customer acceptance of prototypes or sample production. The management has used judgment in the identification of the point in time where the tools are deemed to have been accepted by the customer.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

35. Significant accounting judgements, estimates and assumptions (contd.)

7) Factoring arrangement

One of the subsidiaries of the Group has entered into a factoring arrangement. Based on the terms agreed with the counterparty, it is considered to be a non-recourse arrangement and accordingly, respective trade receivable balance has been derecognised as per the terms of the agreements.

8) Litigations

The Group has various ongoing litigations, the outcome of which may have a material effect on the financial position, results of operations or cashflows. The Legal team regularly analyses current information about these matters and assesses the requirement for provision for probable losses including estimates of legal expense to resolve such matters. In making the decision regarding the need for loss provision, management considers the degree of probability of an unfavourable outcome and the ability to make sufficiently reliable estimate of the amount of loss. The filing of a lawsuit or formal assertion of a claim against the group or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate. Considering the facts on hand and the current stage of certain ongoing litigations, the Group foresees remote risk of any material claim arising from claims against the Group. Management has exercised significant judgement in assessing the impact, if any, on the disclosures in respect of litigations in relation to Holding Company and its subsidiaries.

Estimates and assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

A. Impairment of non-financial assets including property, plant and equipment, goodwill and other intangible asset

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining the fair value less costs to disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators as the case may be.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

35. Significant accounting judgements, estimates and assumptions (contd.)

8) Litigations (contd.)

B. Defined benefit plans

The cost of the defined benefit gratuity plans, other defined benefit plans and other post-employment plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, expected return on planned assets and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The mortality rate is based on publicly available mortality tables based on the country where the entity operates. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases, discount rate and return on planned assets are based on expected future inflation rates of the respective country.

Further details about defined benefit plans are given in Note 40.

C. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using different valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 51 for further disclosures.

D. Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Further, the Group also evaluates risk with respect to expected loss on account of loss in time value of money which is calculated using average cost of capital for relevant financial assets.

The holding company has investments in associates and joint ventures as at the reporting period. The management is required to check, at least annually, the existence of impairment indicators for each investment. The evaluation of assessment for impairment and methodology for assessing and determining the recoverable amount of each investments are based on complex assumptions. It involves management's judgement with respect to the identification of impairment indicators for each investment and estimates regarding the projected cash flows, long term growth rate and discounting rate used in valuation models. A sensitivity analysis is also performed to check the impact of changes in key variables on the valuation. The management believes that no impairment is required as at the reporting period end based on the procedures performed.

E. Income tax and deferred tax

Deferred tax assets are not recognised for unused tax losses as it is not probable that taxable profit will be available against which the losses can be utilised. Significant management judgement/estimate is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

Further details on taxes are disclosed in note 21.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

35. Significant accounting judgements, estimates and assumptions (contd.)

8) Litigations (contd.)

F. Provision for Inventories

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete, slow-moving items where net realisable value is below cost. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

G. Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

H. Contingent consideration

The Group has a legal obligation to pay additional consideration upon fulfilment of certain milestones in relation to businesses/joint ventures acquired in the past. Assessment in relation to determination of the fulfilment of such milestones involves estimation. Accordingly, the management has concluded on the basis of such assessment that the prescribed milestones will not be achieved and hence no impact has been taken in the financial statements.

36. Group information

The consolidated financial statements of the Group includes subsidiaries listed in the table below:

	Particulars	Principal activities	Principal place of business	% equity interest March 31, 2023	% equity interest March 31, 2022	Financial year ended on
1)	**Bharat Forge Global Holding GmbH (BFGH) and its wholly owned subsidiaries @**	Holding	Germany	100%	100%	March 31
i.	Bharat Forge Holding GmbH and its wholly owned subsidiaries @	Holding	Germany	100%*	100%*	March 31
	a) Bharat Forge Aluminiumtechnik GmbH (BFAT) @	Forging	Germany	100%*	100%*	March 31
ii.	Bharat Forge Kilsta AB @	Forging	Sweden	100%*	100%*	March 31
iii.	Bharat Forge CDP GmbH and its wholly owned subsidiary @	Forging	Germany	100%*	100%*	March 31
	a) Bharat Forge Daun GmbH @	Die Manufacturing	Germany	100%*	100%*	March 31
iv.	Mecanique Generale Langroise @	Machining	France	100%*	100%*	March 31

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

36. Group information (contd.)

	Particulars	Principal activities	Principal place of business	% equity interest March 31, 2023	% equity interest March 31, 2022	Financial year ended on
2)	**Bharat Forge America Inc. and its wholly owned subsidiaries @**	Holding	U.S.A	100%	100%	March 31
i.	Bharat Forge PMT Technologie LLC @	Forging	U.S.A	100%*	100%*	March 31
ii.	Bharat Forge Tennessee Inc. @	Others	U.S.A	100%*	100%*	March 31
iii.	Bharat Forge Aluminium USA, Inc. @	Forging	U.S.A	100%*	100%*	March 31
3)	**Bharat Forge International Limited**	Forging	U.K.	100%	100%	March 31
4)	**Kalyani Strategic Systems Limited and its subsidiaries**	Others	India	100%	100%	March 31
i.	Kalyani Rafael Advanced Systems Private Limited **	Others	India	50%*	50%*	March 31
ii.	Analogic Controls India Limited $	Others	India	NA	100%	March 31
iii.	Sagar Manas Technologies Limited	Others	India	51%*	100%*	March 31
iv.	Kalyani Strategic Systems Australia Pty Limited #	Others	Australia	NA	NA	March 31
5)	**Kalyani Powertrain Limited and its subsidiaries**	Others	India	100%	100%	March 31
i.	Kalyani Mobility INC (formerly Kalyani Precision Machining INC.) (From September 9, 2021)* @	Machining	U.S.A	100%*	100%*	March 31
ii.	Tork Motors Private Limited****	Others	India	64.29%*	64.29%*	March 31
	a) Lycan Electric Private Limited****	Others	India	64.29%*	64.29%*	March 31
iii.	Electroforge Limited (incorporated w.e.f. July 25, 2022)	Others	India	100%*	NA	March 31
6)	**BF industrial Solutions Limited (Formerly Nouveau Power and Infrastructure Private Limited) and its wholly owned subsidiaries**	Others	India	100%	100%	March 31
i.	BF Industrial Technology & Solutions Limited (Formerly Sanghvi Forging and Engineering Limited)**	Others	India	100%*	100%*	March 31
	a) Sanghvi Europe B.V.	Machining	Netherlands	100%*	100%*	March 31
ii.	JS Auto Cast Foundry India Private Limited (w.e.f. July 01, 2022)	Casting	India	100%*	NA	March 31
7)	**BF Infrastructure Limited and its subsidiary**	Others	India	100%	100%	March 31
i.	Ferrovia Transrail Solutions Private Limited (w.e.f. March 02, 2023)	Projects	India	100%*	NA	March 31
ii.	BFIL CEC-JV	Projects	India	74%*	74%*	March 31

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

36. Group information (contd.)

	Particulars	Principal activities	Principal place of business	% equity interest March 31, 2023	March 31, 2022	Financial year ended on
8)	**Kalyani Lightweighting Technology Solutions Limited (incorporated w.e.f. July 12, 2022)**	Others	India	100%	NA	March 31
9)	**Kalyani Centre for Precision Technology Limited**	Machining	India	100%	100%	March 31
10)	**BF Elbit Advanced Systems Private Limited****	Others	India	51%	51%	March 31
11)	**Eternus Performance Materials Private Limited**	Others	India	51%	51%	March 31
12)	**Indigenous IL Limited *** @**	Others	Israel	NA	NA	March 31

* held through subsidiaries

** based on control assessment as per Ind AS 110

*** not consolidated as the holding Company has not yet invested in Indigenous IL Limited and operations are not yet commenced

**** converted to subsidiary w.e.f. November 22, 2021

@ Change in financial year end date from previous accounting period for group reporting purpose

$ merged with Kalyani Strategic Systems Limited **[Refer note 60.7]**

\# w.e.f. November 10, 2021

Details of the Group's ownership interest in associates are as follows:

	Particulars	Principal activities	Principal place of business	% equity interest March 31, 2023	March 31, 2022	Financial year ended on
1)	Talbahn GmbH (not consolidated)	Others	Germany	35%*	35%*	March 31
2)	Ferrovia Transrail Solutions Private Limited (up to March 1, 2023)	Projects	India	NA	49%*	March 31
3)	Aeron Systems Private Limited	Others	India	37.14%*	37.14%	March 31
4)	Avaada MHVidarbha Private Limited (w.e.f. April 14, 2022)	Others	India	26%	NA	March 31
5)	Tork Motors Private Limited (up to November 21, 2021) **	Others	India	NA	NA	March 31
	i) Lycan Electric Private Limited (up to November 21, 2021)	Others	India	NA	NA	March 31

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

36. Group information (contd.)

	Particulars	Principal activities	Principal place of business	% equity interest March 31, 2023	March 31, 2022	Financial year ended on
6)	TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited) (up to November 8, 2021) ***	Others	UK	NA	NA	March 31
	i) Tevva Motors Limited (up to November 8, 2021)***	Others	UK	NA	NA	March 31

* held through subsidiaries

** converted to subsidiary w.e.f. November 22, 2021

*** converted to financial instruments w.e.f. November 9, 2021. Refer note 32.

Joint arrangement in which the Group is a joint venturer

	Particulars	Principal activities	Principal place of business	% equity interest March 31, 2023	March 31, 2022	Financial year ended on
1)	BF Premier Energy Systems Private Limited #	Others	India	NA	50%*	March 31
2)	BF NTPC Energy Systems Limited**	Projects	India	51%	51%	March 31
3)	Refu Drive GmbH @	Others	Germany	50%	50%	March 31
	i) Refu Drive India Private Limited @	Others	India	50%	50%	March 31

* held through subsidiaries

** Shareholders of the Joint Venture Company decided to voluntarily liquidate the joint venture at their EGM held on October 9, 2018

@ Change in financial year end date from previous accounting period for group reporting purpose

\# Group along with joint venturer has applied for being struck off

37. Material partly owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests based on IND AS Financial Statement is provided below:

Proportion of equity interest held by non-controlling interests:

Particulars	Principal place of business	% equity interest March 31, 2023	March 31, 2022
Kalyani Strategic Systems Limited*	India	NA	NA
Kalyani Rafael Advanced Systems Private Limited	India	50%	50%
BF Elbit Advanced Systems Limited	India	49%	49%

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

37. Material partly owned subsidiaries (contd.)

Particulars	Principal place of business	% equity interest March 31, 2023	% equity interest March 31, 2022
Eternus Performance Materials Private Limited	India	49%	49%
Tork Motors Private Limited (from November 22, 2021)**	India	35.71%	35.71%
Lycan Electric Private Limited (from November 22, 2021)**	India	35.71%	35.71%
Sagar Manas Technologies Limited	India	49%	NA

* During the year ended March 31, 2021, the board of directors of the Holding Company had passed resolution for acquisition of non-controlling interest in KSSL. During previous year, on receipt of necessary approval from the Department for Promotion of Industry and Internal Trade, the Holding Company has acquired the balance 49% stake in KSSL resulting in an increase in the Company's stake in KSSL from 51% to 100%. Consequently, KSSL has become a wholly owned subsidiary of the Company with effect from February 28, 2022.

** On November 22, 2021, the Group has converted the Zero Coupon Optionally Convertible Debentures held in Tork Motors Private Limited ('Tork Motors'), into equity shares, amounting to ₹ 400 million. Pursuant to this conversion, the Group's stake in Tork Motor's equity shares has increased to 60.66% (on fully diluted basis). Consequently, Tork and its subsidiary Lycan Electric Private Limited have become a subsidiaries w.e.f. November 22, 2021. Also refer note 39 .2 for disclosures related to financial information of Tork Motors as an associate till November 21, 2021.

Information regarding non-controlling interest

In ₹ Million

	March 31, 2023	March 31, 2022
Accumulated balances of material non-controlling interest:		
Kalyani Rafael Advanced Systems Private Limited	191.95	185.48
BF Elbit Advanced Systems Limited	(72.57)	(63.20)
Eternus Performance Materials Private Limited	(2.26)	(2.35)
Tork Motors Private Limited (on consolidated basis, from November 22, 2021)	243.65	440.84
Sagar Manas Technologies Limited	(0.05)	NA
Total Comprehensive income allocated to material non-controlling interest:		
Kalyani Strategic Systems Limited	-	(7.56)
Kalyani Rafael Advanced Systems Private Limited	6.47	0.47
BF Elbit Advanced Systems Limited	(9.37)	(7.93)
Eternus Performance Materials Private Limited	0.09	(0.53)
Tork Motors Private Limited (on consolidated basis, from November 22, 2021)	(197.19)	(31.25)
Sagar Manas Technologies Limited	(0.05)	NA

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

37. Material partly owned subsidiaries (contd.)

Summarised statement of profit and loss for the year ended March 31, 2023

In ₹ Million

Particulars	Sagar Manas Technologies Limited*	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited	Tork Motors Private Limited**
Reporting periods	April 1, 2022 to March 31, 2023	April 1, 2022 to March 31, 2023	April 1, 2022 to March 31, 2023	April 1, 2022 to March 31, 2023	April 1, 2022 to March 31, 2023
Revenue	-	1,313.05	-	12.11	355.59
Other income	-	13.96	-	0.36	4.05
Cost of raw materials and components consumed	-	241.62	-	2.87	437.77
Purchase of stock in trade	-	923.87	-	-	-
(Increase)/decrease in inventories of finished goods, work-in-progress, traded goods, dies & scrap	-	7.09	-	1.54	(29.69)
Employee benefits expense	-	28.73	-	3.63	154.60
Depreciation and amortisation expense	-	23.44	2.56	0.68	162.33
Finance costs	-	3.42	16.29	0.70	27.38
Other expenses	0.11	81.34	0.27	2.87	158.81
Profit/(loss) before tax	**(0.11)**	**17.50**	**(19.12)**	**0.18**	**(551.56)**
Income tax	-	4.34	-	-	0.16
Profit/(loss) for the year	**(0.11)**	**13.16**	**(19.12)**	**0.18**	**(551.72)**
Other Comprehensive Income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)					
Re-measurement gain/(losses) on defined benefit plans	-	(0.22)	-	-	(0.47)
Other comprehensive income for the year, net of tax	**-**	**(0.22)**	**-**	**-**	**(0.47)**
Total comprehensive income	**(0.11)**	**12.94**	**(19.12)**	**0.18**	**(552.19)**
Total Comprehensive Income attributable to non-controlling interests**	(0.05)	6.47	(9.37)	0.09	(197.19)
Profit/(loss) attributable to non-controlling interests	(0.05)	6.58	(9.37)	0.09	(197.02)
other comprehensive Income/(loss) attributable to non-controlling interests	-	(0.11)	-	-	(0.17)
Dividend paid to non-controlling interests	-	-	-	-	-

* On September 20, 2022, Kalyani Strategic Systems Limited transferred 49% stake to Open Joint Stock Company Dastan Transnational Corporation Ltd. ("Dastan")

** Non-controlling interest is calculated at consolidated level for Tork Motors Private Limited and Lycan Electric Private Limited

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

37. Material partly owned subsidiaries (contd.)

Summarised statement of profit and loss for the year ended March 31, 2022

In ₹ Million

Particulars	Kalyani Strategic Systems Limited *	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited	Tork Motors Private Limited**
Reporting periods	April 1, 2021 to February 28, 2022	April 1, 2022 to March 31, 2022	April 1, 2022 to March 31, 2022	April 1, 2022 to March 31, 2022	November 22, 2021 to March 31, 2022
Revenue	56.08	750.93	-	6.72	14.38
Other Income	4.61	9.40	-	-	2.18
Cost of raw material and components consumed	2.70	226.76	-	0.32	12.74
Purchase of stock in trade	51.94	410.27	-	-	-
(Increase)/decrease in inventories of finished goods, work-in-progress, dies and scrap	-	(6.09)	-	(2.69)	(4.23)
Employee benefits expense	6.79	33.05	-	6.40	34.77
Depreciation and amortisation expense	2.48	30.74	0.98	0.79	36.67
Finance costs	1.09	1.67	14.94	0.64	2.02
Other expenses	11.63	61.71	0.25	2.52	22.17
Profit/(loss) before tax	**(15.94)**	**2.22**	**(16.17)**	**(1.26)**	**(87.58)**
Income tax	-	(1.45)	-	0.17	-
Profit/(loss) for the year	**(15.94)**	**0.77**	**(16.17)**	**(1.09)**	**(87.58)**
Other Comprehensive Income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)					
Re-measurement gain/(losses) on defined benefit plans	0.05	0.15	-	-	0.05
Other comprehensive income for the year, net of tax	**0.05**	**0.15**	**-**	**-**	**0.05**
Total comprehensive income	**(15.89)**	**0.92**	**(16.17)**	**(1.09)**	**(87.52)**
Attributable to non-controlling interests	(7.56)	0.47	(7.93)	(0.53)	(31.25)
Dividends paid to non-controlling interests	-	-	-	-	-

* Non-controlling interest is calculated at Kalyani Strategic System Limited consolidated level, however, balance sheet and statement of profit and loss numbers are disclosed at Kalyani Strategic System Limited standalone level.

** Non-controlling interest is calculated at consolidated level for Tork Motors Private Limited and Lycan Electric Private Limited

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

37. Material partly owned subsidiaries (contd.)

Summarised balance sheet as at March 31, 2023:

In ₹ Million

Particulars	Sagar Manas Technologies Limited	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited*	Tork Motors Private Limited**
Trade receivables, inventories and cash and bank balances (current)	-	1,242.88	8.48	20.20	209.79
Property, plant and equipment and other non-current financial and non-financial assets	-	115.10	17.98	14.28	1,010.88
Trade and other payables (current) and (non-current)	(0.11)	(979.97)	(0.70)	(14.61)	(441.21)
Interest-bearing loans and borrowing and deferred tax liabilities (current) and (non-current)	-	-	(173.87)	(21.59)	(343.35)
Total equity	**(0.11)**	**378.01**	**(148.11)**	**(1.72)**	**436.11**
Attributable to:					
Equity holders of parent	(0.06)	186.06	(75.54)	0.54	192.46
Non-controlling interest*	(0.05)	191.95	(72.57)	(2.26)	243.65

* The share of total equity of non-controlling interest in case of Eternus Performance Materials Private Limited includes accumulated losses for the pre-acquisition period.

** Non-controlling interest is calculated at consolidated level for Tork Motors Private Limited and Lycan Electric Private Limited.

Summarised balance sheet as at March 31, 2022:

In ₹ Million

Particulars	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited*	Tork Motors Private Limited**
Trade receivables, inventories and cash and bank balances (current)	748.04	9.37	25.38	161.08
Property, plant and equipment and other non-current financial and non-financial assets	143.17	20.54	14.35	964.75
Trade and other payables (current) and (non-current)	(526.15)	(2.31)	(22.60)	(130.42)
Interest-bearing loans and borrowing and deferred tax liabilities (current) and (non-current)	-	(156.59)	(19.04)	(28.00)
Total equity	**365.06**	**(128.99)**	**(1.91)**	**967.41**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

37. Material partly owned subsidiaries (contd.)

In ₹ Million

Particulars	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited*	Tork Motors Private Limited**
Attributable to:				
Equity holders of parent	179.58	(65.79)	0.44	526.57
Non-controlling interest*	185.48	(63.20)	(2.35)	440.84

* The share of total equity of non-controlling interest in case of Eternus Performance Materials Private Limited includes accumulated losses for the pre-acquisition period.

** Non-controlling interest is calculated at consolidated level for Tork Motors Private Limited and Lycan Electric Private Limited.

Summarised cash flow information for the year ended March 31, 2023:

In ₹ Million

Particulars	Sagar Manas Technologies Limited	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited	Tork Motors Private Limited**
Operating	(28.44)	523.87	(1,754.54)	(1.67)	(258.86)
Investing	-	511.40	-	(0.17)	(33.42)
Financing	75.00	(65.45)	610.92	1.86	297.71
Net increase/(decrease) in cash and cash equivalents	**46.56**	**969.82**	**(1,143.62)**	**0.02**	**5.43**

** Non-controlling interest is calculated at consolidated level for Tork Motors Private Limited and Lycan Electrric Private Limited

Summarised cash flow information for the year ended March 31, 2022:

In ₹ Million

Particulars	Kalyani Strategic Systems Limited *	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited	Tork Motors Private Limited**
Operating	(61.28)	64.80	(4.00)	(1.16)	(36.96)
Investing	48.83	(11.83)	(2.41)	0.08	(319.38)
Financing	15.52	(6.28)	(1.97)	1.34	356.51
Net increase/(decrease) in cash and cash equivalents	**3.07**	**46.69**	**(8.38)**	**0.26**	**0.17**

* from April 1, 2021 to February 28, 2022

** Non-controlling interest is calculated at the consolidated level for Tork Motors Private Limited and Lycan Electric Private Limited

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

38. Interest in Joint Ventures

1. BF Premier Energy Systems Private Limited

The Group had 50% interest in BF Premier Energy Systems Private Limited, a joint venture incorporated in India and with the objective of manufacturing defence products such as Bi-modular cartridges systems, ammunition of selected types, ready to use defence products such as rockets, missiles, mines, bombs, torpedoes and ammunition, etc. The Joint Venture was engaged in the activities of setting up its business during the period covered by these financial statements. The Group's interest in BF Premier Energy Systems Private Limited was accounted for using the equity method in the consolidated financial statements. During the year the Group along with the co-venturer has applied for striking off the name of BF Premier Energy Systems Private Limited from the register of Companies under section 248 (2) of the Company Act 2013 and Rule 4(1) of the Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016 vide form no STK - 2 on 2nd March, 2023. Summarised financial information of the joint venture, based on its Ind AS financial statements:

Summarised balance sheet

In ₹ Million

Particulars	March 31, 2023	March 31, 2022
Current assets	NA	0.10
Non-current assets	NA	-
Current liabilities	NA	(0.27)
Non-current liabilities	NA	-
Equity	**NA**	**(0.17)**
Share of the Group in the capital commitment, contingent liabilities of jointly controlled entity	NA	-
Proportion of the Group's ownership	NA	50%
Carrying amount of the investment	NA	-

Summarised statement of profit and loss for the year ended:

In ₹ Million

Particulars	March 31, 2023	March 31, 2022
Income		
Other income	NA	-
	NA	**-**
Expenses		
Employee benefits expense	NA	-
Depreciation	NA	-
Other expenses	NA	0.11
	NA	**0.11**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

38. Interest in Joint Ventures (contd.)

In ₹ Million

Particulars	March 31, 2023	March 31, 2022
Loss before tax	**NA**	**(0.11)**
Tax expenses	NA	-
Loss for the year	**NA**	**(0.11)**
Other comprehensive income for the year	**-**	**-**
Total comprehensive income for the year	**NA**	**(0.11)**
Group's share of loss for the year	**NA**	**(0.06)**
Group's share of other comprehensive income for the year	**NA**	**-**

2. Refu Drive GmbH

The Group has acquired 50% interest in Refu Drive Gmbh on September 19, 2019, a joint venture incorporated in Germany, involved in manufacturing and selling on board controllers and components mainly - drives, invertors, convertors (including AC/DC) and all kind of auxiliary applications, related power electronics and battery management (BMS) etc. for all quality of e-mobility vehicles viz, hybrid and electric 2-wheelers, 3-wheelers, cars and commercial vehicles along with its wholly owned subsidiary "Refu India Private Limited, India". The Group's interest in Refu Drive GmbH is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind AS financial statements for the period April 1, 2022 to March 31, 2023 are as follows:

Summarised balance sheet

In ₹ Million

Particulars	March 31, 2023	March 31, 2022
Current assets	505.45	675.64
Non-current assets	228.84	567.40
Current liabilities	(458.10)	(475.13)
Non-current liabilities	(396.76)	(218.28)
Equity	**(120.57)**	**549.63**
Share of the Group in the capital commitment, contingent liabilities of jointly controlled entity	-	-
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	360.27	689.16

The Group has invested an amount of ₹ 919.14 million in equity shares. The Group's Share of equity is ₹ (60.29) million.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

38. Interest in Joint Ventures (contd.)

Summarised statement of profit and loss for the year/period ended:

In ₹ Million

Particulars	March 31, 2023	March 31, 2022
Income		
Revenue	1,328.74	1,672.89
Other income	65.77	24.70
	1,394.51	**1,697.59**
Expenses		
Cost of raw material and components consumed	1,704.28	1,069.62
Purchase of stock in trade	3.07	2.62
(Increase)/decrease in inventories of finished goods, work-in-progress, dies and scrap	(682.70)	(19.02)
Employee benefits expense	455.82	530.39
Depreciation and Amortisation	110.19	216.47
Finance costs	6.85	6.77
Other expenses	451.30	215.55
	2,048.81	**2,022.40**
Loss before tax	**(654.30)**	**(324.81)**
Tax expenses/(income)	2.60	2.48
Loss for the year	**(656.90)**	**(327.29)**
Other comprehensive income/(loss) for the period	**(0.99)**	**1.37**
Total comprehensive (loss) for the period	**(657.89)**	**(325.92)**
Group's share of loss for the period	**(328.45)**	**(163.65)**
Group's share of other comprehensive (loss) for the period	**(0.49)**	**0.69**

39. Investment in an associate

1. Ferrovia Transrail Solutions Private Limited

The Group was holding 49% interest in Ferrovia Transrail Solutions Private Limited (FTSPL), investment through wholly owned subsidiary till March 2, 2023 and post acquisition of equity shares, the Group holds 100% interest in FTSPL as at March 31, 2023. Accordingly, FTSPL has ceased to be an associate w.e.f March 02, 2023. FTSPL was involved in carrying out the project of design, procurement, construction of railway track and railway track related work. The Group's interest in FTSPL is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the Group's investment in Ferrovia Transrail Solutions Private Limited based on its audited IND AS financial statements:

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

39. Investment in an associate (contd.)

Summarised balance sheet

In ₹ Million

Particulars	March 31, 2023	March 31, 2022
Current assets	NA	121.70
Non-current assets	NA	5.13
Current liabilities	NA	(141.10)
Non-current liabilities	NA	(0.19)
Equity	**NA**	**(14.46)**
Share of the Group in the capital commitment, contingent liabilities of associates*	NA	-
Proportion of the Group's ownership	NA	49%
Carrying amount of the investment and loan*	**NA**	**136.56**

* The Group has a constructive obligation to make payments on behalf of the associate whenever required. Accordingly, BF Infrastructure limited, its' holding company has absorbed the gain for the year and adjusted the same against the loan given to FTSPL being long term interest of the Group in the said associate. The management has used judgement in determining whether such loan constitutes Group's long term interest in Ferrovia.

Summarised statement of profit and loss for the year ended:

In ₹ Million

Particulars	April 1, 2022 to March 2, 2023	March 31, 2022
Income		
Revenue from operations	-	19.23
Other income	-	12.16
	-	**31.39**
Expenses		
Employee benefits expense	0.89	1.05
Finance costs	0.01	0.01
Other expenses	1.92	6.64
	2.82	**7.70**
Profit/(Loss) before exceptional items and tax	(2.82)	23.69
Exceptional Items - Gain	-	(18.50)
Profit/(Loss) before tax	**(2.82)**	**5.19**
Tax expenses		
Current tax	0.00	-
Deferred tax	(0.03)	-
Profit/(Loss) for the year	**(2.79)**	**5.19**
Other comprehensive income	**0.02**	**0.02**
Total comprehensive income/(loss) for the year	**(2.77)**	**5.21**
Group's share of profit/(Loss) for the year *	**(2.79)**	**5.19**
Group's share of other comprehensive income/(loss) for the year	**0.02**	**0.02**

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

39. Investment in an associate (contd.)

2. Tork Motors Private Limited

The Group was holding 48.86 % interest in Tork Motors Private Limited ('TMPL') till November 21, 2021 and post conversion of optionally convertible debentures, the Group holds 64.29 % interest in TMPL. TMPL has a wholly owned subsidiary viz. Lycan Electric Private Limited. TMPL is involved in research and development and manufacturing of electric two and three wheelers. The Group's interest in TMPL, for the period beginning from April 1, 2021 to November 21, 2021 is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the Group's investment (up to November 21, 2021) in TMPL based on its consolidated Ind AS financial statements:

Summarised statement of profit and loss for the year ended:

In ₹ Million

Particulars	March 31, 2023	April 1, 2021 to November 21, 2021
Income		
Revenue from operations	NA	30.24
Other income	NA	3.45
	NA	**33.69**
Expenses		
Cost of raw materials and components consumed	NA	15.58
(Increase)/Decrease in inventories of finished goods, work-in-progress, traded goods, dies and scrap	NA	0.96
Employee benefit expenses	NA	16.32
Finance cost	NA	2.89
Depreciation and amortisation	NA	26.62
Other expenses	NA	11.18
Loss before tax	**NA**	**(39.86)**
Income tax expense		
Current tax	NA	-
Deferred tax	NA	-
Loss for the year	**NA**	**(39.86)**
Other comprehensive income/(loss) for the year	**NA**	**(0.32)**
Total comprehensive income/(loss) for the year	**NA**	**(40.18)**
Group's share of loss for the year	**NA**	**(19.48)**
Group's share of other comprehensive income/(loss) for the year	**NA**	**(0.15)**

3. TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)

The Group holds investments in Tevva Motors Limited (held through TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)). The Group was holding an interest of 34.45% up to November 8, 2021 in TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited) (TMJL) and TMJL in turn held 14.27% interest in Tevva Motors Limited (TML) till that date (TMJL and TML are together referred to as "Tevva"). During the previous year, Tevva Motors Limited raised additional funding to finance its operations. Post allotment of equity shares by Tevva Motors to the new investors, Tevva has ceased to

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

39. Investment in an associate (contd.)

be an associate of the Group. Accordingly, the Group has classified it to be an equity instrument held as fair value through other comprehensive income. As on March 31, 2022, the Group held 41.27% interest in TMJL and 11.16% interest in TML. TML is involved in research and development and manufacturing of electric range extended mid-sized trucks. Upto November 8, 2021, Group's interest in Tevva is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the Group's investment in TMJL based on its audited consolidated Ind AS financial statements:

Summarised statement of profit and loss for the period ended:

In ₹ Million

Particulars	March 31, 2023	January 1, 2021 to November 8, 2021
Income		
Revenue from operations	NA	-
Other income	NA	-
	NA	**-**
Expenses		
Cost of raw material and components consumed	NA	-
(Increase)/decrease in inventories of finished goods, work-in-progress, dies and scrap	NA	-
Employee benefit expenses	NA	-
Finance cost	NA	62.47
Depreciation and amortisation	NA	167.76
Other expenses	NA	0.73
Loss before tax and share of loss of associate	**NA**	**(230.96)**
Share of loss of associate	NA	(651.88)
Loss before tax	**NA**	**(882.84)**
Current tax	NA	-
Loss for the year	**NA**	**(882.84)**
Other comprehensive income/(loss)	**NA**	**-**
Total comprehensive income/(loss) for the year	**NA**	**(882.84)**
Group's share of loss for the year	**NA**	**(255.36)**
Group's share of other comprehensive income/(loss) for the year	**NA**	**-**

4. **Aeron Systems Private Limited**

The Group owned 22.42% stake in Aeron Systems Private Limited as of March 31, 2020. Further, on August 14, 2020, additional 3.58% stake was acquired to reach 26.00% ownership. Further, on March 9, 2021, additional stake of 11.14% was acquired to reach total ownership of 37.14% as of March 31, 2021 as well as March 31, 2022. On 23rd February, 2023 the holding Company transferred 136,500 Equity shares having a face value of ₹ 10/- each of Aeron Systems Private Limited to Kalyani Strategic Systems Limited at a fair value of ₹ 1,005/- per share amounting to ₹ 137.18 million on a private placement basis for a consideration other than cash and the same shall rank pari passu with existing Equity shares of the Company. Aeron Systems Private Limited is engaged in the business of manufacturing of technology products such as Inertial Navigation Systems (INS) and IoT devices for industries such as Aerospace and Defense, Automotive, Renewable energy and Industry 4.0. The Group's interest in Aeron Systems Private Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information based on its Ind AS financial statements as follows:

Summarised balance sheet

In ₹ Million

Particulars	March 31, 2023	March 31, 2022
Current assets	197.11	249.31
Non-current assets	251.88	250.01
Current liabilities	(194.76)	(244.08)
Non-current liabilities	(12.01)	(9.88)
Equity	**242.22**	**245.36**
Share of the Group in the capital commitment, contingent liabilities of associates	-	1.79
Proportion of the Group's ownership	37.14%	37.14%
Carrying amount of the investment	**114.90**	**116.06**

The Group has invested an amount of ₹ 140.00 million in equity shares. The Group's share of equity is ₹ 89.96 million.

Summarised statement of profit and loss for the year/period ended:

In ₹ Million

Particulars	March 31, 2023	March 31, 2022
Income		
Revenue from operations	283.25	320.52
Other income	5.58	3.41
	288.83	**323.93**
Expenses		
Cost of Material Consumed	155.80	230.22
Changes in inventories	(3.54)	(11.48)
Employee benefit expenses	48.17	38.25
Finance cost	16.44	11.00
Depreciation and amortisation	40.71	39.58
Other expenses	32.98	26.46
Profit/(Loss) before tax	**(1.73)**	**(10.10)**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

39. Investment in an associate (contd.)

In ₹ Million

Particulars	March 31, 2023	March 31, 2022
Income tax expense		
Current tax	(1.93)	-
Deferred tax	1.66	0.91
Profit/(loss) for the year	**(2.00)**	**(9.19)**
Other comprehensive income/(loss) for the period	**(1.14)**	**0.03**
Total comprehensive income/(loss) for the period	**(3.14)**	**(9.16)**
Group's share of Profit/loss for the period	**(0.74)**	**(3.41)**
Group's share of other comprehensive income/(loss) for the period	**(0.42)**	**0.01**

5. **Avaada MHVidarbha Private Limited**

The Group has acquired 26% stake in Avaada MHVidarbha Private Limited on April 14, 2022. Avaada MHVidarbha Private Limited is involved in production, collection and distribution of electricity. The Group's interest in Avaada MHVidarbha Private Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information based on its Ind AS financial statements as follows:

Summarised balance sheet

In ₹ Million

Particulars	March 31, 2023
Current assets	74.67
Non-current assets	1,424.59
Current liabilities	(279.16)
Non-current liabilities	(797.65)
Equity	**422.46**
Share of the Group in the capital commitment, contingent liabilities of associates	-
Proportion of the Group's ownership	26%
Carrying amount of the investment	**111.35**

The Group has invested an amount of ₹ 113.75 million in equity shares. The Group's share of equity is ₹ 109.84 million.

Summarised statement of profit and loss for the year/period ended:

In ₹ Million

Particulars	April 14, 2022 to March 31, 2023
Income	
Revenue from operations	23.35
Other income	3.94
	27.29

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

39. Investment in an associate (contd.)

In ₹ Million

Particulars	April 14, 2022 to March 31, 2023
Expenses	
Cost of Material Consumed	-
Changes in inventories	-
Employee benefit expenses	-
Finance cost	17.34
Depreciation and amortisation	10.59
Other expenses	10.51
	38.44
Loss before tax	**(11.16)**
Income tax expense	
Current tax	-
Deferred tax	(1.91)
Loss for the year	**(9.25)**
Other comprehensive income/(loss) for the period	**-**
Total comprehensive income/(loss) for the period	**(9.25)**
Group's share of loss for the period	**(2.40)**
Group's share of other comprehensive income/(loss) for the period	**-**

40. Gratuity and other post-employment benefit plans

(a) Gratuity plan

Funded scheme

The Holding Company has a defined benefit gratuity plan for its employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the employee's length of service and salary at retirement age. An employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. In the case of certain category of employees who have completed 10 years of service, gratuity is calculated based on 30 days salary (last drawn) for each completed year of service and cap for gratuity is 20 years. The scheme is funded with insurance companies in the form of a qualifying insurance policies.

Risk exposure and asset-liability matching

The provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as the company take on uncertain long term obligations to make future benefit payments.

1) Liability risks

a) **Asset-liability mismatch risk**

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

to neutralise valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may appear minor, but they can have a significant impact on the defined benefit liabilities.

c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities, especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset risks

All plan assets are managed by the trust and are invested in various funds (majorly LIC of India). LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Company has no control over the management of funds and this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured and also interest rate and inflation risk are taken care of.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plans.

The principal assumptions used in determining gratuity for the Holding Company's plan is shown below:

Particulars	As at March 31, 2023	As at March 31, 2022
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	7.50%	7.20%
Expected rate of return on plan assets	7.20%	6.90%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)	11.00*	11.14*
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	5.00%	5.00%
Age 31 - 44 years	5.00%	5.00%
Age 45 - 50 years	5.00%	5.00%
Age above 50 years	5.00%	5.00%

* It is actuarially calculated term of the liability using probabilities of death withdrawal and retirement.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

Changes in the present value of the defined benefit obligation recognised in the balance sheet are as follows:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of obligation as at the beginning of the period	1,216.31	1,214.15
Interest expense	85.92	79.51
Current service cost	78.24	80.17
Benefits (paid)	(45.90)	(123.65)
Remeasurements on obligation [actuarial (gain)/loss]	(20.07)	(33.88)
Closing defined benefit obligation	**1,314.50**	**1,216.30**

Changes in the fair value of plan assets recognised in the balance sheet are as follows:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Opening fair value of plan assets	992.39	932.52
Interest income	73.77	63.87
Contributions	110.28	110.00
Benefits paid	(45.90)	(123.65)
Remeasurements - Return on plan assets, excluding amount included in Interest Income	5.53	9.65
Closing fair value of plan assets	**1,136.07**	**992.39**
Actual return on plan assets	79.30	43.97

Net interest (income)/expense

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest expense on defined benefit obligation	85.92	79.51
Interest (income) on plan assets	(73.77)	(63.87)
Net Interest Expense for the period	**12.15**	**15.64**

Remeasurement for the period [actuarial (gain)/loss]

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Experience (gain)/loss on plan liabilities	9.76	(4.42)
Demographic (gain)/loss on plan liabilities	-	-
Financial (gain)/loss on plan liabilities	(29.83)	(29.46)
Experience (gain)/loss on plan assets	(2.46)	(8.73)
Financial (gain)/loss on plan assets	(3.07)	(0.92)

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

Amount recognised in statement of other comprehensive income (OCI)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Remeasurement (gain)/loss for the period on defined benefit obligation		
(Gain)/loss on plan liabilities due to experience assumptions	9.76	(4.42)
(Gain)/loss on plan liabilities due to demographic assumptions	-	-
(Gain)/loss on plan liabilities due to financial assumptions	(29.83)	(29.46)
Remeasurement (gain)/loss for the period on plan asset		
(Gain)/loss on plan assets due to experience assumptions	(2.46)	(8.73)
(Gain)/loss on plan assets due to demographic assumptions	-	-
(Gain)/loss on plan assets due to financial assumptions	(3.07)	(0.92)
Total remeasurement cost for the period recognised in OCI	**(25.60)**	**(43.53)**

The amounts to be recognised in the balance sheet

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of obligation	(1,314.50)	(1,216.30)
Fair value of plan assets	1,136.07	992.39
Net asset/(liability) to be recognised in the balance sheet	**(178.43)**	**(223.91)**

Expense recognised in the statement of profit and loss

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current service cost [Refer note 28]	78.24	80.17
Net interest (income)/expense [Refer note 30]	12.15	15.64
Net periodic benefit cost recognised in the statement of profit and loss	**90.39**	**95.81**

Reconciliation of net asset/(liability) recognised:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Net asset/(liability) recognised at the beginning of the period	(223.92)	(281.63)
Company's contributions	110.28	110.00
Expense recognised for the year	(90.39)	(95.81)
Amount recognised in OCI	25.60	(43.53)
Net asset/(liability) recognised at the end of the period	**(178.43)**	**(310.97)**

The Holding Company expects to contribute ₹ 110.00 million to gratuity fund in the next year (March 31, 2022: ₹ 110.00 million)

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Funds managed by insurer	100.00%	100.00%

Sensitivity analysis:

A) Impact of change in discount rate when base assumption is decreased/increased in present value of obligation

In ₹ Million

Discount rate	As at March 31, 2023	As at March 31, 2022
Decrease by 1%	1,418.46	1,317.80
Increase by 1%	1,222.90	1,124.69

B) Impact of change in rate of increase in compensation levels on defined benefit obligation

In ₹ Million

Rate of increase in compensation levels	As at March 31, 2023	As at March 31, 2022
Decrease by 1%	1,231.55	1,133.28
Increase by 1%	1,406.45	1,305.84

C) Impact of change in withdrawal rate when base assumption is decreased/increased on defined benefit obligation

In ₹ Million

Withdrawal rate	As at March 31, 2023	As at March 31, 2022
Decrease by 1%	1,317.48	1,220.31
Increase by 1%	1,312.46	1,209.82

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following are the expected benefit payments to the defined benefit plan in future years:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Within one year	257.97	195.45
After one year but not more than five years	408.15	370.72
After five years but not more than ten years	654.88	625.00

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

weighted average duration of the defined benefit plan obligation (based on discounted cash flows using mortality, withdrawal and interest rate) is 10.59 years (March 31, 2022: 10.83 years).

(b) Special gratuity

The Company has a defined benefit special gratuity plan. Under the gratuity plan, every eligible employee who has completed ten years of service gets an additional gratuity on departure which will be the salary of specified months based on the last drawn basic salary. The scheme is unfunded.

1) Liability risks

a) **Asset-liability mismatch risk**

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Holding Company can successfully neutralise valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b) **Discount rate risk**

Variations in the discount rate used to compute the present value of the liabilities may appear minor, but they can have a significant impact on the defined benefit liabilities.

c) **Future salary escalation and inflation risk**

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at the management's discretion may lead to uncertainties in estimating this increasing risk.

2) Unfunded plan risk

This represents unmanaged risk and a growing liability. There is an inherent risk here that the Holding Company may default on paying the benefits in adverse circumstances. Funding the plan removes volatility in the Company's financial statements and also benefit risk through return on the funds made available for the plan.

The principal assumptions used in determining special gratuity for the Holding Company's plan is shown below:

Particulars	As at March 31, 2023	As at March 31, 2022
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	7.50%	7.20%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)	11.82*	11.70*
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	5.00%	5.00%
Age 31 - 44 years	5.00%	5.00%
Age 45 - 50 years	5.00%	5.00%
Age above 50 years	5.00%	5.00%

* It is actuarially calculated term of the liability using probabilities of death, withdrawal and retirement.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

Changes in the present value of the defined benefit obligation recognised in the balance sheet are as follows:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of obligation as at the beginning of the period	180.90	185.37
Interest expense	12.58	12.54
Past service cost	-	-
Current service cost	3.38	20.87
Benefits Paid	(12.23)	(7.24)
Remeasurements on obligation [Actuarial (Gain)/Loss]	(17.11)	(30.64)
Closing defined benefit obligation	**167.52**	**180.90**

Net Interest (Income)/Expense

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest expense on defined benefit obligation	12.58	12.54
Net interest expense for the period	**12.58**	**12.54**

Remeasurements for the period

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Experience (gain)/loss on plan liabilities	(11.87)	(24.73)
Demographic loss on plan liabilities	-	-
Financial (gain)/loss on plan liabilities	(5.24)	(5.91)

Amount recognised in statement of other comprehensive Income (OCI)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Remeasurement for the period-obligation (gain)/loss		
(Gain)/loss on plan liabilities due to experience assumptions	(11.87)	(24.73)
(Gain)/loss on plan liabilities due to demographic assumptions	-	-
(Gain)/loss on plan liabilities due to financial assumptions	(5.24)	(5.91)
Remeasurement for the period-Plan assets (gain)/loss		
(Gain)/loss on plan assets due to experience assumptions	-	-
(Gain)/loss on plan assets due to demographic assumptions	-	-
(Gain)/loss on plan assets due to financial assumptions	-	-
Total remeasurement cost for the period recognised in OCI	**(17.11)**	**(30.64)**

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

The amounts to be recognised in the balance sheet

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of obligation as at the end of the period	(167.52)	(180.90)
Fair value of plan assets as at the end of the period	-	-
Net asset/(liability) to be recognised in the balance sheet	**(167.52)**	**(180.90)**

Expense recognised in the statement of profit and loss

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current service cost **[Refer note 28]**	3.38	20.87
Past service cost	-	-
Net interest (income)/expense **[Refer note 30]**	12.58	12.54
Net periodic benefit cost recognised in the statement of profit and loss	**15.96**	**33.41**

Reconciliation of Net Asset/(Liability) recognised:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Net asset/(liability) recognised at the beginning of the period	(180.90)	(185.37)
Company's contributions	-	-
Benefits directly paid by Company	12.23	7.24
Expense recognised for the year	(15.96)	(33.41)
Amount recognised in OCI	17.11	30.64
Net asset/(liability) recognised at the end of the period	**(167.52)**	**(180.90)**

The following are the expected benefit payments to the defined benefit plan in future years:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Within one year	19.47	11.33
After one year but not more than five years	48.68	59.12
After five years but not more than ten years	90.09	102.88

The weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 12.75 years (March 31, 2022: 12.46 years).

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

Sensitivity analysis:

A) Impact of change in discount rate when base assumption is decreased/increased on defined benefit obligation

In ₹ Million

Discount rate	Year ended March 31, 2023	Year ended March 31, 2022
Decrease by 1%	186.02	201.77
Increase by 1%	151.74	163.15

B) Impact of change in salary increase rate when base assumption is decreased/increased - present value of obligation

In ₹ Million

Rate of increase in compensation levels	Year ended March 31, 2023	Year ended March 31, 2022
Decrease by 1%	152.88	164.49
Increase by 1%	184.29	199.74

C) Impact of change in withdrawal rate when base assumption is decreased/increased - present value of obligation

In ₹ Million

Withdrawal rate	Year ended March 31, 2023	Year ended March 31, 2022
Decrease by 1%	166.78	180.60
Increase by 1%	168.17	181.16

(c) Provident fund

In accordance with the law, all employees of the Holding Company are entitled to receive benefits under the provident fund. The Holding Company operates two plans for its employees to provide employee benefits in the nature of provident fund, viz. defined contribution plan and defined benefit plan.

Under the defined contribution plan, provident fund is contributed to the government administered provident fund. The Holding Company has no obligation, other than the contribution payable to the provident fund **(Refer note 28)**

Under the defined benefit plan, the Company contributes to the "Bharat Forge Company Limited Staff Provident Fund Trust". The Holding Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The details of the defined benefit plan based on actuarial valuation report are as follows:

1) Liability risks:

a) **Asset-liability mismatch risk**

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Holding Company can successfully

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

neutralise valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b) **Discount rate risk**
Variations in the discount rate used to compute the present value of the liabilities may appear minor, but they can have a significant impact on the defined benefit liabilities.

c) **Future salary escalation and inflation risk**
Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at the management's discretion may lead to uncertainties in estimating this increasing risk.

2) **Asset risks:**
All plan assets are managed by the trust and are invested in various funds (majorly LIC of India). LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Company has no control over the management of funds and this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured and also interest rate and inflation risk are taken care of.

The principal assumptions used in determining provident fund liability/shortfall for the Holding Company's plan is shown below:

Particulars	As at March 31, 2023	As at March 31, 2022
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	7.50%	7.20%
Interest rate declared by Employees' Provident Fund Organisation for the year	8.15%	8.10%
Yield spread	0.50%	0.50%
Expected rate of return on plan assets	7.20%	6.90%
Expected average remaining working lives of employees (in years)	11.10*	11.36*
Withdrawal rate		
Age upto 30 years	5.00%	5.00%
Age 31 - 44 years	5.00%	5.00%
Age 45 - 50 years	5.00%	5.00%
Age above 50 years	5.00%	5.00%

* It is actuarially calculated term of the plan using probabilities of death, withdrawal and retirement.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

Table showing changes in present value of expected interest rate shortfall:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of expected Interest rate shortfall as at the beginning of the period	3,460.44	3,261.33
Interest cost	242.93	219.22
Current service cost	95.47	105.95
Employee contribution	150.31	153.57
Benefits paid	(172.89)	(168.40)
Actuarial (gain)/loss on obligations	36.84	(111.23)
Present value of expected interest rate shortfall as at the end of the period	**3,813.10**	**3,460.44**

Table showing changes in fair value of plan assets (Surplus account)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Fair value of plan assets as at the beginning of the period (surplus account)	3,430.86	3,141.33
Interest income	249.65	219.40
Employers contribution	95.47	91.72
Employees contribution	150.31	153.56
Benefits paid	(172.89)	(168.39)
Remeasurement-return on plan assets excluding amount included in interest income	55.92	(6.76)
Fair value of plan assets as at the end of the period (surplus account)	**3,809.32**	**3,430.86**

Net interest (income)/expense

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest expense on defined benefit obligation	242.93	219.22
Interest (income) on plan assets	(249.65)	(219.40)
Net Interest Expense/(Income) for the period	**(6.72)**	**(0.18)**

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

Actuarial (gain)/loss recognised

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Actuarial Loss for the period – Obligation	36.84	(111.23)
Actuarial Loss for the period – Plan assets	(55.92)	6.76
Total (gain)/loss for the year	**(19.08)**	**(104.47)**
Actuarial (gain)/loss recognised in the year	**(19.08)**	**(104.47)**

The amounts to be recognised in the balance sheet:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of Provident fund liability as at end of the period	3,813.10	3,460.44
Fair value of the plan assets as at the end of the period (surplus account)	3,809.32	3,430.86
(Deficit)	**(3.78)**	**(29.58)**
Net (liability) recognised in the balance sheet	(3.78)	(29.58)

Amount recognised in Statement of Other comprehensive Income (OCI):

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Remeasurement for the period-obligation (gain)/loss	36.84	(111.23)
Remeasurement for the period-plan assets(gain)/loss	(55.92)	6.76
Total Remeasurement cost for the period recognised in OCI	**(19.08)**	**(104.47)**

Expense recognised in the statement of profit and loss:

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current service cost [Refer note 28]	95.47	105.95
Net interest expense [Refer note 30]	(6.72)	(0.18)
Net periodic benefit cost recognised in the statement of profit and loss	**88.75**	**105.77**

Sensitivity analysis:

A) Impact of change in discount rate when base assumption is decreased/increased by 50 basis points - present value of obligation

In ₹ Million

Discount rate	Year ended March 31, 2023	Year ended March 31, 2022
Decrease by 0.50%	3,877.73	3,519.09
Increase by 0.50%	3,784.05	3,405.09

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

B) Impact of change in expected future interest rate on PF when base assumption is decreased/increased by 50 basis points - present value of obligation

In ₹ Million

PF interest rate	Year ended March 31, 2023	Year ended March 31, 2022
Decrease by 0.50%	3,784.05	3,403.99
Increase by 0.50%	3,875.31	3,516.89

Overseas subsidiaries

(d) Pension plan and Early retirement plan

The overseas subsidiaries operate a pension scheme which is a defined benefit plan. The scheme pertains to employees who have left the organisation. The present value of defined benefit obligation and the related current service costs are measured using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. An individual's estimated benefit obligation is the present value of the attributed benefit for valuation purposes at the beginning of the plan year, and the service cost is the present value of the benefit attributed to the year of service in the plan year.

The following table summarises the components of net benefit expense recognised in the Statement of profit and loss and amounts recognised in the balance sheet for the pension plan.

The principal assumptions used in determining pension plan for the Group's overseas subsidiaries is shown below:

Particulars	As at March 31, 2023	As at March 31, 2022
Mortality table	RT Heubeck 2018 G, TGH05/ TGF05 and DUS 21	Heubeck 2018 G
Discount rate	3.6% to 4.40%	0.00% to 0.00%
Rate of increase in compensation levels	2.00%	0.00% to 0.00%

Changes in the present value of the defined benefit obligation recognised in consolidated balance sheet are as follows:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Opening defined benefit obligation	1,140.03	1,383.68
Foreign Currency Translation Reserve (FCTR) Impact on opening balance	19.24	(158.76)
Interest expense	10.18	14.66
Current service cost	-	17.62
Benefits paid	(33.69)	(27.07)
Remeasurements on obligation [Actuarial (Gain)/Loss]	(287.93)	(90.10)
Closing defined benefit obligation	**847.83**	**1,140.03**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

Changes in the fair value of plan assets recognised in the consolidated balance sheet are as follows:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Opening fair value of plan assets	22.77	23.64
Foreign Currency Translation Reserve (FCTR) Impact on opening balance	(16.17)	(0.64)
Interest income	0.47	0.05
Benefits paid	(0.47)	(0.45)
Remeasurements-Actuarial gains/(losses)	(0.18)	0.17
Return on plan assets, excluding amount recognised in Interest Income - Gain/(Loss)	-	-
Closing fair value of plan assets	**6.42**	**22.77**
Actual return on plan assets	0.29	0.22

Net Interest (Income/Expense)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest (Income)/Expense – Obligation	10.18	14.66
Interest (Income)/Expense – Plan assets	(0.47)	(0.05)
Net Interest (Income)/Expense for the period	**9.71**	**14.61**

Amount recognised in Statement of Other comprehensive Income (OCI)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Remeasurement for the period-Obligation (Gain)/Loss	(287.93)	(90.10)
Remeasurement for the period-Plan assets (Gain)/Loss	0.18	(0.17)
Total Remeasurement cost/(credit) for the period recognised in OCI	**(287.75)**	**(90.27)**

The weighted average duration of the defined benefit plan obligation (based on discounted cash flows using mortality, withdrawal and interest rate) is 6.7-18.83 years (March 31, 2022: 13.14-22.23 years).

The amounts to be recognised in the balance sheet

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of defined benefit obligations	(847.83)	(1,140.03)
Fair value of plan assets	6.42	22.77
Net Asset/(liability) to be recognised in balance sheet	**(841.41)**	**(1,117.26)**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

Expense recognised in the statement of profit and loss

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current service cost	-	17.62
Net Interest (Income)/Expenses	9.71	14.61
Net periodic benefit cost recognised in the statement of profit & loss	**9.71**	**32.23**

Reconciliation of Net Asset/(liability) recognised:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Net asset/(liability) recognised at the beginning of the period	(1,117.27)	(1,360.04)
Foreign Currency Translation Reserve (FCTR) Impact on Opening Balance	(35.41)	158.12
Benefits directly paid by the Group	33.22	26.62
Expense recognised for the year	(9.71)	(32.24)
Amount recognised in OCI	287.75	90.27
Net asset/(liability) recognised at the end of the period	**(841.42)**	**(1,117.27)**

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Funds managed by insurer	100%	100%

Sensitivity analysis

Impact of change in discount rate when base assumption is present value of obligation decreased/increased in present value of obligation

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Decrease by 0.50%	81.68	98.58
Increase by 0.50%	74.12	86.87

The pension scheme pertains to employees who have already left the organisation. Therefore, the impact of change in salary increase rate and withdrawal rate is nil and hence not disclosed.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

The followings are the expected contributions to the defined benefit plan in future years:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Within the next 12 months (next annual reporting period)	35.03	29.62
Between 2 and 5 years	159.81	133.91
Beyond 5 and 10 years	244.44	206.72
Beyond 10 years	1,378.16	1,285.57
Total expected payments	**1,817.44**	**1,655.82**

(e) Other long term benefits

Other long term benefits include early retirement scheme as governed by the local laws amounting to ₹ 57.90 million (March 31, 2022: ₹ 3.69 million) and jubilee scheme as governed by the local laws amounting to ₹ 89.81 million (March 31, 2022: ₹ 85.95 million).

One of the subidiaries has an employees' savings plan which qualifies under Internal Revenue Code as governed by the local laws. The plan allows eligible employees to make voluntary contributions based on a specific percentage of compensation which may not exceed limitations under the said Internal Revenue Code. The Group has a discretionary matching contribution of 50% up to 6% of compensation. The total expense for employee retirement contribution plans for the year ended March 31, 2023 was ₹ 19.87 million (March 31, 2022: ₹ 9.13 million) included in note 28 as part of employee benefits expenses.

Indian subsidiaries

(f) Gratuity plans

The present value of defined benefit obligation and the related current service costs are measured using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. The gratuity benefits are governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to a specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. Majority of the schemes are funded by insurance companies in the form of qualifying insurance policy.

Risk exposure and asset liability matching

The provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

1) Liability risks

a) **Asset-liability mismatch risk**

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Group can successfully neutralise valuation swings caused by interest rate movements.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

b) **Discount rate risk**

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

c) **Future salary escalation and inflation risk**

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at the management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India and other insurance companies. LIC and other insurance companies have a sovereign guarantee and have been providing consistent and competitive returns over the years. The Group has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The respective subsidiary has no control over the management of funds but this option provides a high level of safety for the total corpus. The same account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured and also interest rate and inflation risk are taken care of.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan.

The principal assumptions used in determining gratuity for the Indian subsidiary's plan is shown below:

Particulars	As at March 31, 2023	As at March 31, 2022
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	7.30% - 7.50%	5.90% - 7.00%
Rate of increase in compensation levels	5.00% - 10.00%	6.00% - 10.00%
Expected average remaining working lives (in years)	6.49-26.85	4.74-18.68
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	1% to 15%	1% to 20%
Age 31 - 44 years	1% to 15%	1% to 20%
Age 45 - 50 years	1% to 15%	1% to 20%
Age above 50 years	1% to 15%	1% to 20%

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

Changes in the present value of the defined benefit obligation recognised in consolidated balance sheet are as follows:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Opening defined benefit obligation	17.08	5.43
Adjustment to defined benefit obligation	53.99	10.58
Interest expense	4.31	1.08
Current service cost	12.45	3.13
Benefits paid	(3.89)	(0.95)
Remeasurements on obligation [Actuarial (Gain)/Loss]	(2.81)	(2.19)
Acquisition (credit)/cost	-	-
Closing defined benefit obligation	**81.13**	**17.08**

Changes in the fair value of plan assets recognised in the consolidated balance sheet are as follows:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Opening fair value of plan assets	3.50	2.16
Adjustment to fair value of plan asset	0.07	0.85
Interest Income	0.41	0.22
Contributions	7.14	0.81
Benefits paid	(3.04)	(0.52)
Return on plan assets, excluding amount recognised in Interest Income - Gain/(Loss)	(0.07)	(0.02)
Closing fair value of plan assets	**8.01**	**3.50**
Actual return on plan assets	0.34	0.14

Net Interest (Income/Expense)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest (Income)/Expense – Obligation	4.31	1.08
Interest (Income)/Expense – Plan assets	(0.41)	(0.22)
Net Interest (Income)/Expense for the period	**3.90**	**0.86**

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

Remeasurement for the period [Actuarial (Gain)/loss]

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Experience (Gain)/Loss on plan liabilities	(3.68)	(2.10)
Demographic (Gain)/Loss on plan liabilities	(0.01)	(0.01)
Financial (Gain)/Loss on plan liabilities	0.88	(0.08)
Experience (Gain)/Loss on plan assets	(0.01)	3.71
Financial (Gain)/Loss on plan assets	(0.05)	(3.69)

Amount recognised in Statement of Other comprehensive Income (OCI)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Opening amount recognised in OCI outside profit and loss account	(1.72)	0.45
Adjustment to OCI	10.18	-
Remeasurement for the period-Obligation (Gain)/Loss	(2.81)	(2.19)
Remeasurement for the period-Plan assets (Gain)/Loss	0.07	0.02
Total Remeasurement cost/(credit) for the period recognised in OCI	(2.74)	(2.17)
Closing amount recognised in OCI outside profit and loss account	**5.72**	**(1.72)**

The amounts to be recognised in the balance sheet

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Present value of defined benefit obligations	(81.13)	(17.08)
Fair value of plan assets	8.01	3.50
Net Asset/(liability) to be recognised in balance sheet	**(73.12)**	**(13.58)**

Expense recognised in the statement of profit and loss

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current service cost	12.45	3.13
Net Interest (Income)/Expense	3.91	0.86
Net periodic benefit cost recognised in the statement of profit & loss	**16.36**	**3.99**

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

Reconciliation of Net Asset/(Liability) recognised:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Net asset/(liability) recognised at the beginning of the period	(13.58)	(3.26)
Adjustment to opening balance due to business combinations	(53.90)	(8.93)
Contributions	5.09	-
Benefits paid by the Group	2.90	0.43
Expense recognised for the year	(16.34)	(3.99)
Amount recognised in OCI	2.74	2.17
Adjustment to fund	-	-
Net (liability) recognised at the end of the period	**(73.09)**	**(13.58)**

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Funds managed by insurer	100%	100%

Sensitivity analysis

A) Impact of change in discount rate when base assumption is decreased/increased in Present value of obligation

In ₹ Million

Discount rate	As at March 31, 2023	As at March 31, 2022
Decrease by 1%	31.22	15.55
Increase by 1%	25.99	18.90

B) Impact of change in salary increase rate when base assumption is decreased/increased in Present value of obligation

In ₹ Million

Salary increment rate	As at March 31, 2023	As at March 31, 2022
Decrease by 1%	25.86	18.72
Increase by 1%	30.57	15.64

C) Impact of change in withdrawal rate when base assumption is decreased/increased in Present value of obligation

In ₹ Million

Withdrawal rate	As at March 31, 2023	As at March 31, 2022
Decrease by 1%	23.93	16.94
Increase by 1%	23.44	17.16

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following are the expected benefit payments to the defined benefit plan in future years:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Year ending March 31		
Within one year	6.55	2.06
After one year but not more than five years	20.09	3.27
After five years but not more than ten years	44.05	7.92
Beyond 10 years	-	-
Total expected payments	**70.69**	**13.25**

The weighted average duration of the defined benefit plan obligation (based on discounted cash flows using mortality, withdrawal and interest rate) is in the range of 10.96- 20.90 years (March 31, 2022: 9.47- 17.29 years).

41. Contingent liabilities

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Claims against the Group not acknowledged as Debts - to the extent ascertained **[Refer note a]**	1,096.00	1,124.34
Guarantees given by Group's bankers on behalf of the Group, against sanctioned guarantee limit of ₹ 7,350 million (March 31, 2022: ₹ 7,250 million) for contracts undertaken by the Group are secured by extension of charge by way of joint hypothecation of stock-in-trade, stores and spares etc., book debts, subject to prior charge in their favour.	3,437.88	3,372.64
Excise/Service tax demands - matters under dispute* **[Refer note c]**	141.27	130.10
Customs demands - matters under dispute* **[Refer note d]**	55.73	50.97
Sales tax demands - matters under dispute **[Refer note e]**	0.60	0.60
Income tax demands - matters under dispute **[Refer note f]**	190.33	190.33
Others **[Refer note b]**	-	33.67

* Excludes Interest and Penalty

(a) Includes:

- contingent liability to employees

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

41. Contingent liabilities

- One of the subsidiaries is in the process of setting up a manufacturing facility at Additional Jejuri Industrial Area, MIDC, Jejuri, District Pune. MIDC had approved the building construction plan on March 9, 2021 and has specified a condition to commence construction within a period of 1 year. MIDC had given the time limit for obtaining the building completion certificate/ occupancy certificate and commencement of production till June 10, 2022. It has been further ammended and extended till 10th June, 2024. The Company has approached MIDC for further extension of the time limit for completion of construction and commencement of activities and also paid the additional premium amounting to ₹ 78.94 million.

(b) The amount of the claim is arbitral award passed by arbitrator against one of the subsidiaries on May 10, 2019 in the matter of arbitration proceedings concerning the termination of Share purchase agreement dated December 18, 2010 by the subsidiary, directing the subsidiary to pay ₹ 770.00 million to the claimant. In the opinion of the Group and the legal advisor, the said award is biased and perverse. The subsidiary has filed an appeal against the said order in the Delhi High Court.

(c) Includes amount pertaining to incentives received under Government schemes, etc.

(d) Includes amount pertaining to classification differences of products etc.

(e) Includes amount pertaining to duty demand by authorities on non-taxable services and for non-receipt of various statutory forms, etc.

(f) Includes amount pertaining to matters relating to the applicability of TDS.

- One of the subsidiaries is contesting the demands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management based on its internal assessment and advice by its legal counsel believes that it is only possible/remote, but not probable, that the action will succeed.

Note: In cases where the amounts have been accrued, it has not been included above.

One of the subsidiary of the Group has entered into a factoring arrangement to discount its receivable balance. Accordingly, it has provided a guarantee amounting to EUR 2.80 million to cover the counterparty's risk in case of invoicing errors.

Deferred payment liabilities

Sales tax deferral incentives attached to the erstwhile windmill division, which was demerged to BF Utilities Limited (BFUL) under section 392 and 394 of the erstwhile Companies Act, 1956 sanctioned by the High Court of the Judicature at Mumbai, have been passed on thereafter from year to year by the Company to the latter, under an arrangement, with all liabilities and obligations attached thereto taken over completely by BFUL. The net liability outstanding of BFUL after such pass on amounts to ₹ Nil million (March 31, 2022: ₹ 45.12 million).

Refer notes 38 and 39 for contingent liabilities with respect to group's share in joint ventures and associates

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

42. Capital and other commitments

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Estimated value of contracts remaining to be executed on Property, plant & equipment and not provided for, net of advances	5,928.64	1,851.02
(b) Commitment for investment in Avaada MHVidarbha Private Limited	-	113.75

The Group, for its newly set up plant located at Mambattu, Nellore, Andhra Pradesh for Manufacture of Aluminium Casting, has imported capital Goods under the Export Promotion Capital Goods Scheme of the Government of India, at concessional rates of Duty on an undertaking to fulfil quantified exports. As at March 31, 2022 export obligation aggregates to USD 8.94 million (₹ 734.93 million), this is to be satisfied over a period of 6 years (Block year 1st to 4th year - 50% and 5th to 6th year - 50%) from December 14, 2018, while maintaining average export of USD Nil per annum, as specified. Non fulfilment of such future obligations, in the manner required, if any entails options/rights to the Government to levy penalties under the above referred scheme.

43. Leases

A. Group as lessee

The Group has lease contracts for various items of buildings, leasehold land, plant and machinery, office equipment, electrical installation, furniture fixtures, vehicles and other equipment used in its operations. Leases of buildings, leasehold land, plant and machinery generally have lease terms between 2 and 18 years, while motor vehicles and other equipment generally have lease terms between 2 and 6 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further mentioned below:

The Group also has certain leases of machinery, flats with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Below are the carrying amounts of right-of-use assets recognised and the movements during the period:

In ₹ Million

Particulars	Buildings	Plant and machinery	Office equipment	Electrical installations	Furniture and fixtures	Vehicles	Leasehold Land	Total
At April 1, 2021	883.88	1,737.60	22.02	5.50	5.26	66.95	139.89	2,861.11
Additions	297.49	379.49	19.03	-	-	182.74	3.32	882.07
Addition due to acquisition	1.61	-	-	-	-	-	329.60	331.21
Depreciation	(185.31)	(216.36)	(16.70)	-	-	(51.94)	(6.16)	(476.47)
Deletions	-	-	(0.18)	(5.50)	(5.26)	(8.35)	-	(19.29)
Foreign Currency Translation Reserve	21.26	(94.05)	9.05	-	-	15.95	4.70	(43.09)
As at March 31, 2022	**1,018.93**	**1,806.68**	**33.22**	**0.00**	**(0.00)**	**205.35**	**471.35**	**3,535.54**

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

43. Leases (contd.)

In ₹ Million

Particulars	Buildings	Plant and machinery	Office equipment	Electrical installations	Furniture and fixtures	Vehicles	Leasehold Land	Total
Additions	241.83	1,440.44	-	-	-	104.03	104.23	1,890.53
Addition due to acquisition	53.14	20.45	-	-	-	-	76.18	149.77
Depreciation charged to profit and loss account	(142.49)	(185.28)	(9.34)	-	-	(87.75)	(6.31)	(431.17)
Depreciation capitalised	(14.89)	-	-	-	-	-	-	(14.89)
Deletions	(44.75)	-	(0.13)	-	-	(5.77)	-	(50.65)
Foreign Currency Translation Reserve	17.45	4.68	2.89	-	-	7.87	-	32.89
As at March 31, 2023	**1,129.22**	**3,086.97**	**26.64**	**-**	**-**	**223.73**	**645.45**	**5,112.02**

Below are the carrying amounts of lease liabilities and the movements during the period:

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Opening balance	**3,170.88**	**2,752.85**
Additions on acquisition	57.49	-
Additions	1,795.45	758.76
Disposal	(55.32)	-
Accretion of Interest	276.07	232.15
Payments	(644.91)	(579.81)
Foreign Currency Translation Reserve	9.38	6.93
Closing balance	**4,609.04**	**3,170.88**
Current	447.27	335.72
Non-Current	4,161.77	2,835.16

The maturity analysis of lease liabilities is disclosed in Note 55.

The effective interest rate for lease liabilities is between 8.40% to 9.85% for domestic entities and 1.90% to 4.4 % for Overseas entities with maturity between 2021-2029.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

43. Leases (contd.)

The following are the amounts recognised in profit or loss:

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation expense of right-of-use assets	431.17	476.47
Interest expense on lease liabilities	276.07	232.15
Expense relating to short-term leases and low value leases (included in Other expenses)	20.33	126.05
Total amount recognised in profit or loss	**727.57**	**834.67**

The Group had total cash outflows for leases of ₹ 644.91 million (March 31, 2022: ₹ 579.81 million). The Group also had non-cash additions to right-of-use assets and lease liabilities of ₹ 1,795.45 million (March 31, 2022: ₹ 758.76 million) and ₹ 2,071.52 million (March 31, 2022: ₹ 990.91 million) respectively.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. The management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised. (Refer note 35)

Below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

In ₹ Million

Particulars	Within five years	More than five years"	Total
March 31, 2023			
Extension options expected not to be exercised	-	-	-
Termination options expected to be exercised	-	-	-
Obligations under leases not yet commenced	-	-	-
March 31, 2022			
Extension options expected not to be exercised	-	-	-
Termination options expected to be exercised	-	-	-
Obligations under leases not yet commenced	764.60	1,737.73	2,502.33

B. Group as a lessor

The Group has entered into agreements/arrangements in the nature of lease/sub-lease agreements with different lessees for the purpose of land. These are generally in the nature of operating lease. Periods of agreements are generally for three years to ten years and cancellable with a notice of thirty days to six months and renewal at the options of the lessee/lessor.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

43. Leases (contd.)

Future minimum rentals receivable under non-cancellable operating leases are as follows:

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Within one year	85.72	33.52
After one year but not more than five years	268.96	60.67
More than five years	76.01	31.17
Total	**430.69**	**125.36**

44. Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a net debt-equity ratio, which is net debt divided by equity. The Group's policy is to keep the net debt-equity ratio below 1.00. The Group includes within its borrowings net debt and interest-bearing loans less cash and cash equivalents.

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Borrowings	68,523.33	56,545.38
Less: Cash and other liquid assets	30,016.56	26,025.03
Net debt	38,506.77	30,520.35
Equity	**66,597.78**	**65,706.74**
Net debt/equity Ratio	0.58	0.46

45. Loans and advances in the nature of loans given to associates/companies in which directors are interested

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Ferrovia Transrail Solutions Private Limited (upto February 28, 2023)*		
Balance outstanding	NA	136.56
Maximum amount outstanding during the year	-	181.72
Saarloha Advanced Materials Private Limited**		
Balance outstanding	1,350.00	1,350.00
Maximum amount outstanding during the year	1,350.00	1,350.00

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

45. Loans and advances in the nature of loans given to associates/companies in which directors are interested (contd.)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Aeron Systems Private Limited ***		
Balance outstanding	-	8.00
Maximum amount outstanding during the year	8.00	8.00
Refu Drive GmbH @		
Balance outstanding	89.67	83.90
Maximum amount outstanding during the year	89.67	83.90

* Ferrovia Transrail Solutions Private Limited has become a subsidiary via 49% acquisition through a wholly owned subsidiary, BF Infrastructure Limited w.e.f February 28, 2023.

** Short term advance converted into a long term advance for a period of 4 years.

*** Receivable after 1 year from the date of disbursement of loan. It can be repaid earlier than the maturity, based on mutual understanding.

@ term loan with bullet repayment at the end of 2 years, interest payable at the end of the loan term.

Loans and advances in the nature of loans granted to promoters, directors, key managerial personnel (KMPs) and other related parties either severally or jointly with any other person that are:

a) Repayable on demand or
b) without specifying any terms or period of repayment

In ₹ Million

Type of Borrower	March 31, 2023		March 31, 2022	
	Amount of loan or advances in the nature of loan outstanding	% of total loans and Advances in the nature of loans	Amount of loan or advances in the nature of loan outstanding	% of total loans and Advances in the nature of loans
Promoters	-	-	-	-
Directors	-	-	-	-
KMPs	-	-	0.48	0.03%
Related Party	-	-	-	-

Note: There are no investments by the loanee in the shares of the holding company and subsidiary company, when the respective company has made a loan or advance in the nature of the loan.

46. Business combinations and acquisition of non-controlling interests

Acquisition of Ferrovia Transrail Solutions Private Limited

The Group was holding 49% interest in Ferrovia Transrail Solutions Private Limited (FTSPL), investment through a wholly owned subsidiary till March 2, 2023 and post acquisition of equity shares, the Group holds 100% interest in FTSPL as at March 31, 2023. FTSPL is involved in carrying out the project of design, procurement, construction of railway track and railway track related work.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

46. Business combinations and acquisition of non-controlling interests (contd.)

The Company through its wholly owned subsidiary BF Infrastructure Limited has acquired Ferrovia Transrail Solutions Private Limited ("FTSPL") on March 2, 2023 for a consideration of ₹ 2.10 million. The Company has calculated the fair value of the acquired assets and liabilities on a provisional basis in accordance with Ind AS 103 Business Combinations resulting in goodwill of ₹ 19.38 million.

In ₹ Million

Particulars	As at March 2, 2023
Assets	
Property, plant and equipment	-
Intangibles assets	-
Right of Use assets	-
Cash and cash equivalents	0.19
Trade receivables	118.86
Inventories	0.00
Financial Assets (Non-current)	
Financial Assets (Current)	0.01
Other Assets	5.36
	124.42
Liabilities	
Trade payables	0.24
Other Financial liabilities	0.02
Other Current liabilities	0.00
Provisions (Non-current)	0.05
Provisions (Current)	0.00
Borrowings	141.32
	141.63
Total identifiable net assets/(liabilities) at fair value	**(17.22)**
Non-controlling interest measured at fair value	-
Goodwill arising on acquisition	19.32
Purchase consideration transferred	**2.10**

None of the trade receivables is credit impaired and it is expected that the full contractual amounts can be collected.

In ₹ Million

Particulars	Amount
Purchase Consideration	2.10
Less: Net Cash acquired in business Combination	(0.19)
Net Cashflow on acquisition	**1.91**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

46. Business combinations and acquisition of non-controlling interests (contd.)

Acquisition of JS Auto Cast Foundry Private Limited

The Group through its wholly owned subsidiary BF Industrial Solutions Limited (BFISL) has acquired 100% stake in JS Auto Cast Foundry Private Limited (""JS Auto"") a Coimbatore based casting and machining Company on July 1, 2022 for a consideration of ₹ 3,460.98 million. The Group has calculated the fair value of the acquired assets and liabilities on a provisional basis in accordance with Ind AS 103 Business Combinations resulting in goodwill of ₹ 2,433.34 million. The goodwill is mainly attributable to the synergies expected to be achieved from integrating the company into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes. For the nine month ended March 31, 2023, JS Auto contributed revenue of ₹ 3,449.26 million and profit of ₹ 178.75 million to the Group's results. If the acquisition had occured on April 1, 2022, the management estimates that the consolidated revenue for the Group would have been higher by ₹ 930.60 million and the profit after taxes would have been lower by ₹ 73.99 million for twelve months ended March 31, 2023.

On December 31, 2022, J S Auto Cast Foundry India Private Limited ("JS Auto"), a step-down subsidiary of the Company has entered into Business Transfer Agreement with Indo Shell Mould Limited ("ISML") for acquiring their SEZ Unit in SIPCOT, Erode which supplies fully machined critical castings to marquee customers in the automotive industry. The closing of the transaction is subject to customary conditions and regulatory approvals.

In ₹ Million

Particulars	As at July 1, 2022
Assets	
Property, plant and equipment	1,905.89
Intangibles assets	3.86
Right of Use assets	149.78
Cash and cash equivalents	13.68
Trade receivables	743.09
Inventories	534.59
Financial Assets (Current)	1.75
Other Assets	186.90
	3,539.54
Liabilities	
Trade payables	936.90
Other Financial liabilities	193.01
Other Current liabilities	79.12
Provisions (Non-current)	238.41
Provisions (Current)	58.63
Borrowings	1,005.81
	2,511.88
Total identifiable net assets at fair value	**1,027.66**

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

46. Business combinations and acquisition of non-controlling interests (contd.)

In ₹ Million

Particulars	As at July 1, 2022
Non-controlling interest measured at fair value	-
Goodwill arising on acquisition	2,433.32
Purchase consideration	**3,460.98**

None of the trade receivables is credit impaired and it is expected that the full contractual amounts can be collected.

(In ₹ Million)

Particulars	Amount
Purchase Consideration	3,460.98
Less: Net Cash acquired in business combination	(13.68)
Net Cashflow on acquisition	**3,447.30**

Acquisition of BF Industrial Technology and Solutions Limited

During the previous year, BF Industrial Solutions Limited (BFISL, formerly known as Nouveau Power and Infrastructure Private Limited), a wholly owned subsidiary of Bharat Forge Limited acquired 100% interest in BF Industrial Technology and Solutions Limited (formerly known as Sanghvi Forging and Engineering Limited (SFEL)) along with its wholly owned subsidiary Sanghvi Europe B.V., on June 28, 2021 for a consideration of ₹770.65 million. BFITSL is engaged in the manufacturing of heavy forging for industrial applications.

SFEL was admitted under Corporate Insolvency Resolution Process under The Insolvency Bankruptcy Code, 2016 ('IBC') of India. The National Company Law Tribunal (NCLT) vide its order dated April 26,2021, approved the Resolution Plan, for acquiring controlling stake in SFEL, pursuant to which, the Company has acquired SFEL through BFISL. The effective date for the transfer of the said business was agreed to be 28th June, 2021. As part of the Business Transfer Agreement (BTA) the sellers transferred the running business and assumed assets and intangibles including the customer list. The fair values of the identifiable assets acquired and liabilities assumed of BF Industrial Technology and Solutions Limited (formerly known as Sanghvi Forging and Engineering Limited) as at the date of acquisition were:

In ₹ Million

Particulars	As at June 28, 2021
Assets	
Property, plant and equipment	518.15
Intangibles assets	0.96
Right of Use assets	329.60
Cash and cash equivalents	18.08
Trade receivables	78.90
Inventories	75.71
Financial assets (Non-current)	16.73
Financial assets (Current)	1.02
Other assets	21.84
	1,060.99
Liabilities	
Trade payables	154.71
Other Financial liabilities	8.47
Other Current liabilities	62.96
Provisions (Non-current)	7.42
Provisions (Current)	56.78
Borrowings	
	290.34
Total identifiable net assets at fair value	**770.65**
Non-controlling interest measured at fair value	-
Goodwill arising on acquisition	-
Purchase consideration transferred	**770.65**

None of the trade receivables is credit impaired and it is expected that the full contractual amounts can be collected.

In ₹ Million

Particulars	Amount
Purchase Consideration	770.65
Less: Net Cash acquired in business Combination	(18.08)
Net Cashflow on acquisition	**752.57**

Acquisition of Tork Motors Private Limited

The Group was holding 48.86% interest in Tork Motors Private Limited ('TMPL') till November 21, 2021. On November 22, 2021, Kalyani Powertrain Private Limited, wholly-owned subsidiary of Bharat Forge Limited converted the Zero Coupon Optionally Convertible Debentures held in TMPL, into equity shares, amounting to ₹ 400 million. Pursuant to this conversion, the Group's stake in TMPL's equity shares has increased to 60.66% (on fully diluted basis). Consequently, Tork and its subsidiary Lycan Electric Private Limited have become subsidiaries w.e.f. November 22, 2021.

The Group has calculated the fair value of the acquired assets and liabilities in accordance with Ind AS 103 Business Combinations

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

46. Business combinations and acquisition of non-controlling interests (contd.)

The fair values of the identifiable assets acquired and liabilities assumed of Tork Motors Private Limited as at the date of acquisition were:

In ₹ Million

Particulars	As at Nov 22, 2021
Assets	
Property, plant and equipment	57.64
Capital work-in-progress	100.39
Right of use of asset	1.61
Goodwill	1.97
Intangibles assets	232.69
Other non-current assets	64.61
Investments	272.90
Cash and cash equivalents	11.08
Trade receivables	1.91
Inventories	13.21
Financial Assets	0.75
Other Assets	10.57
	769.33
Liabilities	
Borrowings	31.02
Trade payables	15.38
Lease liabilities	1.74
Other Financial liabilities	-
Other Current liabilities	22.25
Provisions	4.64
	75.03
Total identifiable net assets at fair value	**694.30**
Non-controlling interest measured at fair value	247.93
Goodwill arising on acquisition	452.44
Purchase consideration transferred	**700.37**

None of the trade receivables is credit impaired and it is expected that the full contractual amounts can be collected.

In ₹ Million

Particulars	Amount
Purchase Consideration	700.37
Less: Net Cash acquired in business Combination	(11.08)
Net Cashflow on acquisition	**689.29**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

47. Disclosures required under Sec 186(4) of the Companies Act, 2013

In ₹ Million

Name of the loanee	Purpose	Rate of Interest (p.a.)	Year ended March 31, 2023	Year ended March 31, 2022
Aeron Systems Private Limited*	General corporate purpose	8.00%	-	8.00
Saarloha Advanced Materials Private Limited**	General corporate purpose	8.25%	1,350.00	1,350.00
Refu Drive GmbH @	General corporate purpose	2.00%	92.13	83.90

* was receivable after 1 year, one bullet payment along with interest at the end of the term.

** Short-term advance converted into a long-term advance for a period of 4 years.

@ term loan with bullet repayment at the end of 2 years, interest payable at the end of the loan term.

48. Related party disclosures

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

Related parties with whom transactions have taken place during the period.	
Associates	Tork Motors Private Limited (Upto November 21, 2021)
	TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited) (Upto November 8, 2021)
	Tevva Motors Limited, (Upto November 8, 2021)
	Hospet Bellary Highways Private Limited (Upto January 12, 2021)
	TMJ Electric Vehicles Limited
	Avaada MHVidarbha Private Limited
	Talbahn GmbH
	Aeron Systems Private Limited (upto February 23, 2023)
	Ferrovia Transrail Solutions Private Limited (Upto March 02, 2023)
Joint Ventures	BF NTPC Energy Systems Limited, India (under liquidation)
	REFU Drive GmbH, Germany
Joint venture of a subsidiary	BF Premier Energy Systems Private Limited
Subsidiaries/ associates of associates	Lycan Electric Private Limited, India (upto November 21, 2021)
	Tevva Motors Limited, UK (upto November 8, 2021)*
Subsidiary of Joint Venture	REFU Drive India Private Limited, India
Other related parties	Kalyani Steels Limited
	BF Utilities Limited
	Khed Economic Infrastructure Private Limited
	Kalyani Maxion Wheels Private Limited
	Automotive Axles Limited, India

* Refer Note 39 (3)

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

48. Related party disclosures (contd.)

(i) Names of the related parties and related party relationships (contd.)

Related parties with whom transactions have taken place during the period.	
Other related parties (contd.)	Kalyani Cleantech Private Limited
	United Metachem Private Limited
	Harmony Electoral Trust
	Saarloha Advanced Materials Private Limited
	Nandi Economic Corridor Enterprises Limited
	Baramati Speciality Steels Limited
	Kalyani Technoforge Limited
	Elbit Systems Land Ltd
	Elbit Systems Land and C4I Limited (w.e.f. April 1, 2019)
	Kalyani Transmission Technologies Private Limited
	KGEPL Engineering Solutions Private Limited
	Astra Rafael Comsys Pvt Ltd
	Aeternus, India
	Kalyani Technoweld Private Limited
	Kalyani Medicomp Private Limited (formerly Kalyani Additives Private Limited)
	Kalyani Strategic Management Services Limited (formerly Kalyani Technologies Limited)
	KTMS Properties Company Private Limited
	KSMS Technologies Solutions Private Limited (formerly known as Kalyani Global Engineering Private Limited)
	Inmate Technology Solutions Private Limited
	Institute for Prostate Cancer, India
	Govalkonda Trading Company Private Limited
	Purandhar Trading Company Private Limited
	Rayagad Trading Company Private Limited
	Growth Spurt Consultant LLP, India
	Vishalgad Trading Company Private Limited
	Akutai Kalyani Charitable Trust
	Tirupati Engineers, India
	Tirupati Enterprises
	M J Risbud & Co., India
	H M Risbud & Co., India
	Irbaris LLP,UK
	Siddtech Enterprises
	SBK Charitable Trust
	Radium Merchandise Private Limited

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

48. Related party disclosures (contd.)

(i) Names of the related parties and related party relationships (contd.)

Related parties with whom transactions have taken place during the period.	
Minority holders	Elbit Systems Land and C4I Limited, Israel
	Rafael Advanced Defence Systems Limited
	Mr. Rahul Pangare, India
	Mr. Vyankoji Shinde, India
Joint venture partners	NTPC Limited, India
	Premier Explosives Limited, India
	REFU Elektronik GmbH, Germany
Key management personnel (including subsidiaries/ associates/joint ventures and their subsidiaries)	Mr. B. N. Kalyani (Chairman and Managing Director)
	Mr. A. B. Kalyani (Executive Director and Deputy Managing Director)
	Mr. G. K. Agarwal (Deputy Managing Director)
	Mr. B. P. Kalyani (Executive Director)
	Mr. S. E. Tandale (Executive Director)
	Mr. K. M. Saletore (Executive Director & CFO)
	Ms. T. R. Chaudhari (Company secretary)
	Mr. P. G. Pawar (Independent Director)
	Mr. S. M. Thakore (Independent Director) (Upto 12th November 2021)
	Mrs. L. D. Gupte (Independent Director)
	Mr. P. H. Ravikumar (Independent Director)
	Mr. P. C. Bhalerao (Independent Director) (Upto 12th November 2021)
	Mr. V. R. Bhandari (Independent Director)
	Mr. Dipak Mane (Independent Director)
	Mr. Murali Sivaraman (Independent Director)
	Mr. Kanwar Bir Singh Anand (w.e.f 27th June 2022)
	Mrs. Sonia Singh (w.e.f 27th June 2022)
Relatives of key management personnel	Smt. S. N. Kalyani
	Mr. G. N. Kalyani
	Mrs. R. G. Kalyani
	Ms. S. G. Kalyani
	Mr. V. G. Kalyani
	Mrs. A. G. Agarwal
	Smt. V. E. Tandale
	Mrs. S. S. Tandale
	Mr. P. S. Kalyani
	Mrs. V. B. Kalyani
	Ms. A. K. Saletore
	Mrs. S. J. Hiremath
	Ms. Neeraja Puranam
	Mrs. A. P. Kore
	Mrs. Deeksha Amit Kalyani

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

48. Related party disclosures (contd.)

(i) Names of the related parties and related party relationships (contd.)

Related parties with whom transactions have taken place during the period.	
Post employment benefit trust	Bharat Forge Company Limited Staff Provident Fund
	Bharat Forge Company Limited Employees Group Gratuity Fund
	Bharat Forge Company Limited Officers Group Gratuity Fund
	Bharat Forge Company Limited Officers Superannuation Scheme
	Kalyani Powertrain Ltd Employee's Group Gratuity Cash Accumulation Scheme

Transactions and balances less than 10% of the total transactions and balances disclosed as "Others"

* Refer Note 39 (3)

(ii) Related party transactions

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
1	**Purchase of raw materials, components, stores, spares and traded goods**	**Associate**		
		Aeron Systems Private Limited	1.60	-
			1.60	**-**
		Other related parties		
		Kalyani Steels Limited	6,097.97	5,132.78
		Saarloha Advance Material Private Limited	15,584.14	11,844.51
		Inmate Technology Solutions Private Limited	1.17	-
		Kalyani Technoforge Limited	412.31	1,504.20
		Others	97.90	89.69
			22,193.49	**18,571.18**
		Joint venture		
		Refu Drive GMBH	41.03	2.84
			41.03	**2.84**
		Joint Venture Partners		
		REFU Elektronik GmbH	-	8.83
			-	**8.83**
		Minority holders		
		Rafael Advanced Defence Systems Limited	264.91	374.43
			264.91	**374.43**
			22,501.03	**18,957.29**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

48. Related party disclosures (contd.)

(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
2	**Purchase of services**	**Other related parties**		
		Kalyani Strategic Management Services Limited	2.00	-
		Others	1.50	-
			3.50	**-**
3	**Other expenses**	**Other related parties**		
	- Power, fuel and water	BF Utilities Limited	31.79	143.47
		Avaada MHVidarbha Private Limited	23.39	-
			55.18	**143.47**
	- Machining/ subcontracting charges	**Subsidiary of a Joint venture**		
		Refu Drive India Private Limited	-	2.50
			-	**2.50**
		Other related parties		
		Kalyani Technoforge Limited	76.13	82.49
		Kalyani Transmission Tecnologies Private Limited	25.49	68.40
		Baramati Speciality Steels Limited	3.63	9.30
		Others	1.31	0.67
			106.56	**160.86**
			106.56	**163.36**
	- Rent*	**Other related parties**		
		United Metachem Private Limited	10.01	9.60
		KTMS Properties Company Private Limited	18.71	20.07
		Tirupati Engineers	2.03	2.03
		Others	4.06	3.84
			34.81	**35.55**
	- Donations	**Other related parties**		
		SBK Charitable Trust	-	25.00
			-	**25.00**
	- Directors' fees and travelling expenses	**Key management personnel**		
		Mr. P. G. Pawar	0.58	0.70
		Mr. S. M. Thakore	-	0.41
		Mrs. L. D. Gupte	0.43	0.28
		Mr. P. H. Ravikumar	0.66	0.56
		Mr. P. C. Bhalerao	-	0.48

* The lease arrangements which have been considered for Ind AS 116 disclosures in note no. 43 and taken to right-of-use assets have been considered in rent expenses for disclosing actual transactions with related parties.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

48. Related party disclosures (contd.)

(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
	- Directors' fees and travelling expenses (contd.)	Mr. V. R. Bhandari	0.76	0.41
		Mr. Dipak Mane	1.75	0.28
		Mr. Kanwar Bir Singh Anand	0.36	-
		Mrs. Sonia Singh	0.37	-
		Mr. Murali Sivaraman	0.46	0.28
			5.37	**3.40**
	- Commission to directors other than managing and whole time directors	**Key management personnel**		
		Mr. P. G. Pawar	1.44	1.40
		Mr. S. M. Thakore	-	0.60
		Mrs. Lalita D. Gupte	0.56	0.55
		Mr. P. H. Ravikumar	1.13	1.10
		Mr. P. C. Bhalerao	-	0.70
		Mr. Vimal Bhandari	1.38	0.80
		Mr. Dipak Mane	0.75	1.00
		Mr. Murali Sivaraman	0.63	0.80
		Mr. Kanwar Bir Singh Anand	0.38	-
		Mrs. Sonia Singh	0.38	-
			6.65	**6.95**
	- Legal and professional fees	**Other related parties**		
		Kalyani Strategic Management Services Limited	261.78	162.59
		M J Risbud & Co.	0.22	0.15
		H M Risbud & Co.	0.11	0.08
		Others	35.67	0.02
			297.78	**162.84**
	- Repairs and maintenance	**Other related parties**		
		Kalyani Technoforge Limited	-	21.17
		KTMS Properties Company Private Limited	13.70	9.51
		Others	-	0.04
			13.70	**30.72**

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

48. Related party disclosures (contd.)

(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
	- CSR expenditure	**Other related parties**		
		Kalyani Cleantech Private Limited	-	0.19
		Kalyani Strategic Management Services Limited (formerly Kalyani Technologies Limited)	-	0.69
			-	**0.88**
	- Miscellaneous expenses	**Other related parties**		
		Kalyani Strategic Management Services Limited	164.94	116.26
		Rafael Advanced Defence Systems Limited	-	8.60
		Kalyani Technoforge Limited	7.99	-
		Others	11.20	-
			184.13	**124.86**
		Joint Venture		
		BF Premier Energy Systems Private Limited	0.06	-
			0.06	**-**
		Minority Holders		
		Rafael Advanced Defense Systems Limited	13.30	-
			13.30	**-**
			717.54	**697.03**
4	Sale of goods, raw materials, stores and spares, manufacturing scrap and tooling income (net of returns, rebate etc.)	**Associates**		
		Aeron Systems Private Limited	-	56.08
			-	**56.08**
		Joint Venture Partners		
		REFU Elektronik GmbH	-	37.36
			-	**37.36**
		Other related parties		
		Saarloha Advanced Materials Private Limited	2,876.05	2,572.47
		Automotive Axles Limited	410.96	281.27
		Other	42.29	34.09
			3,329.30	**2,887.83**
		Minority holders		
		Rafael Advanced Defence Systems Limited	1,197.79	592.47
			1,197.79	**592.47**
			4,527.09	**3,573.74**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

48. Related party disclosures (contd.)

(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
5	Sale of services	**Other related parties**		
		Automotive Axles Limited	182.24	114.02
		Saarloha Advanced Materials Private Limited	70.76	57.71
		Kalyani Technoforge Limited	35.79	1.90
		Others	0.01	0.17
			288.80	**173.80**
		Joint Venture Partners		
		REFU Elektronik GmbH	-	49.73
			-	**49.73**
		Minority holders		
		Rafael Advanced Defence Systems Limited	20.08	18.19
			20.08	**18.19**
			308.88	**241.72**
6	Sale of property, plant & equipment	**Minority holders**		
		Rafael Advanced Defence Systems Limited	4.05	-
			4.05	**-**
7	Other income - Rent*	**Other related parties**		
		Kalyani Additives Private Limited	14.06	12.33
		Baramati Speciality Steels Limited	3.93	3.15
		Kalyani Technoforge Limited	20.07	-
		Nandi Economic Corridor Enterprises	2.49	2.49
		Kalyani Maxion Wheels Limited	0.05	0.05
			40.60	**18.02**
	- Management Consultancy Services	**Associates**		
		Ferrovia Transrail Solutions Private Limited	-	1.01
			-	**1.01**
	- Miscellaneous Income	**Associates**		
		Ferrovia Transrail Solutions Private Limited	-	18.50
			-	**18.50**
		Minority Holders		
		Rafael Advanced Defense Systems Limited	1.88	-
			1.88	**-**
		Other related parties		
		Kalyani Technoforge Limited	1.86	25.35

* The lease arrangements which have been considered for Ind AS 116 disclosures in note no. 43 and taken to right-of-use assets have been considered in rent expenses for disclosing actual transactions with related parties.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

48. Related party disclosures (contd.)

(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
	- Miscellaneous Income (contd.)	Kalyani Steels Limited	-	1.41
			1.86	**26.76**
			3.74	**45.26**
			44.34	**64.28**
8	Purchase of property, plant and equipment (including CWIP)	**Other related parties**		
		Kalyani Technoforge Limited	-	48.77
		Kalyani Strategic Management Services Limited	-	22.44
		Elbit Systems Land Ltd	-	20.34
		Kalyani Cleantech Private Limited	-	1.11
		Others	3.97	1.55
			3.97	**94.21**
9	Finance provided: - Investments by Group	**Other related parties**		
		Khed Economic Infrastructure Private Limited	162.74	235.68
		(includes fair valuation impact)		
			162.74	**235.68**
		Associates		
		Aeron Systems Private Limited	137.18	-
		Avaada MHVidarbha Private Limited	113.75	-
		Others	0.20	-
			251.13	**-**
			413.87	**235.68**
	- Loan given	**Associates**		
		Aeron Systems Private Limited	-	28.00
		Ferrovia Transrail Solutions Private Limited	-	1.52
			-	**29.52**
		Joint Ventures		
		REFU Drive GmbH	-	86.40
			-	**86.40**
		Other related party		
		Kalyani Technoforge Limited	-	1.10
		Others	0.25	0.50
			0.25	**1.60**
			0.25	**117.53**
			414.12	**353.21**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

48. Related party disclosures (contd.)

(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
10	Sale/Transfer of Investment	**Associates**		
		Aeron Systems Private Limited	137.18	-
			137.18	**-**
11	Interest income	**Associates**		
		TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)	-	38.12
		Tork Motors Private Limited (upto November 08, 2021)	-	3.51
		Aeron Systems Private Limited	0.63	0.41
			0.63	**42.04**
		Joint Ventures		
		REFU Drive GmbH	2.45	0.65
			2.45	**0.65**
		Other related party		
		Saarloha Advanced Materials Private Limited	111.38	111.38
			111.38	**111.38**
			114.46	**154.07**
12	Capital advance given	**Associate**		
		Aeron Systems Private Limited	-	0.47
			-	**0.47**
		Other related party		
		Khed Economic Infrastructure Private Limited	-	1,235.27
		Kalyani Technoforge Limited	-	17.05
		KSMS Technologies Solutions Private Limited (formerly known as Kalyani Global Engineering Private Limited)	44.71	-
		Kalyani Cleantech Private Limited	-	0.37
			44.71	**1,252.69**
			44.71	**1,253.16**
13	Advance from customers	**Minority holders**		
		Rafael Advanced Defence Systems Limited	326.61	28.30
			326.61	**28.30**
		Other related party		
		Astra Rafael Comsys Pvt Ltd	2.34	-
			2.34	**-**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

48. Related party disclosures (contd.)

(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
13	Advance from customers (contd.)	**Joint venture partners**		
		REFU Elektronik GmbH	-	12.14
			-	**12.14**
			328.95	**40.44**
14	Advance given to vendors	**Other related parties**		
		Kalyani Cleantech Private Limited	-	32.87
		Others	-	4.96
			-	**37.83**
		Joint Venture		
		Refu Drive GmbH, Germany	31.97	-
			31.97	**-**
			31.97	**37.83**
15	Managerial remuneration * @	**Key management personnel (Short-term employment benefits)**		
		Mr. B. N. Kalyani	200.45	147.38
		Mr. A. B. Kalyani	47.15	41.46
		Mr. G. K. Agarwal	45.10	43.25
		Mr. S. E. Tandale	47.41	28.91
		Mr. B. P. Kalyani	43.03	27.05
		Mr. K. M. Saletore	31.31	23.35
		Ms. T. R. Chaudhari	4.29	3.76
		Others	-	48.65
			418.74	**363.81**
16	Dividend paid	**Key management personnel**		
		Mr. B. N. Kalyani	0.55	0.25
		Mr. A. B. Kalyani	4.90	2.21
		Mr. G. K. Agarwal	0.03	0.02
		Mr. B. P. Kalyani	0.05	0.02
		Mr. K. M. Saletore#	0.01	0.00
		Mr. S. M. Thakore	-	0.09
		Mr. P. H. Ravikumar	0.05	0.02
			5.59	**2.61**

* As post-employment obligations and other long-term employee benefits obligation are computed for all employees in aggregate, the amounts relating to key management personnel cannot be individually computed and hence are not included in the above.

@ Does not include gratuity and leave encashment since the same is considered for all employees of the Company as a whole.

\# less than 0.01 million

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

48. Related party disclosures (contd.)

(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
16	**Dividend paid (contd.)**	**Relatives of key management personnel**		
		Mr. G. N. Kalyani	4.83	2.17
		Others	1.13	0.07
			5.96	**2.24**
			11.55	**4.85**
17	**Repayment of loan given**	**Associate**		
		Aeron Systems Private Limited	58.00	20.00
		Ferrovia Transrail Solutions Private Limited	-	63.86
			58.00	**83.86**
		Other related parties		
		Others	0.79	0.02
			0.79	**0.02**
			58.79	**83.88**
18	**Loan taken**	**Joint venture partners**		
		REFU Elektronik GmbH	-	86.77
			-	**86.77**
		Other related parties		
		Kalyani Technoforge Limited	-	9.36
			-	**9.36**
			-	**96.13**
19	**Finance cost**	**Joint venture partners**		
		REFU Elektronik GmbH	-	0.69
			-	**0.69**
		Other related parties		
		Kalyani Technoforge Limited	-	0.05
		Givia Pty Ltd ATF Yajilaara Trust	-	14.25
			-	**14.30**
			-	**14.98**
20	**Repayment of loan taken**	**Other related parties**		
		Kalyani Technoforge Limited	-	9.36
			-	**9.36**
			-	**9.36**

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

48. Related party disclosures (contd.)

(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
21	**Reversal of provision for diminution in value of investment**	**Associates and subsidiaries of associates**		
		TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)	-	1,499.62
			-	**1,499.62**
		Joint Venture		
		BF Premier Energy Systems Private Limited	1.20	-
			1.20	**-**
			1.20	**1,499.62**
22	**Contributions paid ***	**Post employment benefit trusts**		
		Provident fund		
		Bharat Forge Company Limited Staff Provident Fund	266.08	245.28
			266.08	**245.28**
		Gratuity fund		
		Bharat Forge Company Limited Employees Group Gratuity fund	32.58	43.10
		Kalyani Powertrain Ltd Employee's Group Gratuity Cash Accumulation Scheme	5.28	-
		Bharat Forge Company Limited Officer's GroupGratuity fund	78.05	68.90
			115.91	**112.00**
		Superannuation fund		
		Bharat Forge Company Limited Officer's Superannuation scheme	16.59	17.80
			16.59	**17.80**
			398.58	**375.08**
23	**Share based Payment**	**Key management personnel**		
		Mr P Risbud	-	1.37
			-	**1.37**

* The above disclosure does not include on behalf payments done by any related parties to each other. For closing balances of above employee benefit trusts refer note 40.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

48. Related party disclosures (contd.)

(iii) Balance outstanding as at the year end

In ₹ Million

Sr. No.	Nature of Balances	Name of the related party and nature of relationship	As at March 31, 2023	As at March 31, 2022
1	**Trade payables**	**Other related parties**		
		Saarloha Advance Material Private Limited **[Refer note 22]****	2,567.57	2,247.54
		Kalyani Steels Limited* **[Refer note 22]**	1,162.44	1,112.28
		Kalyani Cleantech Private Limited	1.06	-
		Kalyani Technoforge Limited	118.28	921.44
		Kalyani Strategic Management Services Limited	77.34	81.80
		Others	21.99	18.46
			3,948.68	**4,381.52**
		Associates and subsidiaries of associates		
		Avaada MHVidarbha Private Limited	7.76	-
			7.76	**-**
		Joint Venture		
		Refu Drive Gmbh	9.79	-
			9.79	**-**
		Subsidiary of a Joint venture		
		Refu Drive India Private Limited	-	0.97
			-	**0.97**
		Joint Venture Partners		
		REFU Elektronik GmbH	-	0.19
			-	**0.19**
		Minority holders		
		Rafael Advanced Defence Systems Limited	231.21	379.84
			231.21	**379.84**
			4,197.44	**4,762.51**
2	**Trade receivable**	**Other related parties**		
		Saarloha Advanced Materials Private Limited	924.43	771.10
		Automotive Axles Limited	203.95	155.05
		Kalyani Technoforge Limited	17.93	-
		Others	49.13	59.94
			1,195.44	**986.09**

* Net of advance given amounting to ₹ 470 million (March 31, 2022: ₹ 470 million)

** Net of advance given amounting to ₹ 250 million (March 31, 2022: ₹ 250 million)

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

48. Related party disclosures (contd.)

(iii) Balance outstanding as at the year end (contd.)

In ₹ Million

Sr. No.	Nature of Balances	Name of the related party and nature of relationship	As at March 31, 2023	As at March 31, 2022
2	**Trade receivable (contd.)**	**Joint Venture Partners**		
		REFU Elektronik GmbH	-	2.66
			-	**2.66**
		Minority holders		
		Rafael Advanced Defence Systems Limited	444.34	295.85
			444.34	**295.85**
		Associates		
		Aeron Systems Private Limited	20.00	54.25
			20.00	**54.25**
			1,659.78	**1,338.85**
3	**Receivable for property, plant and equipments**	**Minority holders**		
		Rafael Advanced Defence Systems Limited	4.05	-
			4.05	**-**
4	**Payables for capital goods**	**Other related parties**		
		Kalyani Cleantech Private Limited	0.49	2.63
			0.49	**2.63**
5	**Non-current investments**	**Other related parties**		
		Khed Economic Infrastructure Private Limited (including fair value)	988.00	825.26
			988.00	**825.26**
		Joint ventures (net of accumulated share of loss)		
		BF NTPC Energy Systems Limited	33.64	-
		Refu Drive GmbH	919.14	689.16
			952.78	**689.16**
		Associates (net of accumulated share of loss)		
		Avaada MHVidarbha Private Limited	113.75	-
		Talbahn GmbH	6.26	-
		Aeron Systems Private Limited	-	116.06
			120.01	**116.06**
			2,060.79	**1,630.48**
6	**Loans given**	**Associates**		
		Ferrovia Transrail Solutions Private Limited	-	136.56
		Aeron Systems Private Limited	-	8.00
			-	**144.56**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

48. Related party disclosures (contd.)

(iii) Balance outstanding as at the year end (contd.)

In ₹ Million

Sr. No.	Nature of Balances	Name of the related party and nature of relationship	As at March 31, 2023	As at March 31, 2022
6	Loans given (contd.)	**Joint Ventures**		
		REFU Drive GmbH	89.67	84.15
			89.67	**84.15**
		Other related parties		
		Kalyani Technoforge Limited	-	1.12
			-	**1.12**
			89.67	**229.82**
7	Loans taken	**Joint Venture Partners**		
		REFU Elektronik GmbH	-	84.66
			-	**84.66**
8	Security deposits given	**Other related parties**		
		BF Utilities Limited	200.00	200.00
		Kalyani Strategic Management Services Ltd (erstwhile Kalyani Technologies Ltd)	89.40	89.40
		Radium Merchandise Private Limited	-	25.00
		Others	39.71	14.71
			329.11	**329.11**
9	Advance to suppliers	**Other related parties**		
		Saarloha Advanced Materials Private Limited	1,350.00	1,350.00
		Others	0.06	-
			1,350.06	**1,350.00**
10	Interest accured	**Joint venture partners**		
		REFU Elektronik GmbH	-	0.42
		REFU Drive GmbH	2.45	-
			2.45	**0.42**
11	Advance from customers	**Other related parties**		
		Automotive Axles Limited	12.50	5.54
		Astra Rafael Comsys Pvt Ltd	2.34	6.23
			14.84	**11.77**
		Joint venture partners		
		REFU Elektronik GmbH	-	11.85
			-	**11.85**
		Minority holders		
		Rafael Advanced Defence Systems Limited	326.61	14.83
			326.61	**14.83**
			341.45	**38.45**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

48. Related party disclosures (contd.)

(iii) Balance outstanding as at the year end (contd.)

In ₹ Million

Sr. No.	Nature of Balances	Name of the related party and nature of relationship	As at March 31, 2023	As at March 31, 2022
12	Capital advances	**Other related parties**		
		KGEPL Engineering Solutions Private Limited	21.48	21.48
		Khed Economic Infrastructure Private Limited	2,435.27	2,435.27
		Kalyani Global Engg. Pvt. Ltd.	44.71	-
			2,501.46	**2,456.75**
		Associates		
		Aeron Systems Private Limited	-	0.47
			-	**0.47**
			2,501.46	**2,457.22**
13	Managerial remuneration payable*	**Key management personnel (Short-term employment benefits)**		
		Mr. B. N. Kalyani	41.34	31.20
		Mr. A. B. Kalyani	3.18	2.40
		Mr. G. K. Agarwal	3.00	2.40
		Mr. S. E. Tandale	15.79	12.98
		Mr. B. P. Kalyani	14.75	10.03
		Mr. K. M. Saletore	6.83	8.84
		Others	-	15.21
			84.89	**83.06**
14	Commission to directors other than managing and whole time directors	**Relatives of directors and other directors**		
		Mr. P. G. Pawar	1.44	1.40
		Mr. S. M. Thakore	-	0.60
		Mrs. Lalita D. Gupte	0.56	0.55
		Mr. P. H. Ravikumar	1.13	1.10
		Mr. P. C. Bhalerao	-	0.70
		Mr. Vimal Bhandari	1.38	0.80
		Mr. Dipak Mane	0.75	1.00
		Mr. Murali Sivaraman	0.63	0.80
		Mr. Kanwar Bir Singh Anand	0.38	-
		Mrs. Sonia Singh	0.38	-
			6.65	**6.95**
15	Provision for diminution in value of Investment in associate	**Joint Ventures**		
		BF NTPC Energy Systems Limited	33.64	-
			33.64	**-**

* Does not include gratuity and leave encashment since the same is considered for all employees of the Group as a whole.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

48. Related party disclosures (contd.)

(iii) Balance outstanding as at the year end (contd.)

In ₹ Million

Sr. No.	Nature of Balances	Name of the related party and nature of relationship	As at March 31, 2023	As at March 31, 2022
16	**Other payables**	**Minority holders**		
		Rafael Advanced Defense Systems Limited	-	19.46
			-	**19.46**

Notes

1. Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured with a short term duration unless otherwise stated and interest free except for loans and settlement occurs in cash. For the year ended March 31, 2023 the Group has not recorded any impairment of receivables relating to amount owed by related parties other than those disclosed separately above (March 31, 2023: ₹ Nil). This assessment is undertaken in each financial year through examining the financial position of the related party and the market in which the related party operates.

2. All transactions were made on normal commercial terms and conditions and at market rates.

3. For Details of guarantees to related parties refer note 47.

4. The Group has various other welfare trusts to administer the long term benefits for its employees for which no contribution is made in the current or previous year.

iv. Board of Directors of the Holding Company in their meeting held on February 14, 2023 have passed a resolution for the reappointment of Mr. B. N. Kalyani (DIN: 00089380), as the Managing Director of the Company and for being designated as Chairman and Managing Director of the Company, for a period of five (5) years with effect from March 30, 2023 up to March 29, 2028, along with the terms and conditions of re-appointment including remuneration payable to him. Pursuant to Section 110 of the Companies Act, 2013 read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, on April 14, 2023, the Group has commenced the process for postal ballot for this proposed appointment and the e-voting for the same will be completed by May 27, 2023.

49. Segment Information

In accordance with paragraph 22 of notified Indian Accounting Standard 108 Operating Segments (Ind AS 108), the Group has disclosed segment information only on the basis of the consolidated financial statements which are presented together with the standalone financial statements. The Group's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group's business is divided into two reporting segments which comprises of "Forgings" and "Others" which represent the Group's businesses not covered in the Forgings segment. The Chief operating decision maker monitors the operating results of the business units separately for the purpose of making

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

49. Segment Information (contd.)

decisions about resource allocation and performance assessment based on an analysis of various performance indicators.

The Forgings segment produces and sells forged products comprising of forgings and machined components for the automotive and industrial sectors. Others primarily includes various new intiatives which the Group is carrying out other than forging related activities.

No operating segments have been aggregated to form the above reportable operating segments.

In ₹ Million

Sr. No.		March 31, 2023	March 31, 2022
1	**Segment revenue**		
	Revenue from external customers		
	a Forgings	119,780.42	101,616.05
	b Others	10,414.24	3,981.44
	Total	**130,194.66**	**105,597.49**
	Less - Intersegment revenue	**(316.43)**	**(7.03)**
	Total	**129,878.23**	**105,590.46**
	Adjustments and eliminations *	(775.64)	(979.68)
	Revenue from operations	**129,102.59**	**104,610.78**
2	**Segment results**		
	a Forgings	12,207.44	15,263.20
	b Others	449.78	(299.03)
	Total segment profits before interest, tax and exceptional items from each reportable segment	**12,657.22**	**14,964.17**
	Less: Finance cost	2,986.20	1,604.05
	Less: Other unallocable expenditure net off unallocable income	943.66	479.03
		8,727.36	**12,881.09**
	Add: Exceptional items gain/(loss)		
	a Forgings	(457.91)	(846.09)
	b Others	-	1,770.14
	Total Exceptional items gain/(loss)	**(457.91)**	**924.05**
	profit/(Loss) before tax and adjustments	**8,269.45**	**13,805.14**
	Adjustments and eliminations *	-	-
	Profit/(Loss) before tax	**8,269.45**	**13,805.14**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

49. Segment Information (contd.)

In ₹ Million

Sr. No.			March 31, 2023	March 31, 2022
3	Segment income/(expense)			
3.1	Segment Depreciation, amortisation and impairment expense			
	a	Forgings	6,869.71	6,965.21
	b	Others	472.67	410.61
	C	Unallocable	13.48	99.82
	Total		7,355.86	7,475.64
	Adjustments and eliminations *		-	(172.63)
	Depreciation, amortisation and impairment expense		7,355.86	7,303.01
3.2	Segment Income tax expense/(income)			
	a	Forgings	3,103.97	3,033.25
	b	Others	82.48	2.19
	Total		3,186.45	3,035.44
	Adjustments and eliminations *		(0.87)	(0.91)
	Income tax expense (excluding impact of deferred tax in OCI)		3,185.58	3,034.53
3.3	Share of (loss) of associates and joint ventures***			
	a	Forgings	-	-
	b	Others	(334.38)	(330.20)
	Total share of (loss) of associates and joint ventures		(334.38)	(330.20)
4	Segment assets			
	a	Forgings	121,293.14	113,060.74
	b	Others	19,000.56	9,436.34
	c	Unallocable assets including unutilised fund	44,532.83	34,390.27
	Total		184,826.53	156,887.35
	Adjustments and eliminations *		(984.66)	(798.01)
	Total assets		183,841.87	156,089.34
5	Segment liabilities			
	a	Forgings	27,229.23	24,846.55
	b	Others	11,857.52	2,027.10
	c	Unallocable	4,868.38	3,931.95
	Total		43,955.13	30,805.60
	Adjustments and eliminations *		(853.60)	(851.80)
	Total liabilities		43,101.53	29,953.80
	Net Capital employed		140,740.34	126,135.54

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

49. Segment Information (contd.)

In ₹ Million

Sr. No.			March 31, 2023	March 31, 2022
6	Other disclosures			
6.1	Investments in associates and joint ventures****			
	a	Forgings	-	-
	b	Others	586.52	805.22
	Total		586.52	805.22
	Adjustments and eliminations *		-	-
	Investments in associates and joint ventures		586.52	805.22
6.2	Increase in non-current non-financial assets for the year			
	a	Forgings	12,845.47	10,537.67
	b	Others	5,689.55	1,845.81
	Total		18,535.02	12,383.48
	Adjustments and eliminations *		158.88	(172.57)
	Increase in non-current non-financial assets for the year		18,693.90	12,210.91
7	Information in respect of geographical areas			
7.1	Segment revenue from external customers**			
	a	Within India	33,757.32	26,546.60
	b	Outside India	95,345.27	78,064.18
		Europe	46,322.00	48,857.64
		USA	28,085.25	19,928.28
		Others	20,938.02	9,278.26
	Subtotal		95,345.27	78,064.18
	Total		129,102.59	104,610.78
7.2	Segment non-current assets			
	a	Within India	47,234.39	43,857.03
	b	Outside India	25,973.78	21,470.16
	Total		73,208.17	65,327.19

* Ind AS 108 requires disclosure of reconciliations between segment information and respective line item in Consolidated Financial Statements. Adjustments and eliminations include the elimination of assets and liabilities of joint ventures and associates which have been accounted under the equity method. Further, inter-segment transactions are eliminated upon consolidation. There are no other reconciling items, hence, no separate reconciliation has been presented.

** The revenue information above is based on the location of the customers. No single external customer contributed more than 10% of Group's total revenue for the year ended March 31, 2023 and March 31, 2022.

*** Excluding effects of share of OCI of associates and joint ventures amounting to ₹ 0.89 (March 31, 2022 ₹ 0.57 million).

**** Excluding loan to associate representing long term interest of the Group in the associate. (Refer note 39).

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

50. Hedging activities and derivatives

Cash flow hedges

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in US Dollar and Euro. These forecast transactions are highly probable.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

In ₹ Million

Particulars	As at March 31, 2023		As at March 31, 2022	
	Assets	Liabilities	Assets	Liabilities
Fair value of foreign currency forward contracts	2,069.22	46.38	3,843.39	-

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arises requiring recognition through profit and loss. Amounts of outstanding forward contracts are as follows:

Nature of instrument	Currency	Purpose	March 31, 2023		March 31, 2022	
			Foreign Currency in Million	In ₹ Million	Foreign Currency in Million	In ₹ Million
Forward Contracts	USD	Hedging of highly probable forecast sales	619.80	53,643.40	628.22	53,217.25
Forward Contracts	EUR	Hedging of highly probable forecast sales	163.02	16,552.79	189.02	18,825.75

The cash flow hedges of the expected future sales during the year ended March 31, 2023 were assessed to be highly effective and a net unrealised (loss)/gain of ₹ 1,656.13 million (March 31, 2022: ₹ 3,761.17 million), with a deferred tax liability of ₹ 417.19 million (March 31, 2022: ₹ 946.61 million) relating to the hedging instruments, is included in OCI.

The amount was removed from OCI during the year and included in the carrying amount of the hedged item as an adjustment for the year ended March 31, 2023 as detailed in note 33, totalling ₹ 1,373.62 million (gross of deferred tax) (March 31, 2022: ₹ 1,349.93 million). The amounts retained in OCI at March 31, 2023 are expected to mature and affect the statement of profit and loss till the year ended March 31, 2026.

Fair value hedges

* At March 31, 2023 and March 31, 2022, the Company has a cross currency swap agreement in place. During the current year, the company has converted its Rupee Preshipment Credit into USD. Under the original agreement, the interest rate was fixed at 6.30% p.a. but due to cross currency swap arrangement the revised interest rate has been fixed at 4.00% p.a.

\# At March 31, 2023, one of the companies in the group has a cross currency agreement in place. The original lender shall make available to the Borrower, a term loan facility ("Facility A") upto an aggregate principal amount of 10 million euros and after Facility A has been disbursed, another facility ("Facility B") shall be utilised which will be made available upto an aggregate principal amount of 5 million euros. The rate of interest for Facility A and Facility B is fixed at EURIBOR + 250 basis points.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

50. Hedging activities and derivatives (contd.)

In earlier years, the Company has converted one of its USD loans into a Euro loan for interest arbitrage. Under the original agreement, the interest rate was fixed at LIBOR + 67 basis points, but due to the cross currency swap arrangement, the revised interest rate has been fixed at EURIBOR + 87 basis points, decreasing the corresponding interest cost on the term loan.

Also as at March 31, 2023 the Company had certain forward contracts outstanding, which are being used to hedge the exposure to changes in the fair value of its underlying trade receivables.

The impact of the derivative instrument on the balance sheet as at March 31, 2023 is as follows:

In ₹ Million

Fair value hedge	Nominal amount (In Million)	Carrying amount (In ₹ Million)	Line item in balance sheet where hedging instrument is disclosed	Changes in fair value for calculating hedge ineffectiveness for March 2022
Cross currency swap	EUR 10.21	76.42	Derivative instruments	Nil
Cross currency swap	USD 9.73	0.60	Derivative instruments	Nil
Cross currency swap#	EUR 15.00	175.67	Derivative instruments	Nil
Cross currency swap#	USD 17.40	-		
Forward Contracts	USD 2.28	1.47	Derivative instruments	Nil

The impact of the derivative instrument on the balance sheet as at March 31, 2022 is as follows:

In ₹ Million

Fair value hedge	Nominal amount (In Million)	Carrying amount (In ₹ Million)	Line item in balance sheet where hedging instrument is disclosed	Changes in fair value for calculating hedge ineffectiveness for March 2021
Cross currency swap	EUR 17.86	85.10	Derivative instruments	Nil
Cross currency swap	EUR 15.00	88.03	Derivative instruments	Nil
Forward Contracts	EUR 3.03	13.61	Derivative instruments	Nil
Forward Contracts	USD 7.03	(6.47)	Derivative instruments	Nil

The impact of the hedged item on the balance sheet as at March 31, 2023 is, as follows:

In ₹ Million

Fair value hedge	Nominal amount (In Million)	Changes in fair value for calculating hedge ineffectiveness for March 2022
Current borrowings	USD 12.00	NIL
Current borrowings	INR 800.00	NIL
Trade receivables	USD 2.28	NIL

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

50. Hedging activities and derivatives (contd.)

The impact of the hedged item on the balance sheet as at March 31, 2022 is as follows:

In ₹ Million

Fair value hedge	Nominal amount (In Million)	Changes in fair value for calculating hedge ineffectiveness for March 2021
Non-current borrowings	USD 21.00	NIL
Non-current borrowings	EUR 15.00	NIL
Trade receivables	EUR 3.03	NIL
Trade receivables	USD 7.03	NIL

Derivatives not designated as hedging instruments

The Group has used foreign exchange forward contracts to manage repayment of some of its foreign currency denominated borrowings. These foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions i.e. the repayments of foreign currency denominated borrowings.

51. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosure fair value measurement hierarchy for assets as at March 31, 2023

Financial Instruments by category

In ₹ Million

Particulars	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at FVTOCI			
Unquoted equity instruments			
Khed Economic Infrastructure Private Limited	-	-	988.00
Avaada SataraMH Private Limited	-	-	142.45
Avaada MHBudhana Private Limited [Refer note 51 (c)]	-	-	20.34
TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)	-	2,952.03	-
Electron Transport Inc.	-	-	350.21
Quoted equity instruments			
Birlasoft Limited (erstwhile KPIT Technologies Limited)	160.08	-	-
KPIT Technologies Limited [Refer note 51 (b)]	567.09	-	-
Derivative instruments at fair value through OCI			
Cash flow hedges	-	2,069.22	-

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

51. Fair value hierarchy (contd.)

In ₹ Million

Particulars	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at FVTPL			
Unquoted equity instruments			
Gupta Energy Private Limited [Refer note 51 (a)]	-	-	-
Derivative instruments at FVTPL			
Fair value hedges	-	254.16	-
Unquoted funds			
Investments in private equity fund	-	255.93	-
Investments in mutual funds	-	15,466.26	-
Quoted funds/bonds			
Investments in mutual funds	2,570.57	-	-

Quantitative disclosure fair value measurement hierarchy for assets/liabilities as at March 31, 2022

In ₹ Million

Particulars	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at FVTOCI			
Unquoted equity instruments			
Khed Economic Infrastructure Private Limited	-	-	825.26
Avaada SataraMH Private Limited	-	-	142.45
Avaada MHBudhana Private Limited [Refer note 51 (c)]	-	-	20.34
TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)	-	2,941.02	-
Electron Transport Inc.	-	-	305.70
Quoted equity instruments			
Birlasoft Limited (erstwhile KPIT Technologies Limited)	278.88	-	-
KPIT Technologies Limited [Refer note 51 (b)]	368.44	-	-
Derivative instruments at fair value through OCI			
Cash flow hedges	-	3,843.39	-

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

51. Fair value hierarchy (contd.)

In ₹ Million

Particulars	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at FVTPL			
Unquoted equity instruments			
Gupta Energy Private Limited [Refer note 51 (a)]	-	-	-
Derivative instruments at FVTPL			
Fair value hedges	-	180.27	-
Unquoted funds			
Investments in private equity fund	-	307.78	-
Investments in mutual funds	-	16,186.22	-
Quoted funds/bonds			
Investments in mutual funds	3,356.03	-	-

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at March 31, 2023 and March 31, 2022 are as shown below:

Particulars	Valuation technique	Significant unobservable inputs	Range	Sensitivity of the input to fair value
Unquoted equity shares in Khed Economic Infrastructure Private Limited (KEIPL)	Cost method	Estimated realisation rates for developed land and Land under development	March 31, 2023: ₹10.6 million to ₹12.6 million/acre (March 31, 2022: ₹ 10.50 million to ₹12.60 million/acre)	5% increase/(decrease) in realisation rate would result in increase/(decrease) in fair value per share by ₹ 1.50 (March 31, 2022: ₹ 55.27)
		Estimated realisation rates for undeveloped Land	Not Applicable	
Unquoted equity shares in Avaada SataraMH Private Limited (ASPL)	Discounted cash flow (DCF) method	Weighted Average Cost of Capital (WACC)	March 31, 2023: 18.80% (March 31, 2022: 18.80%)	1% (March 31, 2022: 1%) increase (decrease) in the WACC would result in decrease (increase) in fair value by ₹ 6.15 million (31 March 2022: ₹ 6.15 million)

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

51. Fair value hierarchy (contd.)

Particulars	Valuation technique	Significant unobservable inputs	Range	Sensitivity of the input to fair value
Unquoted equity shares in Avaada MHBuldhana Private Limited	Discounted cash flow (DCF) method	Weighted Average Cost of Capital (WACC)	March 31, 2023: 15.52% (March 31, 2022: Ref note c)	1% (March 31, 2022: 1%) increase (decrease) in the WACC would result in decrease (increase) in fair value by ₹ 0.11 million (March 31, 2022: Ref note c)

(a) Gupta Energy Private Limited (GEPL)

The Group has an investment in the equity instrument of GEPL. The same is classified as at fair value through profit and loss. Over the years, GEPL has been making consistent losses. The management of the Holding Company has made attempts to obtain the latest information for the purpose of valuation. However, such information is not available as GEPL has not filed the financial statements with the Ministry Of Corporate Affairs (MCA) since FY 2014-15. In view of the above, the management believes that the fair value of the investment is Nil as at April 1, 2015 and thereafter.

(b) KPIT Technologies Limited

The Company had invested into 613,000 equity shares of ₹ 2/- each of KPIT Technologies Limited. The Hon'ble National Company Law Tribunal, Mumbai Bench, has by its order approved the composite scheme of arrangement (Scheme), amongst Birlasoft (India) Limited, KPIT Technologies Limited, KPIT Engineering Limited and their respective shareholders. Pursuant to the Scheme, the engineering business of KPIT Technologies Limited has been transferred to KPIT Engineering Limited.

Pursuant to the order, Birlasoft (India) Limited has merged with KPIT Technologies Limited and KPIT Technologies has been renamed as "Birlasoft Limited". KPIT Engineering Limited has been renamed as "KPIT Technologies Limited".

Pursuant to the Scheme, the Group had received 1 equity share of KPIT Technologies Ltd. of ₹ 10/- each for 1 equity share of Birlasoft Ltd. of ₹ 2/- each. The ratio of cost of acquisition per share of Birlasoft Ltd. and KPIT Technologies Ltd. was 56.64% to 43.36%.

The investment in shares has been classified under level 1 of the fair value hierarchy as on March 31, 2023 and March 31, 2022

(c) Avaada MHBuldhana Private Limited

The investment in equity shares of Avaada MHBudhana Private Limited which was made on September 30, 2021 is governed by the terms of the share purchase agreement and the shares held by the Company are subject to certain restrictions in terms of ability of the Company to sell the shares and the value at which this can be done. Considering the nature of restrictions and the overall intention of the management in relation to the equity shares, the fair value of such shares for the Company is the same as its cost i.e. the face value.

(d) Electron Transport Inc.

The Group had made an investment in preferred stock of Electron Transport Inc in the previous year as well as in the current year. Considering the nature of the investment and the overall intention of the management in relation to this investment, the fair value of such investment as at March 31, 2023 is the same as its cost.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

51. Fair value hierarchy (contd.)

Reconciliation of fair value measurement of financial assets classified as FVTOCI and FVTPL:

	Unquoted equity shares in Avaada SataraMH Private Limited	Unquoted equity shares in Khed Economic Infrastructure Private Limited	Unquoted equity shares in Avaada MHBuldhana Private Limited	Unquoted equity shares in TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)	Unquoted prefered stocks in Electron Transport Inc.
As at April 1, 2021	**142.45**	**589.58**	**-**	**-**	**-**
Remeasurement recognised in OCI	-	235.68	-	1,636.70	-
Purchases	-	-	20.34	-	305.70
Impairment reversal and conversion of investment in associate to financial instrument [Refer note 32(b)]				1,304.32	-
Sales	-	-	-	-	-
As at March 31, 2022	**142.45**	**825.26**	**20.34**	**2,941.02**	**305.70**
Remeasurement recognised in OCI	-	162.74	-	-	-
Remeasurement recognised in Statement of profit and loss	-	-	-	11.01	-
Purchases	-	-	-	-	44.51
As at March 31, 2023	**142.45**	**988.00**	**20.34**	**2,952.03**	**350.21**

52. Financial Instruments by category

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments as of March 31, 2023 and March 31, 2022, other than those with carrying amounts that are reasonable approximates of fair values:

In ₹ Million

Type of Borrower	Carrying value		Fair value	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
(i) Investments	14,601.13	6,152.10	14,601.13	6,152.10
(ii) Loans	56.78	169.61	56.78	169.61
(iii) Trade receivables	113.25	113.25	113.25	113.25
(iv) Derivative instruments	822.17	2,662.32	822.17	2,662.32
(v) Other non-current financial assets	570.14	677.79	570.14	677.79
Total financial assets	**16,163.47**	**9,775.07**	**16,163.47**	**9,775.07**
(i) Borrowings	17,512.72	17,873.43	17,512.72	17,873.43

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

52. Financial Instruments by category (contd.)

In ₹ Million

Type of Borrower	Carrying value		Fair value	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
(ii) Other non-current financial liabilities	391.09	247.65	391.09	247.65
(iii) Derivative instruments	-	-	-	-
(iv) Lease liabilities	4,161.77	2,835.16	4,161.77	2,835.16
Total financial liabilities	**22,065.58**	**20,956.24**	**22,065.58**	**20,956.24**

The management assessed that the fair value of cash and cash equivalent, trade receivables, derivative instruments, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

Further, the management assessed that the fair value of security deposits and other non current receivables approximate their carrying amounts largely due to expected credit loss/discounting at rates which are an approximation of current lending rates.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

(i) Long-term fixed rate and variable-rate receivables are evaluated by the Group based on parameters such as the individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

(ii) The fair values of quoted instruments are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables above. The management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

(iii) The fair values of the unquoted equity shares have been estimated using a cost method (KEIPL), market method (Tevva) as well as DCF model (ASPL). The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

(iv) The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

52. Financial Instruments by category (contd.)

and forward rate curves of the underlying. All derivative contracts are fully cash collateralised, thereby eliminating both the counterparty and the Group's own non-performance risk. As at March 31, 2023, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

(v) The Group's borrowings and loans are appearing in the books at fair value since the same are interest bearing, hence, discounting of the same is not required. The own non-performance risk as at March 31, 2023 and March 31, 2022 was assessed to be insignificant.

53. Statutory Group Information

In ₹ Million

Name of the entity in the group	Net assets (Total assets - total liabilities)		Share in profit and loss		Share in Other Comprehensive Income/(loss)		Share in Total Comprehensive Income	
	As a % of consolidated net assets	₹ Million	As a % of consolidated profit or loss	₹ Million	As a % of consolidated other Comprehensive income	₹ Million	As a % of consolidated total Comprehensive income	₹ Million
Parent								
Bharat Forge Limited								
Balance as at 31 March, 2023	114.22	**76,999.97**	**205.64**	10,454.72	185.46	(1,293.37)	208.85	9,161.34
Balance as at 31 March, 2022	107.29	**71,097.73**	**100.07**	10,778.01	104.75	2,463.03	100.91	13,241.04
Subsidiaries								
Foreign								
1) Bharat Forge Global Holding GmbH - Group								
Balance as at 31 March, 2023	2.32	1,566.13	(45.74)	(2,325.22)	28.48	(198.60)	(57.54)	(2,523.82)
Balance as at 31 March, 2022	5.27	3,492.22	8.23	885.92	6.13	144.04	7.85	1,029.96
2) Bharat Forge America Inc. - Group								
Balance as at 31 March, 2023	4.90	3,300.64	(37.71)	(1,916.99)	39.69	(276.81)	(50.01)	(2,193.80)
Balance as at 31 March, 2022	3.33	2,203.71	(3.40)	(365.95)	4.42	103.92	(2.00)	(262.03)
3) Bharat Forge International Limited								
Balance as at 31 March, 2023	3.22	2,169.45	8.07	410.02	(20.80)	145.08	12.65	555.10
Balance as at 31 March, 2022	2.44	1,613.93	3.29	354.89	3.27	76.79	3.29	431.68
Indian								
1) Kalyani Powertrain Private Limited - Group								
Balance as at 31 March, 2023	1.56	1,050.09	(22.46)	(1,141.80)	(1.91)	13.31	(25.73)	(1,128.49)
Balance as at 31 March, 2022	2.84	1,884.46	(1.16)	(124.76)	0.38	8.84	(0.88)	(115.92)

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

53. Statutory Group Information (contd.)

In ₹ Million

Name of the entity in the group	Net assets (Total assets - total liabilities)		Share in profit and loss		Share in Other Comprehensive Income/(loss)		Share in Total Comprehensive Income	
	As a % of consolidated net assets	₹ Million	As a % of consolidated profit or loss	₹ Million	As a % of consolidated other Comprehensive income	₹ Million	As a % of consolidated total Comprehensive income	₹ Million
2) Kalyani Strategic Systems Limited - Group								
Balance as at 31 March, 2023	1.42	959.88	3.09	156.99	(0.04)	0.29	3.59	157.28
Balance as at 31 March, 2022	0.56	370.45	(0.14)	(15.54)	0.01	0.12	(0.12)	(15.42)
3) BF Industrial Solutions Limited - Group								
Balance as at 31 March, 2023	7.06	4,757.43	5.81	295.55	0.03	(0.23)	6.73	295.32
Balance as at 31 March, 2022	1.46	964.82	0.39	42.15	0.12	2.81	0.34	44.96
4) BF Infrastructure Limited - Group								
Balance as at 31 March, 2023	0.39	263.30	(0.95)	(48.50)	(0.05)	0.32	(1.10)	(48.18)
Balance as at 31 March, 2022	0.44	291.80	(0.42)	(44.78)	0.02	0.55	(0.34)	(44.23)
5) Kalyani Centre for Precision Technology Limited								
Balance as at 31 March, 2023	1.08	729.94	1.04	52.79	0.00	(0.01)	1.20	52.78
Balance as at 31 March, 2022	1.02	677.17	0.06	6.65	0.00	0.02	0.05	6.67
6) Analogic Controls India Limited								
Balance as at 31 March, 2023	NA	NA	NA	NA	NA	NA	NA	NA
Balance as at 31 March, 2022	0.08	49.74	(0.19)	(20.45)	0.03	0.66	(0.15)	(19.79)
7) BF Elbit Advanced Systems Private Limited								
Balance as at 31 March, 2023	(0.22)	(148.11)	(0.38)	(19.13)	-	-	(0.44)	(19.13)
Balance as at 31 March, 2022	(0.19)	(128.98)	(0.15)	(16.17)	-	-	(0.12)	(16.17)
8) Eternus Performance Material Private Limited								
Balance as at 31 March, 2023	(0.00)	(1.72)	0.00	0.19	-	-	0.00	0.20
Balance as at 31 March, 2022	(0.00)	(1.91)	(0.01)	(1.08)	-	-	(0.01)	(1.08)
9) Kalyani Lightweighting Technology Solutions Limited								
Balance as at 31 March, 2023	(0.00)	(0.09)	(0.00)	(0.10)	-	-	(0.00)	(0.10)
Balance as at 31 March, 2022	-	-	-	-	-	-	-	-

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

53. Statutory Group Information (contd.)

In ₹ Million

Name of the entity in the group	Net assets (Total assets - total liabilities)		Share in profit and loss		Share in Other Comprehensive Income/(loss)		Share in Total Comprehensive Income	
	As a % of consolidated net assets	₹ Million	As a % of consolidated profit or loss	₹ Million	As a % of consolidated other Comprehensive income	₹ Million	As a % of consolidated total Comprehensive income	₹ Million
Non-controlling interests in all subsidiaries								
Balance as at 31 March, 2023	0.54	360.72	(3.93)	(199.77)	0.04	(0.28)	(4.56)	(200.05)
Balance as at 31 March, 2022	0.85	560.77	(0.44)	(46.95)	0.01	0.15	(0.36)	(46.80)
Associates								
(accounting as per the equity method)								
Indian								
1) Ferrovia Transrail Solutions Private Limited								
Balance as at 31 March, 2023	-	(17.23)	(0.05)	(2.79)	(0.00)	0.02	(0.02)	(2.77)
Balance as at 31 March, 2022	-	(14.47)	0.05	5.19	0.00	0.02	0.04	5.21
2) Aeron Systems Private Limited								
Balance as at 31 March, 2023	-	242.22	(0.01)	(0.74)	0.06	(0.42)	(0.01)	(1.16)
Balance as at 31 March, 2022	-	245.36	(0.03)	(3.41)	(0.00)	0.01	(0.03)	(3.40)
3) Avaada MHVidarbha Private Limited								
Balance as at 31 March, 2023	-	422.46	(0.05)	(2.40)	-	-	(0.02)	(2.40)
Balance as at 31 March, 2022	-	-	-	-	-	-	-	-
Joint Ventures								
(accounting as per the equity method)								
Foreign								
1) REFU Drive GmbH (including subsidiary)								
Balance as at 31 March, 2023	-	(120.57)	(6.46)	(328.45)	0.07	(0.49)	(2.51)	(328.94)
Balance as at 31 March, 2022	-	563.35	(1.52)	(163.65)	(0.10)	0.69	(1.24)	(162.96)
Indian								
1) BF Premier Energy Systems Private Limited								
Balance as at 31 March, 2023	NA	NA	NA	NA	NA	NA	NA	NA
Balance as at 31 March, 2022	-	(0.17)	-	(0.11)	-	-	(0.00)	(0.11)

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

53. Statutory Group Information (contd.)

In ₹ Million

Name of the entity in the group	Net assets (Total assets - total liabilities)		Share in profit and loss		Share in Other Comprehensive Income/(loss)		Share in Total Comprehensive Income	
	As a % of consolidated net assets	₹ Million	As a % of consolidated profit or loss	₹ Million	As a % of consolidated other Comprehensive income	₹ Million	As a % of consolidated total Comprehensive income	₹ Million
Adjustments arising out of consolidation								
March 31, 2023	(36.48)	(24,591.65)	(12.49)	(634.88)	(130.91)	912.92	6.34	278.04
March 31, 2022	(25.36)	(16,808.41)	(4.64)	(499.33)	(19.15)	(450.24)	(7.24)	(949.57)
March 31, 2023 - Group	**100.00**	**67,415.98**	**100.00**	**5,083.87**	**100.00**	**(697.38)**	**100.00**	**4,386.49**
March 31, 2022 - Group	**100.00**	**66,267.51**	**100.00**	**10,770.61**	**100.00**	**2,351.41**	**100.00**	**13,122.02**

54.1 Details of funds advanced or loaned or invested to any other persons or entities by Holding Company, for lending or investing in other persons or entities (Ultimate Beneficiaries)

For year ended March 31, 2023

Investments

The Holding Company has investments in the following subsidiaries for being further invested in step-down subsidiaries of the Holding Company

In ₹ Million

Sl. No.	Name of the subsidiary	Date of investment into subsidiary	Amount invested in subsidiary	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary
1	Kalyani Powertrain limited	August 19, 2022	270.00	Kalyani Mobility INC	August 19, 2022	263.91
2	BF Industrial Solutions limited	July 01, 2022	3,380.00	Promoters of JS Auto Cast Foundry India Private Limited	July 01, 2022	3,257.31
		October 06, 2022	117.29	Promoters of JS Auto Cast Foundry India Private Limited	October 06, 2022	117.29
3	Bharat Forge America Inc	April 12, 2022	609.04	Bharat Forge Aluminium USA, Inc.	April 13, 2022	609.04
		June 21, 2022	956.28	Bharat Forge Aluminium USA, Inc.	June 22, 2022	956.28
		September 21, 2022	156.18	Bharat Forge Aluminium USA, Inc.	September 22, 2022	156.18

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

54.1 Details of funds advanced or loaned or invested to any other persons or entities by Holding Company, for lending or investing in other persons or entities (Ultimate Beneficiaries) (contd.)

Loans

The Holding Company has given loans to the following subsidiaries for being further invested in step-down subsidiaries of the Holding Company

In ₹ Million

Sl. No.	Name of the subsidiary	Date of investment into subsidiary	Amount invested in subsidiary	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary
1	Kalyani Powertrain limited	June 07, 2022	50.00	Tork Motors Private limited	June 08, 2022	50.00
		August 08, 2022	50.00	Tork Motors Private limited	August 12, 2022	50.00

For year ended March 31, 2022

Investments

The Company has investments in the following subsidiaries for being further invested in step-down subsidiaries of the Company

In ₹ Million

Sl. No.	Name of the subsidiary	Date of investment into subsidiary	Amount invested in subsidiary	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary
1	Bharat Forge America Inc.	May 10, 2021	440.39	Bharat Forge Aluminium USA, Inc.	May 10, 2021	440.39
		August 23, 2021	445.53	Bharat Forge Aluminium USA, Inc.	August 23, 2021	445.53
		October 13, 2021	226.16	Bharat Forge Aluminium USA, Inc.	October 13, 2021	226.16
2	Kalyani Powertrain Limited	September 09, 2021	347.57	Kalyani Mobility Inc.	September 09, 2021	347.57
		September 27, 2021	300.30	Tork Motors Private Limited	September 27, 2021	300.30
		February 10, 2022	150.05	Kalyani Mobility Inc.	February 10, 2022	149.98
		July 20, 2021	400.00	Tork Motors Private Limited #	November 24, 2021	399.98
3	BF Industrial Solutions Limited*	September 07, 2021	750.00	BF Industrial Technology and Solutions Limited	September 07, 2021	750.00
4	BF Industrial Solutions Limited#	June 25, 2021	900.00	BF Industrial Technology and Solutions Limited	June 28, 2021	150.00
				Financial creditors as per IBC order	June 28, 2021	750.00

In ₹ Million

\# Investment in optionally convertible Debentures

* Amount repaid on the same date

Loans

The Company has given loans to the following subsidiaries for being further invested in step-down subsidiaries of the Company

In ₹ Million

Sl. No.	Name of the subsidiary	Date of investment into subsidiary	Amount invested in subsidiary	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary
1	Bharat Forge America Inc.	March 14, 2022	153.22	Bharat Forge Aluminium USA, Inc.	March 14, 2022	153.22

Statement of compliance

With regard to the investments made, loans given and guarantees given during the year ended March 31, 2022 as well as March 31, 2021, the Company has complied with the relevant provisions of the Foreign Exchange Management Act, 1999 and the Companies Act, 2013 and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003).

Particulars of the intermediaries/beneficiaries/ultimate beneficiaries

1 **Bharat Forge Global Holding GmbH**
Registered office: Mittelstrasse 64, 58256 Ennepetal, Germany
Relationship with the beneficiary: Wholly owned Subsidiary

2 **Bharat Forge America Inc.**
Registered office: 2150, Schmiede St, Surgoinville, Tennessee 37873, USA
Relationship with the beneficiary: Wholly owned Subsidiary

3 **Bharat Forge CDP GmbH, Germany**
Registered office: Mittelstrasse 64, 58256 Ennepetal, Germany
Relationship with the beneficiary: Step-down Subsidiary

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

54.1 Details of funds advanced or loaned or invested to any other persons or entities by Holding Company, for lending or investing in other persons or entities (Ultimate Beneficiaries) (contd.)

4 **Bharat Forge Aluminiumtechnik GmbH (BFAT), Germany**
Registered office: Berthelsodorfer StraBe 8, 09618 Brand-Erbisdorf, Germany
Relationship with the beneficiary: Step-down Subsidiary

5 **Bharat Forge Aluminium USA, Inc.**
Registered office: 160, Mine lake Court, Suite 200, Raleigh, North Carolina 27615, USA
Relationship with the beneficiary: Step-down Subsidiary

6 **Kalyani Powertrain Limited**
Registered office: S No 49, Industry House, Opposite Kalyani Limited, Mundhwa, Pune 411036
Relationship with the beneficiary: Wholly owned subsidiary

7 **Kalyani Strategic Systems Limited**
Registered office: Mundhwa, Pune
Relationship with the beneficiary: Wholly owned subsidiary

8 **BF Industrial Solutions Limited**
Registered office: S No 49, Industry House, Opposite Kalyani Limited, Mundhwa, Pune 411036
Relationship with the beneficiary: Wholly owned subsidiary

9 **Tork Motors Pvt Ltd, India**
Registered office: Plot No. 4/25, Sector No.10, PCNTDA, Pune 411026
Relationship with the beneficiary: Step-down subsidiary

10 **Kalyani Mobility Inc.**
Registered office: 160, Mine lake Court, Suite 200, Raleigh, North Carolina 27615, USA
Relationship with the beneficiary: Step-down subsidiary

11 **BF Industrial Technology & Solutions Limited**
Registered office: A8, Parvati Chambers, Opposite Apsara Cinema, Vadodara 390004
Relationship with the beneficiary: Step-down subsidiary

54.2 Details of funds received by components of the group from Holding Company (Financing party), for lending or investing in components or other persons or entities (Ultimate Beneficiaries)

(a) Kalyani Powertrain Limited ('KPL')

Investments

In ₹ Million

Sl. No.	Name of the funding party	Date of receipt	Amount funded by holding company	Name of the beneficiary	Date of further investment into beneficiary (subsidiary)	Amount invested into beneficiary (subsidiary)
1	Bharat Forge Limited	August 19, 2022	270.00	Kalyani Mobility INC	August 19, 2022	263.91

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

54.2 Details of funds received by components of the group from Holding Company (Financing party), for lending or investing in components or other persons or entities (Ultimate Beneficiaries) (contd.)

Statement of compliance

With regard to the investments made by KPL into KPM, as on March 31, 2023, KPL has complied with the relevant provisions of the Foreign Exchange Management Act, 1999 and the Companies Act, 2013 and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003).

Particulars of the funding party

1 **Bharat Forge Limited**
Registered office: Mundhwa, Pune
Relationship with the beneficiary: Holding Company

Particulars of ultimate beneficiaries

1 **Kalyani Mobility Inc.**
Registered office: 160, Mine lake Court, Suite 200, Raleigh, North Carolina 27615, USA
Relationship with the beneficiary: Wholly owned subsidiary

In ₹ Million

Sl. No.	Name of the funding party	Date of receipt	Amount funded by holding company	Name of the beneficiary	Date of further investment into beneficiary (subsidiary)	Amount invested into beneficiary (subsidiary)
1	Bharat Forge Limited	July 01, 2022	3,380.00	Promoters of JS Auto Cast Foundry India Private Limited	July 01, 2022	2,482.86
2	Bharat Forge Limited	October 06, 2022	117.29	Promoters of JS Auto Cast Foundry India Private Limited	October 06, 2022	27.89

Particulars of the funding party

1 **Bharat Forge Limited**
Registered office: Mundhwa, Pune
Relationship with the beneficiary: Holding Company

Particulars of ultimate beneficiaries

1 **BF Industrial Technology and Solutions Limited**
Registered office: 244/6&7 GIDC estate, Waghodia, Gujarat.
Relationship with the beneficiary: Wholly owned subsidiary

55. Financial risk management objectives and policies

The Group's principal financial liabilities other than derivatives, comprise loans and borrowings, trade payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Group also holds FVTOCI and FVTPL investments and enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a Finance

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

55. Financial risk management objectives and policies (contd.)

and Risk Management Committee (FRMC) that advises on financial risks and the appropriate financial risk governance framework for the Group. The FRMC provides assurance that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. Further, all the derivative activities for risk management purposes are carried out by experienced members from the senior management who have the relevant expertise, appropriate skills and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised as below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments in mutual funds, FVTOCI investments and derivative financial instruments.

The sensitivity analysis in the following sections relates to the position as at March 31, 2023 and March 31, 2022.

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at March 31, 2023.

The analysis excludes the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations and provisions.

The below assumptions have been made in calculating the sensitivity analysis:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2023 and March 31, 2022 including the effect of hedge accounting.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Group's exposure to the risk of changes in the market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group generally borrows in foreign currency, considering the natural hedge it has against its export. Long-term and Short-term foreign currency debt obligations carry floating interest rates and in certain cases with fixed interest rates.

The Group avails short term debt in foreign currency up to the tenure of 9 months, in the nature of export financing for its working capital requirements. LIBOR or EURIBOR for the said debt obligations is fixed for the entire tenor of the debt, at the time of availment.

The Group has an option to reset LIBOR/SOFR or EURIBOR either for 6 Months or 3 months for its long-term debt obligations. To manage its interest rate risk, the Group evaluates the expected benefit from either of the LIBOR resetting options and accordingly decides. The Group also has an option for its long-term

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

55. Financial risk management objectives and policies (contd.)

debt obligations to enter into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

As at March 31, 2023, the Group's majority long term borrowings are at a floating rate of interest except for 5.97% rated unsecured non-convertible debentures.

Interest rate sensitivity

The Group's total interest cost for the year ended March 31, 2023 was ₹ 2,986.20 million and for the year ended March 31, 2022, was ₹ 1,604.05 million. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, with all other variables held constant. The Group's profit/(loss) before tax is affected through the impact on floating rate long term borrowings, as follows:

		Effect on profit before tax and equity	
Particulars	**Change in basis points**	**March 31, 2023**	**March 31, 2022**
USD	+/- 50	21.37	28.42
EUR*	+50	44.18	59.03
EUR*	-50	(44.18)	(35.63)

* During the current as well as previous financial year, EURIBOR was trading in negative zone and some of the Euro borrowings were floored at zero EURIBOR while others were trading at floating EURIBOR. Further Euro borrowings includes USD borrowings swapped in to EURO borrowings through cross currency swap.

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing significantly higher volatility than in prior years.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's export revenue, long term foreign currency borrowings and Group's net investment in foreign subsidiaries and associates.

The Holding Company manages its foreign currency risk by hedging its forecasted sales up to 4 years to the extent of 25%-65% on a rolling basis and keep its long-term foreign currency borrowings un-hedged which will be natural hedge against its un-hedged exports. The Holding Company may hedge its long term borrowing near the repayment date to avoid rupee volatility in the short term.

The Holding Company avails bills discounting facility in INR for some of its export receivables to avail interest subvention benefit. The Group manages foreign currency risk by hedging the receivables against the said liability. The Group also manages foreign currency risk in relation to export receivable balances through forward exchange contracts.

When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions,

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

55. Financial risk management objectives and policies (contd.)

the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The Group discloses the fair value of the outstanding derivative in the financial statements. The impact on the Company's pre-tax equity due to changes in the fair value of the outstanding forward contracts is as follows:

In ₹ Million

Change in rate	Effect on OCI		Effect on net profit/(Loss)	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
USD/INR -1	630.73	628.22	2.28	7.03
EUR/INR -1	164.52	189.02	-	3.03
EUR/USD -0.01	Nil	Nil	8.39	24.91

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Group's profit/loss before tax is due to the changes in the fair value of un-hedged monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

In ₹ Million

Change in rate	Effect on Other Comprehensive Income		Effect on net profit/(Loss) before tax and equity	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
USD/INR -1	66.53	50.36	-115.13	84.86
EUR/INR -1	17.51	41.81	-16.66	89.55

Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase of steel. Due to the significant volatility of the price of the steel, the Group has agreed with its customers for pass-through of increase/decrease in prices of steel. There may be lag effect in the case of such pass-through arrangement.

Commodity price sensitivity

The Group has back-to-back pass through arrangements for volatility in raw material prices for most of the customers. However, in a few cases, there may be lag effect in the case of such pass-through arrangements and might have some effect on the Group's profit/(loss) and equity.

Equity price risk

The Group is exposed to price risk in equity investments and classified on the balance sheet as fair value through profit or loss and through Other comprehensive income. To manage its price risk arising from investments in equity, the Group diversifies its portfolio. Diversification and investment in the portfolio are done in accordance with the limits set by the Board of Directors of the Group.

At the reporting date, the exposure to unlisted equity securities at fair value was ₹ 4,708.96 million (March 31, 2022: ₹ 4,542.55 million). Sensitivity analysis of major investments has been provided in Note 51.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

55. Financial risk management objectives and policies (contd.)

At the reporting date, the exposure to listed equity securities at fair value was ₹ 727.17 million (March 31, 2022: ₹ 647.32 million). Change of 10% on the NSE market index could have an impact of approximately ₹ 72.72 million (March 31, 2022: ₹ 64.73 million) on the OCI or equity attributable to the Group. These changes would not have an effect on profit or loss.

Other price risk

The Group invests its surplus funds in mutual funds, which are linked to debt markets. The Group is exposed to price risk for investments in such instruments that are classified as fair value through profit or loss. To manage its price risk arising from investments in mutual funds, the Group diversifies its portfolio. Diversification and investment in the portfolio is done in accordance with the Holding Company's investment policy approved by the Board of Directors. An increase/decrease in interest rates by 0.25% will have an impact of ₹ 45.09 million (March 31, 2022: ₹ 48.86 million)

Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, investment in mutual funds, other receivables and deposits, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Further, the Group's customers include marquee OEMs and Tier I companies that have long standing relationships with the Group. Outstanding customer receivables are regularly monitored and reconciled. At March 31, 2023, receivable from the Group's top 5 customers accounted for approximately 46.60% (March 31, 2022: 52.42%) of all the receivables outstanding. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix (refer to the table below). Further, an impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on historical data and subsequent expectations of receipts. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 12. The Group does not hold collateral as security except in the case of few customers. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Year ended	Particulars	Not yet due	Outstanding for following periods from due date of payment					
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
March 31, 2023	% of loss allowance	0.00%	3.6%	7.52%	25.27%	39.25%	12.62%	1.3%
March 31, 2022	% of loss allowance	0.00%	4.27%	17.69%	24.24%	12.14%	42.18%	1.47%

Other receivables, deposits with banks, mutual funds and loans given

Credit risk from balances with banks, financial institutions and mutual funds is managed in accordance with the Group's approved investment policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on a regular basis and the said limits gets revised as and when

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

55. Financial risk management objectives and policies (contd.)

appropriate. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through the counterparty's potential failure to make payments.

The Group's maximum exposure to credit risk for the components of the balance sheet at March 31, 2023 and March 31, 2022 is the carrying amounts as illustrated in the respective notes except for financial guarantees. With respect to financial derivative instruments, refer note 50.

Liquidity risk

Cash flow forecasting is performed by the Treasury function. The Group's liquidity requirements are monitored at the Holding Company and individual component levels by respective treasury functions to ensure the availability of funds to meet operational needs. Such forecasting takes into consideration the compliance with internal cash management. The Group's treasury invests surplus cash in marketable securities as per the approved policy, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. At the reporting date, the Group held mutual funds of ₹ 18,036.83 million (March 31, 2022: ₹ 20,042.47 million) and other liquid assets of ₹ 10,351.01 million (March 31, 2022: ₹ 5,982.56 million) that are expected to readily generate cash inflows for managing liquidity risk.

As per the Group's policy, there should not be concentration of repayment of loans in a particular financial year. In case of such concentration of repayment, the Group evaluates the option of refinancing the entire or part of repayments for extended maturity. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders and the Group is also maintaining surplus funds with short term liquidity for future repayment of a loan.

The table below summarises the maturity profile of the Group's financial liabilities

In ₹ Million

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
March 31, 2023				
Borrowings	51,010.61	17,512.72	-	**68,523.33**
Trade and other payables	21,513.40	-	-	**21,513.40**
Lease Liabilities	447.27	1,493.30	2,668.47	**4,609.04**
Other financial liabilities	1,799.44	391.09	-	**2,190.53**
	74,770.72	**19,397.11**	**2,668.47**	**96,836.30**
March 31, 2022				
Borrowings	38,671.95	17,873.43	-	**56,545.38**
Trade and other payables	16,313.65	-	-	**16,313.65**
Lease Liabilities	335.72	1,189.38	1,645.78	**3,170.88**
Other financial liabilities	1,244.04	267.98	-	**1,512.02**
	56,565.36	**19,330.79**	**1,645.78**	**80,378.23**

The management believes that the probability of any outflow on account of financial guarantees and letters of support issued by the Group being called on is remote. Hence the same has not been included in the above table.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

56. Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

(a) Amendments to Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Group does not expect this amendment to have any significant impact on its financial statements.

(b) Amendments to Ind-AS 12: Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group is evaluating the impact, if any, on its financial statements.

(c) Amendments to Ind-AS 8: Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Group does not expect this amendment to have any significant impact on its financial statements.

57. Acquisition of non-controlling interest in Kalyani Strategic Systems Limited

During the year ended March 31, 2021, the board of directors of the Holding Company had passed a resolution for the acquisition of non-controlling interest in KSSL. During the previous year, on receipt of necessary approval from the Department for Promotion of Industry and Internal Trade, the Holding Company acquired the balance 49% stake in KSSL resulting in an increase in the Company's stake in KSSL from 51% to 100%. Consequently, KSSL became a wholly owned subsidiary of the Company with effect from February 28, 2022. The Group has recognised the difference between the fair value of the consideration paid and the proportion of the equity acquired from non-controlling interest holders as changes in NCI reserve under other comprehensive income amounting to ₹ 148.19 million.

58. Change in the accounting period of foreign components

The statutory financial reporting period of the Holding Company for standalone and consolidated financial statements is April 01 to March 31. For certain foreign components (Refer note 36), the reporting period till March 31, 2021 was January 01 to December 31 ("non-coterminous period"). During the previous year, the Board of Directors of the Holding Company considered the above and decided to align the accounting periods for consolidation purposes of all the subsidiaries, associates and joint ventures

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

58. Change in the accounting period of foreign components (contd.)

for better presentation of operating performance of the Group. As a result, the accounting year of those foreign components was aligned with that of the Holding Company. Consequently, the financial statements of these components were prepared for 15 months from January 1, 2021 to March 31, 2022 and included into the consolidated financial statements of the Group. Accordingly, the current period's figures are not comparable to those of the previous year. Also refer Note 2.2 for details regarding the consolidation procedure.

The impact of such change in the accounting period on key financial statement indicators in relation to the Group is presented below:

In ₹ Million

Particulars	As per the financial statements	Without change in financial reporting period of certain foreign components	Impact of inclusion of certain foreign components on alignment of year end from December 31, 2021 to March 31, 2022
Revenue from operations	104,610.78	95,527.72	9,083.06
Total expenses	93,358.49	84,370.35	8,988.14
Profit before tax	13,805.14	13,699.33	105.81
Profit for the period	10,770.61	10,707.80	62.81
Other comprehensive income	2,351.41	2,185.84	165.57
Total comprehensive income	13,122.02	12,893.64	228.38
Earnings per share			
Basic	23.23	23.10	0.13
Diluted	23.23	23.10	0.13
Cash and cash equivalents	5,584.24	5,605.79	(21.55)

59. Employee share-based payments

One of the step down subsidiary companies, Tork Motors Private Limited ('TMPL') in the Group has provided share-based payment schemes to its employees. The relevant details of the scheme and the grant are as below:

TMPL had granted options under Employee Stock Option Plan I in the FY 2018-19 pursuant to the approval of Shareholders at its meeting held on January 25, 2019 which was subsequently amended and approved in General meeting held on November 12, 2020 and Board meeting held on October 23, 2021 for achieving wider coverage and talent retention (TMPL Amended Employee Stock Option Plan – 2020). The said ESOP Plan 2020 was further amended and approved by the Board in its meeting held on October 23, 2021 resolving thereby a few discrepancies, ambiguities etc.

The fair value of the share options was estimated at the grant date using the fair value at which shares were issued to the Holding company considering the terms and conditions upon which the share options

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

59. Employee share-based payments (contd.)

were granted. The exercise price of the share options is the face value i.e. ₹ 10. The contractual term of each option granted is 3 years.

In ₹ Million

Particulars	March 31, 2023	March 31, 2022
Expense arising from equity-settled share-based payment transactions	21.11	16.29

Movement in share options post acquisition of TMPL by the Group:

In ₹ Million

Particulars	March 31, 2023	March 31, 2022
Outstanding at March 31, 2022	1,198	1,223
Granted during the period	1,027	-
Forfeited during the period	-	-
Exercised during the period	-	-
Expired during the period	124	25
Outstanding at March 31, 2023	2,101	1,198
Exercisable at March 31, 2023	1,198	650

The weighted average share price on the date of exercise of these options is ₹ 10. The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur.

Exercise price of the options granted in the financial year ended March 31, 2022 was determined based on the price at which equity shares of the TMPL were issued to external investors. Exercise price of the options granted in the financial year ended March 31, 2023 has been determined by a category 1 merchant banker using the Black and Scholes Option Pricing Model.

60. Other statutory information

60.1. Relationship with companies struck off under section 248 of the Companies Act 2013 or section 560 of the Companies Act 1956.

Name of the struck off company	Balance outstanding	Nature of transaction	Relationship with the struck off company
March 31, 2023			
Bharat Forge Limited (Holding Company)			
Harinagar Sugar Mills Ltd.	0.72	Receivables	Customer
Havinhomes Reality & Consulting Services Private Limited	0.01	Payables	Vendor
Dreams Broking Private Limited*	0.00	Dividend	Shareholder
Aditya Cyber Services and Management Solutions Private Limited*	0.00	Dividend	Shareholder

* Less than ₹ 0.01 Million

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

60. Other statutory information (contd.)

Name of the struck off company	Balance outstanding	Nature of transaction	Relationship with the struck off company
March 31, 2022			
Bharat Forge Limited (Holding Company)			
Havinhomes Reality & Consulting Services Private Limited	0.01	Payables	Vendor
Wisdom Solutions Private Limited*	-	Payables	Vendor
BF Industrial Technology & Solutions Limited (Step down Subsidiary)			
Angel Engineering Works Private Limited	0.04	Payables	Vendor
Kalyan Corporation Private Limited	0.01	Payables	Vendor
Nasa Electronics Private Limited	0.01	Payables	Vendor
Om Enterprises Private Limited	0.02	Payables	Vendor
Pantech Instruments Private Limited*	0.00	Payables	Vendor
Parth Travels Private Limited*	0.00	Payables	Vendor
Prince Enterprises Private Limited	0.01	Payables	Vendor
Suman Enterprises Private Limited*	0.00	Payables	Vendor
Synergy Associates Private Limited	0.02	Payables	Vendor
Tirupati Balaji Transport and Minerals Private Limited	0.28	Payables	Vendor
Unique Enterprises Private Limited	0.06	Payables	Vendor
Unity Packers Private Limited	0.05	Payables	Vendor
Vijay Hydrotech Private Limited	0.01	Payables	Vendor
Yash Hydraulic Equipment Private Limited	0.01	Payables	Vendor
Atul Adams Limited*	-	Receivable	Customer
Ultra Engineers Private Limited	1.46	Receivable	Customer

* Less than ₹ 0.01 Million

These customers & vendors are not related parties as per the definition of 'related party' under section 2(76) of the Companies Act, 2013.

60.2. There are no proceedings initiated or pending against the Group for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

60.3. The Group has not traded or invested in Cyrptocurrency or Virtual Currency during the financial year.

60.4. The Group does not have any charge, which is yet to be registered with the Registrar of Companies ('ROC') beyond the statutory period. With regard to satisfaction of charges, a few cases of the Holding Company are outstanding with ROC due to technical reasons and the Holding Company is in the process of obtaining no dues certificates from the lenders, which the Holding Company will be filing with the Registrar of Companies for satisfaction of the related charges.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

60. Other statutory information (contd.)

60.5. During the year ended March 31, 2023, none of the components of the Group has surrendered any transaction or disclosed as income in the tax assessments under the Income Tax Act, 1961, (such as search or survey or any other relevant provisions of the Income Tax Act, 1961).

60.6. The Group has not revalued any property, plant and equipment or intangible assets.

60.7. During the current year, the holding Company transferred its interest in wholly owned Analogic Controls India Limited ('ACIL') to its another wholly owned subsidiary Kalyani Strategic Systems Limited ('KSSL'). After this transfer, KSSL filed a scheme of amalgamation of ACIL with KSSL under section 233 of the Companies Act, 2013 read with Rule 25 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and the same was approved by the Ministry of Corporate Affairs through Regional Director (W.R), wide Order dated 24th February, 2023. Through this scheme the entire business and undertaking together with all the related assets and liabilities of ACIL were deemed to have been transferred to and vested in the KSSL.

60.8. In accordance with the requirements of Division II - Ind AS Schedule III to the Companies Act, 2013, analytical ratios have been disclosed only in standalone financial statements.

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Shiraz Vastani
Partner
Membership Number: 103334

Place: Pune
Date: May 05, 2023

For and on behalf of the Board of Directors of Bharat Forge Limited

B. N. Kalyani
Chairman and Managing Director
DIN : 00089380

G. K. Agarwal
Deputy Managing Director
DIN : 00037678

Kishore Saletore
Executive Director and CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 05, 2023

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

In ₹ Million

Sr. No.	Name of the Subsidiary	Reporting Period	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Details of Investments	Turnover	Profit Before Taxation	Provision for taxation	Profit after taxation	% of Holding
1	Bharat Forge Global Holding GmbH	Apr 22 to Mar 23	EUR	89.61	448.04	3,397.27	9,043.36	5,198.05	6,872.86	0.05	310.48	(66.20)	376.68	100%
2	Bharat Forge CDP GmbH	Apr 22 to Mar 23	EUR	89.61	44.80	3,892.16	11,955.80	8,018.84	138.89	19,862.31	163.59	28.76	134.83	100%
3	Bharat Forge Holding GmbH	Apr 22 to Mar 23	EUR	89.61	2.24	1,145.24	1,654.63	507.15	1,527.92	-	(3.95)	-	(3.95)	100%
4	Bharat Forge Aluminiumtechnik GmbH	Apr 22 to Mar 23	EUR	89.61	743.74	(1,227.96)	14,964.54	15,448.75	-	11,108.71	(2,732.06)	-	(2,732.06)	100%
5	Bharat Forge Kilsta AB	Apr 22 to Mar 23	EUR	89.61	159.07	(118.45)	5,324.68	5,284.07	-	10,851.49	(251.77)	397.74	(649.51)	100%
6	Bharat Forge Daun GmbH	Apr 22 to Mar 23	EUR	89.61	4.48	355.65	2,179.48	1,819.35	-	1,697.87	(14.94)	(7.80)	(7.14)	100%
7	Mecanique Generale Langroise	Apr 22 to Mar 23	EUR	89.61	53.76	182.40	387.70	151.53	-	501.12	48.99	-	48.99	100%
8	Bharat Forge America Inc.	Apr 22 to Mar 23	USD	82.22	0.00	2,037.02	3,623.33	1,586.31	2,319.38	103.37	(1,988.27)	-	(1,988.27)	100%
9	Bharat Forge PMT Technologie LLC	Apr 22 to Mar 23	USD	82.22	8.01	1,470.99	3,030.00	1,550.99	-	3,106.26	(25.99)	-	(25.99)	100%
10	Bharat Forge Tennessee Inc.	Apr 22 to Mar 23	USD	82.22	0.00	567.00	613.28	46.28	309.79	29.60	(5.21)	(1.87)	(3.34)	100%
11	Bharat Forge Aluminium USA, Inc.	Apr 22 to Mar 23	USD	82.22	0.01	2,079.60	11,859.38	9,779.77	-	1,815.77	(2,021.97)	-	(2,021.97)	100%
12	Kalyani Mobility Inc (formerly Kalyani Precision Machining Inc.)	Apr 22 to Mar 23	USD	82.22	0.00	16.76	531.08	514.31	331.54	18.66	(238.03)	-	(238.03)	100%
13	Bharat Forge International Limited	Apr 22 to Mar 23	USD	82.22	8.61	2,160.84	24,525.81	22,356.36	141.36	34,473.22	541.64	122.32	419.33	100%
14	Kalyani Strategic Systems Australia Pty Ltd.	Apr 22 to Mar 23	INR	1.00	0.00	0.40	0.40	-	-	-	(0.04)	-	(0.04)	100%
15	BF Infrastructure Limited	Apr 22 to Mar 23	INR	1.00	2,239.67	(1,974.72)	291.51	26.56	4.12	10.85	(50.55)	-	(50.55)	100%
16	Kalyani Strategic Systems Limited	Apr 22 to Mar 23	INR	1.00	665.11	115.76	9,221.11	8,440.24	336.65	318.20	169.38	26.22	143.16	100%
17	Kalyani Rafael Advanced Systems Private Limited	Apr 22 to Mar 23	INR	1.00	398.03	(20.01)	1,357.99	979.97	-	1,313.05	17.52	4.34	13.17	50%
18	BF Elbit Advanced Systems Private Limited	Apr 22 to Mar 23	INR	1.00	19.80	(167.92)	26.46	174.57	-	-	(19.13)	-	(19.13)	51%
19	Analogic Controls India Limited	Apr 22 to Mar 23	INR	1.00	-	-	-	-	-	-	-	-	-	100%
20	BFIL-CEC JV	Apr 22 to Mar 23	INR	1.00	-	(2.28)	5.77	8.05	-	-	(0.52)	-	(0.52)	74%
21	Kalyani Centre for Precision Technology Limited	Apr 22 to Mar 23	INR	1.00	690.88	39.06	1,069.22	339.28	-	481.53	71.05	18.26	52.79	100%
22	Eternus Performance Materials Private Limited	Apr 22 to Mar 23	INR	1.00	1.63	(3.35)	34.48	36.20	-	12.11	0.19	-	0.19	51%
23	Kalyani Powertrain Limited	Apr 22 to Mar 23	INR	1.00	1,893.79	(753.50)	3,001.06	1,860.77	1,199.99	162.83	(729.55)	-	(729.55)	100%
24	Tork Motors Private Limited	Apr 22 to Mar 23	INR	1.00	0.42	435.69	1,220.66	784.56	1.33	355.59	(551.56)	0.16	(551.72)	64.29%
25	Lycan Electric Private Limited	Apr 22 to Mar 23	INR	1.00	1.33	(14.68)	75.05	88.39	-	169.62	(11.77)	-	(11.77)	64.29%
26	BF Industrial Solutions Limited (Formerly Nouveau Power and Infrastructure Private Limited)	Apr 22 to Mar 23	INR	1.00	4,417.29	(35.38)	4,472.05	90.13	4,361.48	0.86	(27.78)	0.42	(28.20)	100%
27	BF Industrial Technology & Solutions Limited (Formerly Sanghvi Forging and Engineering Limited)	Apr 22 to Mar 23	INR	1.00	900.50	(115.34)	1,067.88	282.72	-	996.72	163.42	0.15	163.27	100%

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries (contd.)

In ₹ Million

Sr. No.	Name of the Subsidiary	Reporting Period	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Details of Investments	Turnover	Profit Before Taxation	Provision for taxation	Profit after taxation	% of Holding
28	J S Auto Cast Foundry India Pvt. Ltd.	Jul 22 to Mar 23	INR	1.00	39.68	819.65	3,793.07	2,933.73	-	3,449.26	229.64	50.89	178.75	100%
29	Electroforge Limited	Apr 22 to Mar 23	INR	1.00	0.10	(0.09)	0.10	0.09	-	-	(0.09)	-	(0.09)	100%
30	Ferrovia Transrail Solutions Private Limited	Apr 22 to Mar 23	INR	1.00	0.10	(17.75)	124.52	142.17	-	-	(0.41)	0.01	(0.41)	100%
31	Kalyani Lightweighting Technology Solutions Limited	Apr 22 to Mar 23	INR	1.00	0.01	(0.10)	0.02	0.11	-	-	(0.10)	-	(0.10)	100%
32	Sagar-Manas Technologies Limited	Apr 22 to Mar 23	INR	1.00	0.01	(0.11)	0.00	0.11	-	-	(0.11)	-	(0.11)	51%
33	Sanghvi Europe B.V.	Apr 22 to Mar 23	INR	1.00	0.01	(9.10)	0.26	9.36	-	-	-	-	-	100%

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

In ₹ Million

S.N.	Name of Associates/Joint Ventures	Avaada MHVidarbha Private Limited	Aeron Systems Private Limited	Refu Drive GmbH
1	Latest audited Balance Sheet Date	March 31, 2023	March 31, 2023	December 31, 2022
2	Shares of Associate/Joint Ventures held by the company on the year end			
i	Nos.	11,375,000	136,500	12,500
ii	Amount of Investment in Associates/Joint Venture	113.75	140.00	919.14
ii	Extend of Holding %	26.00%	37.14%	50.00%
3	Description of how there is significant influence	Note-A	Note-A	Note-A
4	Reason why the associate/joint venture is not consolidated	Consolidated by equity method	Consolidated by equity method	Consolidated by equity method
5	Networth attributable to Shareholding as per latest audited Balance Sheet	109.84	89.96	(60.29)
6	Profit / Loss for the year			
i	Considered in Consolidation	(2.41)	(0.74)	(328.45)
ii	Not Considered in Consolidation	(6.84)	(1.26)	(328.45)

Note:

A. There is significant influence due to percentage(%) of Share Capital.

For and on behalf of the Board of Directors of **Bharat Forge Limited**

B. N. Kalyani
Chairman and Managing Director
DIN : 00089380

G. K. Agarwal
Deputy Managing Director
DIN : 00037678

Kishore Saletore
Executive Director and CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 05, 2023

BHARAT FORGE

KALYANI

BHARAT FORGE LIMITED
Mundhwa, Pune Cantonment,
Pune - 411 036, Maharashtra, India.
Phone: +91 20 6704 2777 / 2476
Fax: +91 20 2682 2163
Email: secretarial@bharatforge.com
CIN: L25209PN1961PLC012046

www.bharatforge.com