B H A R A T F O R G E

July 20, 2022

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 2021-22

Ref: 61st Annual General Meeting of the Company is scheduled to be held on Friday, August 12, 2022 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 2021-22 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-21-22.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: 2022.07.20 16:25:43 +05'30'

Tejaswini Chaudhari
Company Secretary & Compliance Officer

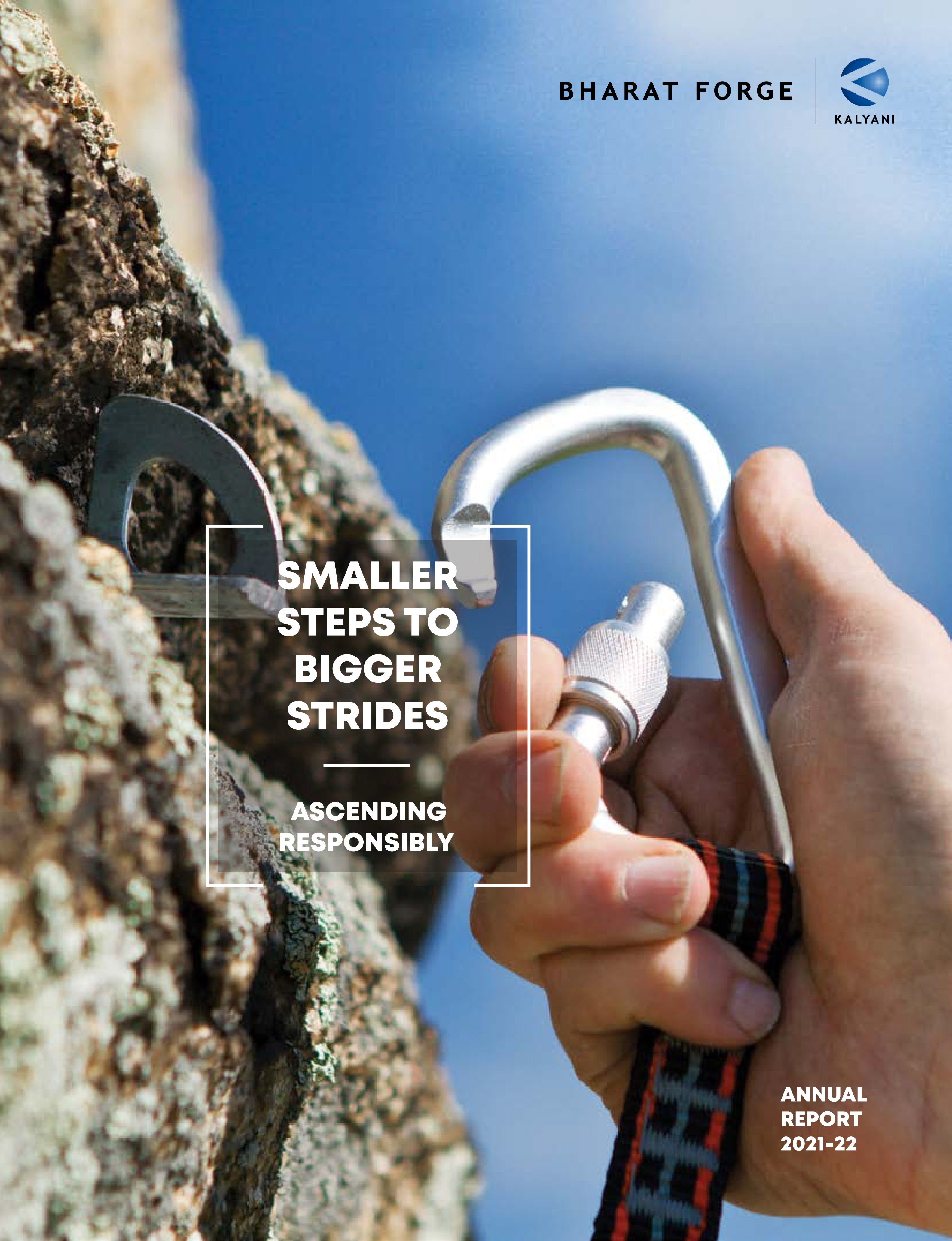
Encl: As above

KALYANI

BHARAT FORGE LIMITED, MUNDHWA, PUNE 411 036, MAHARASHTRA, INDIA.
PHONE: + 91 20 6704 2476 6704 2451 6704 2544 (Secretarial) Fax 020 2682 2163
Email: secretarial@bharatforge.com WEBSITE: www.bharatforge.com CIN L25209PN1961PLC012046

BHARAT FORGE

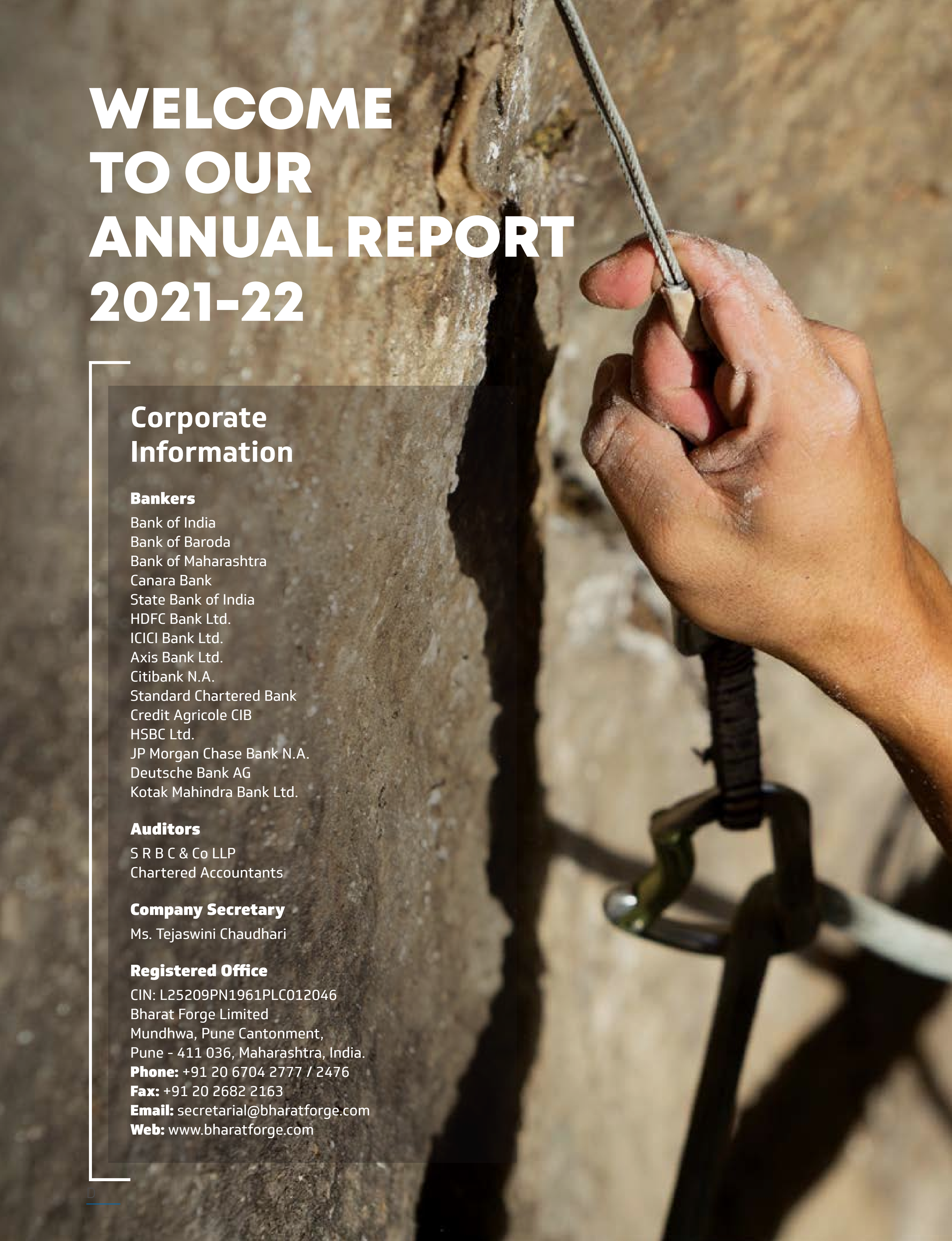
KALYANI



SMALLER STEPS TO BIGGER STRIDES

ASCENDING RESPONSIBLY

ANNUAL REPORT 2021-22



WELCOME TO OUR ANNUAL REPORT 2021-22

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

S R B C & 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

Contents

About the Report

Basis of Reporting

This is our third 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 capital – 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 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, 2021 to March 31, 2022. We have captured significant material events up to Board Meeting held on May 16, 2022.

Board Assurance

The members of the Board acknowledge having applied their collective mind in the preparation of this Report. They accept the responsibility for its integrity and is 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 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

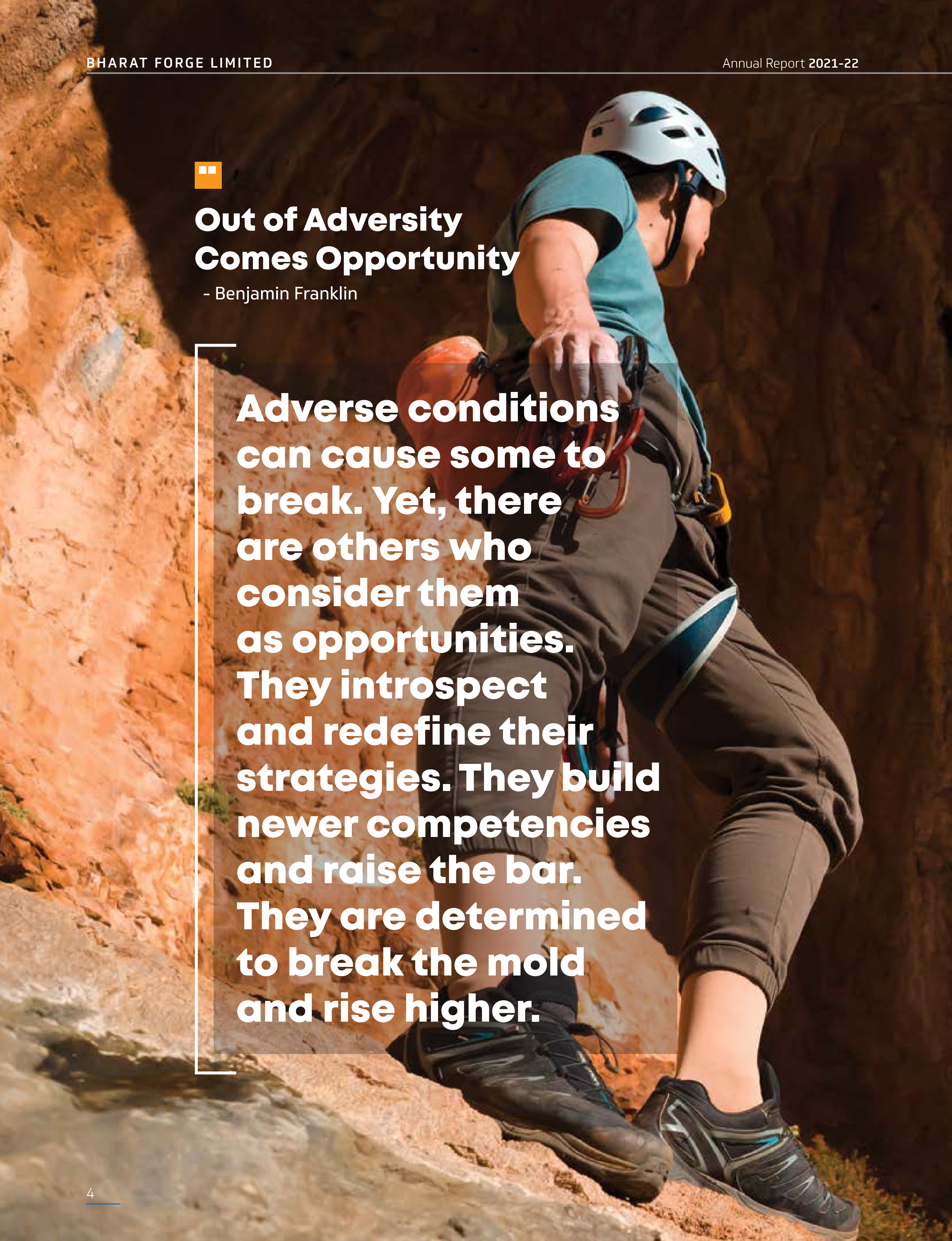
It represents the competencies, experience, engagement level and motivation of our people. They drive the organization's ability to innovate and run business efficiently, better serve customers and maintain strong relations and achieve strategies.

Social and Relationship Capital

It represents the quality of relationship 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.



Out of Adversity Comes Opportunity

- Benjamin Franklin

Adverse conditions can cause some to break. Yet, there are others who consider them as opportunities. They introspect and redefine their strategies. They build newer competencies and raise the bar. They are determined to break the mold and rise higher.

At Bharat Forge, we seek inspiration from the mountaineers and rock climbers whose ultimate goal is to conquer the summit. They must overcome falling rocks, dehydration, an aching body and a tiring mind. They must choose the right path, be convinced of it, and move towards it courageously by setting smaller goals.

More importantly, the climbers must pay attention to smaller details. A carabiner, the workhorse amongst the climber's gear, is one such thing. A small and simple metal snap-link, yet its significance outweighs the others. It connects all the different parts of the climbing safety system to keep the climber safe, giving them the confidence to keep ascending to greater heights.

A similar enterprising spirit is what keeps Bharat Forge moving ahead courageously in the direction that we are convinced will bear strong results. There have been challenges, but we have continued to progress cautiously. We have paid attention to smaller details; strengthening our R&D competencies, gearing people with future-ready skills and improving financial integrity. At the same time, we have responded positively to opportunities with unwavering and single-minded focus.

With each smaller step that we have been climbing, we are making a bigger stride towards the summit. More importantly, we are ensuring to ascend responsibly. We are working with our customers to deliver products that are less resource-intensive. We are actively focused on reducing usage of natural resource in our operations, increasing renewable energy usage and making 'Green' a competitive proposition.

Our business today is aligned to the bigger global agenda as well as that of India's *Atmanirbharta*, and we have all competencies to deliver on them and create value for all.

At Bharat Forge, we are responsibly progressing from

Smaller Steps to Bigger Strides.

Highlights of the Year

Vadodara Forging Plant

Maiden order in E-mobility Business

We received maiden orders for E-mobility components and our subsidiary Tork Motors launched their flagship electric motorbikes. Kalyani Powertrain Limited (KPTL), as a 100% subsidiary was established, to consolidate all E-mobility related initiative under it.

JS Auto Cast acquisition

We signed the SPA to acquire JS Auto Cast Foundry India (JS Auto Cast). It primarily operates in the industrial castings space and will strengthen our industrial business presence in terms of widening portfolio and providing access to new customers.

Commencement of US Aluminum Forgings plant

The Aluminum forgings facility at North Carolina commenced operations and the capacity is already sold out, addressing customers across traditional & EV platforms. This plant is working in collaboration with Germany and India, to deliver on the rising demand for light-weight vehicle components

ATAGS Completes Final Trials

Our Advanced Towed Artillery Gun System (ATAGS), designed by DRDO, has successfully completed its fifth and final firing trials.

Delivered Solid Financial Performance

Delivered a broad-based performance with improvements across all key performance indicators. Revenue grew by 71.3% to ₹ 62,546 Million and EBITDA by 129.2% to ₹ 16,804 Million.

Strong Order Bookings

We bagged new business worth ₹ 10,000 Million in FY 2022, bulk of order wins coming from PV & Industrial sectors.

Message from the Chairman and Managing Director

Dear Shareholders,

It is my privilege to write to you to present the performance of the Company in FY 2022. I hope this letter finds you all in good health.

The past two years have been fairly challenging to say the least. The pandemic and its impact in various parts of the world, the global supply chain disruption and the Russia-Ukraine war; all have triggered unprecedented volatility and uncertainties.

> I take this moment to express gratitude to our team globally who have done a commendable job to ensure that the Company delivers on the commitment made to our customers globally.

The strong revival in consumer demand post pandemic alongside the supply chain constraints has triggered a greater challenge of hyperinflation with sharp price increase in all major commodities including food items. The central banks of many countries have raised the interest rates to control the scenario.

Automobile Industry

The year gone by has been a mixed one for the automotive industry. On the one hand, the demand was fairly strong, yet on the other, supply side challenges made it difficult to fulfill them. Globally, sales were impacted because of the semi-conductor crisis and the waiting period only got longer as production was constrained.

FY 2022 performance of the Indian Automotive industry looks healthy, given the low base of COVID-impacted FY 2021. However, the industry's production in FY 2022 is still down more than 25% when compared to peak volumes registered in FY 2019. Hopefully the coming years hold much better prospects for the industry as a whole.

The Year Gone by

Reflecting back through the events of FY 2022, firstly, I take this moment to express gratitude to our team globally who have done a commendable job to ensure that the Company delivers on the commitment made to our customers globally.

The financial performance has been impressive: 71% growth in topline, a trebling of bottom line, two acquisitions in India focused on Industrial sector; all this while, maintaining a robust balance sheet. This is despite the fact, that our commercial vehicles and the Oil & Gas business, the backbone of our business traditionally, is still significantly below the previous peaks achieved in 2019. This gives an indication of how much your Company has evolved and diversified.

The year also saw us make progress in various aspects of our business. We saw a sharp improvement in the performance of our overseas subsidiaries while simultaneously strengthening their presence in the Aluminum forgings space. The Defence and E-mobility business are starting to witness meaningful traction with successful firing trials of the ATAGS and the receipt of maiden order for supply of power electronics to a leading Indian CV manufacturer. We strengthened our presence in the Industrial space with the acquisition of JS Auto Cast, setting a foundation for multi-year growth in our industrial business.

Overall, we are quite happy that we have been able to deliver a good year in spite of all the external challenges.

Resilient Performance in a Challenging Environment

In the backdrop of strong recovery across all key segments and geographies, the Company has recorded sharp jump across performance parameters.
Our standalone revenue increased 71.3% to ₹ 62,546.12 million. If not for the supply chain related issues which impacted OEM production, we would have closed the year with topline close to or surpassing the record FY 2019 levels.

Buoyed by an improvement in capacity utilization, EBITDA grew 128.6% to ₹ 16,798.16 million and PAT by 245.4% to ₹ 10,778.06 million in FY 2022.

On a consolidated basis, the revenues increased 65.1% to ₹ 104,610.78 million in FY 2022 and EBITDA by 129.5% to ₹ 19,810.02 million.

A Revitalized International Operations

FY 2022 turned out to be an important year for our overseas subsidiaries. For the past many years, we were working towards improving their financial performance and the same is now bearing results. A combination of product and cost rationalization, focus on productivity and investment towards a more favorable product mix will hopefully result in sustainable 10%+ margins going forward. Historically, this stood at an average of 5%. In CY2021, we achieved over 10% margin and expect this to improve in the medium to long term.

We also commercialized a new greenfield facility in North Carolina, US. With this, we now have two facilities (one each in North America and Germany) to cater the aluminum forgings requirements for global marquee OEMs. These facilities will play a key role in enhancing the Group's presence in the EV transition globally. Interestingly, we are witnessing higher inquiries than originally, which while signaling healthy growth, will necessitate more investment in capacity. We are cognizant that the new facility will report EBITDA level loss because of low utilization levels in the 1st year of operation.

The financial performance has been impressive: 71% growth in topline, trebling of bottom line, two acquisitions in India focused on Industrial sector and maintaining a robust balance sheet.

Diversification from Position of Strength

At Bharat Forge, diversification to adjacent sectors/process has been an important focus area. We have always done so from a position of strength and see it as adding new layers to offer more solutions to our customers and create value for our stakeholders.

Continuing with this, we have now diversified into the industrial castings space through the acquisition of JS Auto Cast.
This Company gives us a platform to address a huge untapped market across wind energy, hydraulics, construction mining among others, both in India and globally. We are confident that this business will help

EBITDA

₹ 16,798.16 Million

128.6%

PAT

₹ 10,778.06 Million

245.4%

What pleases me the most over the past year has been the organic work we have done in our R&D center and the build-up of the organization structure.

in taking our industrial business to the next orbit. As a Company philosophy, we want to be #1 or 2 in any segment we enter or focus on.

Defence: Journey Towards Self-reliance

India under the leadership of the Honorable Prime Minister Narendra Modi, has made significant strides towards self-reliance in Defence manufacturing. With the concept of positive indigenization list, there is a time-bound limit to import of products/equipment's. Since the notification of the first and second lists, contracts for 31 projects worth ₹ 53,839 crore have been signed by the Armed Forces, Acceptance of Necessity (AoNs) for 83 projects worth ₹ 177,258 crore have been accorded. Additionally, cases worth ₹ 293,741 crore will be progressed in the next five-seven years.

The Government's policies are in the right direction and the journey towards self-reliance is getting stronger. The entire Russia-Ukraine conflict has only made this determination even greater; underlining the fact that India cannot depend on imports. We have to produce ourselves.

Bharat Forge is well-positioned and making progress in this space, though not necessarily at the pace which we had originally expected. But we are steadily getting there. We are getting repeat orders for our armored personnel vehicles and recently supplied vehicles to the Indian Army. Besides, many other products and platforms are now playing out and impressing the armed forces, including artillery platform where we successfully completed final army trials. We expect things will start falling into place in the coming 12-24 months.

The defence activities will be undertaken by KSSL, a 100% subsidiary of BFL. They will always be guided by "ETHOSS" Principle. It will be an "Ethical Organization" with focus on "Societal Sustainability". KSSL will not engage in developing, manufacturing or distribution of controversial weapon systems prohibited by various international treaties or conventions.

E-mobility: a Silent Revolution Underway

E-mobility is an area that we have kept under the radar so far, not wanting to make much noise, just like the EVs themselves. I am confident that the tremendous progress made in the last year as well as our products will speak for themselves. What pleases me the most over the past year has been the organic work we have done in our R&D center and the build-up of the organization structure. The coming years will see these bear fruit, starting as early as FY 2023 itself.

Tork Motors has successfully launched their e-motorbike KRATOS with a 2,000 strong order book. Before effecting deliveries, Tork is taking added precautions in terms of safety testing.

All our E-mobility related investments are now consolidated under our 100% subsidiary, Kalyani Powertrain Limited.

In another significant development, we have been declared as a successful applicant under the component production linked incentive (PLI) scheme of the government. So, the intent from here is to make necessary investments towards becoming the key manufacturers of E-mobility components for both domestic and global customers.

The inevitability of shift to E-mobility is slowly becoming a reality. I am confident that FY 2023 should mark the maiden year of revenue contribution from our E-mobility vertical.

Balancing Growth and Financial Position

One thing that we are essentially proud of is our ability to fund growth without disturbing the strength of the balance sheet. In the last few years, we have made significant investments in organic and inorganic opportunities. We have invested in international operations, new businesses, new technologies, strategic stake acquisitions and even acquisitions. In spite of these, our balance sheet remains strong.

At a low net debt equity of 0.20 and strong cash position of ₹ 24,818 million as on March 31, 2022, we have significant headroom to keep our engines running at full steam. This is an under-appreciated strength, especially in the present times when uncertainty is at an all-time high.

Growing the ESG way

ESG is an important focus area and we are embedding it into every aspect of our business for a sustainable development. We have been doing many things over the years. 100 villages have been adopted across Maharashtra where we are driving holistic long-term development through focused interventions in education, health, livelihood and infrastructure development. And the success stories there have been inspiring. Several investments have been made towards responsible operations including minimizing resource consumption, reducing emissions and entering green business areas of light-weighting and E-mobility.

The intent now is to step up. As I write, a decarbonization roadmap is being prepared within BFL and our Group companies, which involves enhancing the share of renewable energy, planting trees and modernizing plants where required. We also target to achieve zero water discharge/solid discharge and 100% recycling to create a circular economy.

BFL V2.0

Bharat Forge has secured and expanded its core business over the years, and this continues to be part of our strategy going forward. While we do that, we have also diversified into several new markets. Some are adjacent markets and some are markets where we see good synergy with our core strengths. By doing this, we have built a nice, diversified portfolio focusing on several different global growth markets. To ensure sharp focus on our end markets, we have reorganized our internal structure over the last few months. We now have five vertical business units focusing on these end customer markets – Automotive, Industrial, E-mobility, Defence, Aerospace & Turbomachinery. These business units are fully equipped with the infrastructure and organization to serve their respective markets. Given the unique pace, nature and requirements of these markets, the business units will have the flexibility to organize themselves in such a way that they can serve their customers well. We believe this market-focused structure will help us to be more in sync with our customer needs and be more responsive to the shifts in these end markets. This in turn will help us get our fair share of the growth opportunities in these markets.

50 & Counting...

This year I complete 50 years at Bharat Forge. It has been a very exciting journey which has seen your company grow from less than USD 1 million sales in 1972 to USD 1.4 billion today. I would like to thank all my colleagues and ex-colleagues who have been a part of this journey, and our Customers for their belief and constant support, our Investors & Financial institutions for their unwavering trust and finally to the authorities at the State & Center for enabling our dream of 'Making in India for the World' a reality.

Every decade had an inflection point which made us stronger. The 90's was about setting up 16,000T automatic press line, 2000's was about organic growth and global M&A to speed up customer access, 2010's was about Industrial business. The 20's are about EV, Defence, AI forgings, Industrial business. This journey of small steps to bigger strides has not been without its fair share of challenges, but this journey has been made possible because of a strong foundation of technology, manufacturing and innovation along with talent creation and the strong commitment and performance of Team BFL.

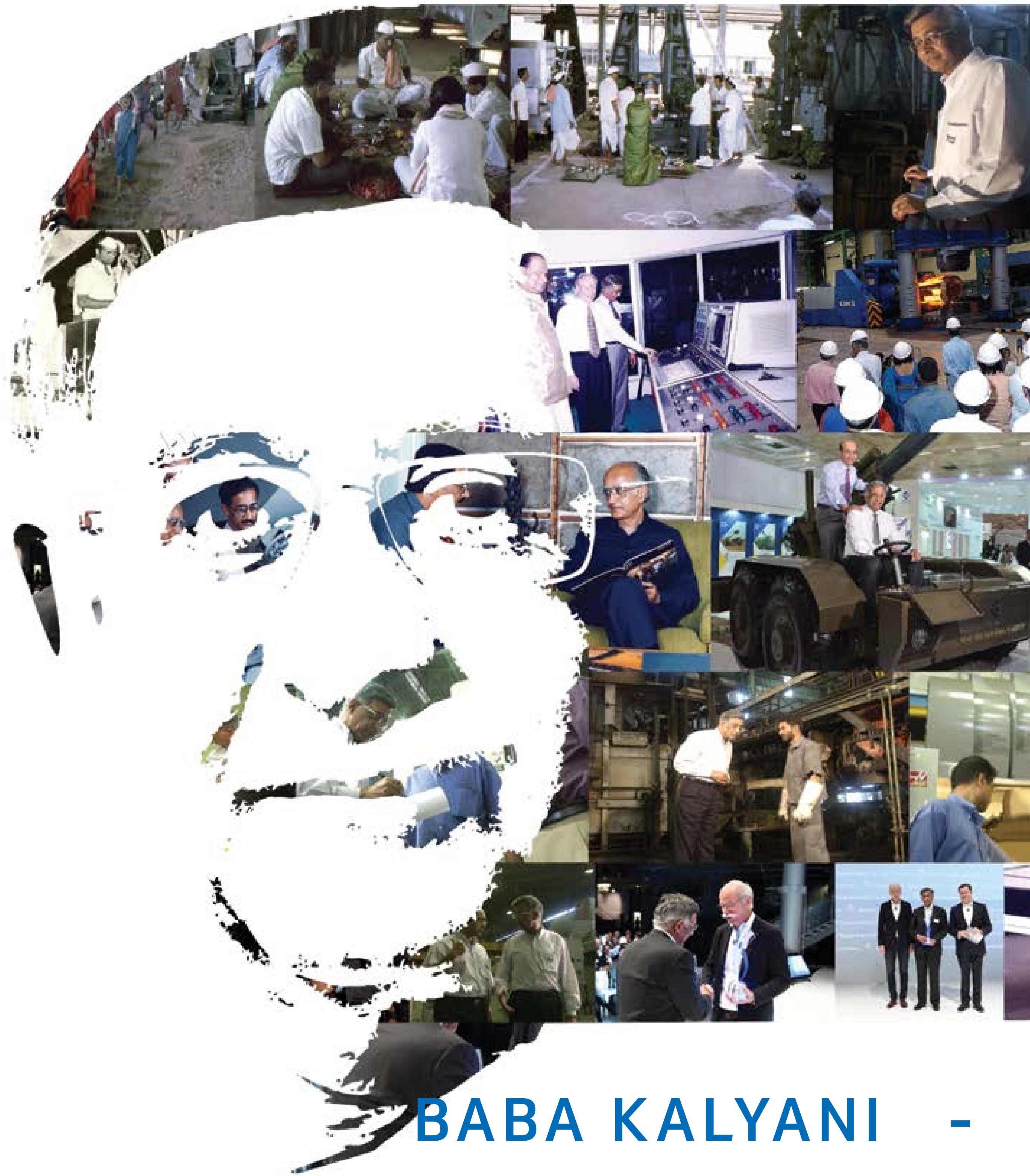
Closing Comments

I think we are positioned well because we have the capacity, we have invested in people for the sunrise sectors, developed products, and because we believe India's manufacturing is going to see significant tailwinds arising out of the crisis globally. I see no reason why the country will not be able to reach the USD 5 trillion GDP mark in the next few years.

We are confident of a stronger and sustainable performance over the medium to long term. I thank all stakeholders for believing in us through the journey. We seek your continued support as we look to maximize value creation for all.

Warm regards,

B N Kalyani
Chairman and Managing Director



BABA KALYANI -

THE VISIONARY ENTREPRENEUR

Bharat Forge Smart Engineering for a Better World

For over 50 years, we, at Bharat Forge, have been engineering critical components for automotive and industrial OEMs across global markets. With an ethos of innovation and a pioneering spirit, we have been at the forefront of solving problems and creating new opportunities. We are well-placed in the global context with our engineering excellence; an integrated and technology-driven operations which enable world-class manufacturing and our R&D expertise through which we are continually conceptualizing solutions of the future.

Today, we have expanded our ambit to critical areas of renewable energy, E-mobility, light-weighting, Defence and Aerospace. We are also becoming Greener with increased usage of Renewable Energy in our operations and incrementally reducing usage of natural resource in all our facilities across India.

Ownership structure

As at March 31, 2022

MF **17.64%**

FII **19.80%**

FI/Bank/Ins **5.73%**

Others **3.27%**

Individuals **8.31%**

Promoter **45.25%**

Total **100.00%**

Business segments

Automotive

- 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 forging and casting
- Process knowledge and manufacturing competencies for E-mobility and light-weighting components

Passenger Vehicles

Commercial Vehicles

Industrial

Power

- Manufacturing critical components for application in conventional & Renewable Energy
- Built capabilities in renewable energy, which is further strengthened by acquisition of JS Auto Cast which is a leading player in the space.

Resources (Oil & Gas, Construction & Mining)

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

Defence and Aerospace

- A long-standing supplier of critical components to Indian defence establishments and global Aerospace players with indigenous capabilities
- Manufacturing world-class products
  - Artillery systems and Armored vehicles for Indian Defence forces
  - Rotating and Landing gear components for global Aerospace players with reputation of zero-defect supported by automated operations

Rail and Marine

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

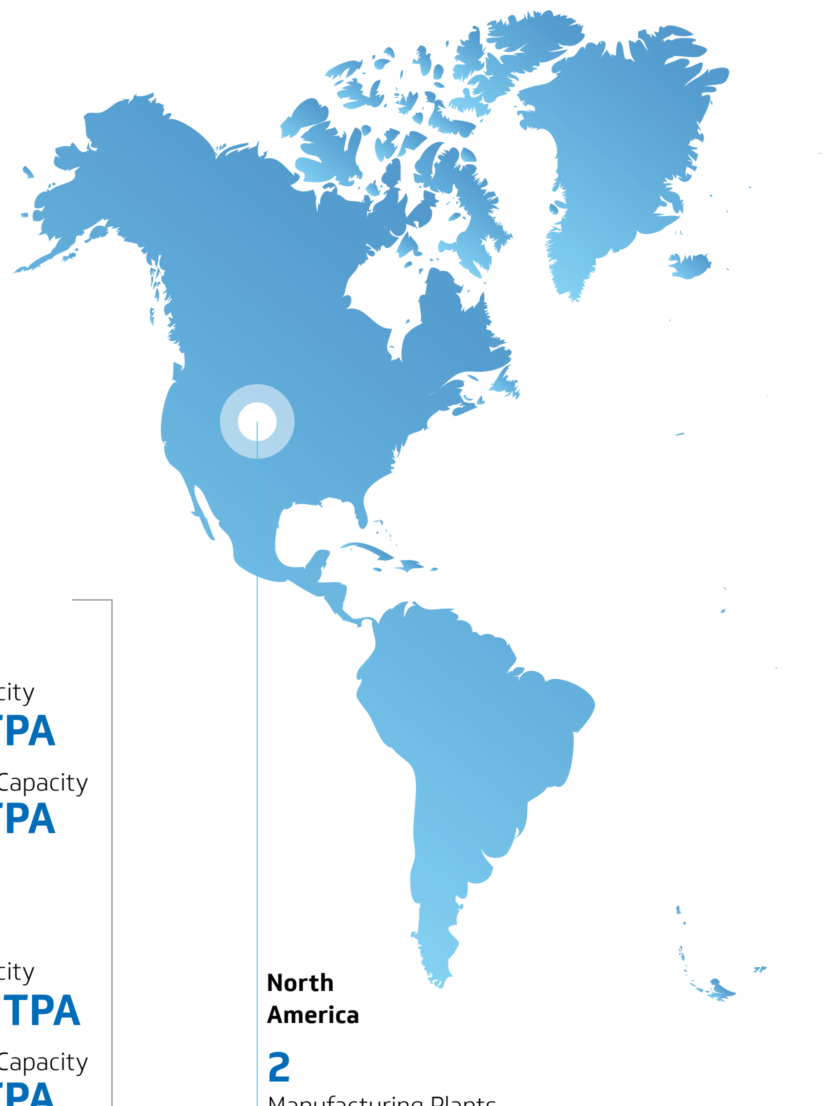
General Engineering

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

Our Strategic Global Presence

Bharat Forge is a global 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. We have a total of 15 manufacturing facilities operational across 5 countries which work synergistically to address customer needs in the most effective manner. We continually invest in innovation and modernization to strengthen our competitive edge.

736,718 TPA
Total capacity



INDIA

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

Sanghvi Forging and Engineering
Steel Forging Capacity
20,000 MTPA

JS Auto Cast
Iron Casting Capacity
50,568 MTPA

NORTH AMERICA

Steel Forging Capacity
30,000 MTPA
Aluminum Casting Capacity
10,000 MTPA

EUROPE

Steel Forging Capacity
190,000 MTPA
Aluminum Casting Capacity
30,000 MTPA

India

8

Manufacturing
Plants

Steel Forging and Machining:
Pune, Baramati, Satara,
Chakan, Vadodara

Steel Castings: Coimbatore, Erode

Aluminum Castings: Nellore

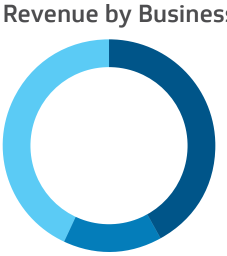
Europe

5

Manufacturing
Plants

Revenue Profile

Revenue by Business*

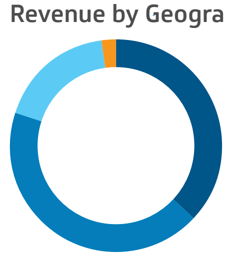


Commercial Vehicles **42%**

Passenger Vehicles **15%**

Industrials **43%**

Revenue by Geography *



India **37%**

North America **43%**

Europe **18%**

Others **2%**

*Standalone figures

Taking Bigger Strides with a Resilient Business Model

Inputs

Financial Capital

Total capital employed	₹128,409 Million
Debt to equity ratio (Net)	0.20
Capex	₹3,784 Million

Manufactured Capital

Number of plants in India	5
Industry 4.0 enabled operations	
Investment in Renewable Energy	₹20 Million

Intellectual Capital

R&D spending	₹578 Million
R&D spend as a % of revenue	0.96%
Patents filed	6
R&D team strength	263

Human Capital

Total employees	4,447
Employee benefit expense	₹5,058 Million
No. of training/awareness sessions	77
Focus on employee diversity	

Social and Relationship Capital

CSR spending	₹144 Million
Total volunteers	3,000*
Investments in new technologies and modernization to better respond to customer's needs	

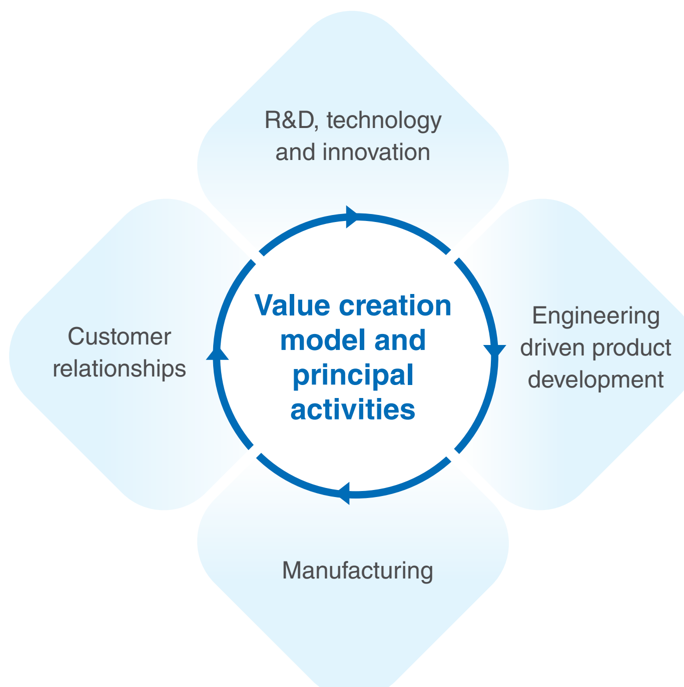
Natural Capital

Renewable energy	35.65 MW
% of energy consumed from renewable sources	24%
No. of trees planted	2,639

*Above are for BFL India

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



Principal activities

- Research and Development
- Design and Simulation
- Tools and Die Making

Outputs

219,218 Tons
Total tonnage

Key segments and products

Automotive

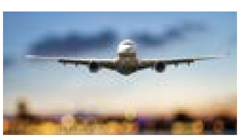

Commercial Vehicles

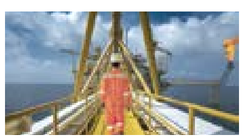

Passenger Vehicles

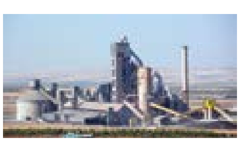
Industrial


Conventional & Renewable Energy


Rail & Marine


Defence & Aerospace


Oil & Gas and Construction & Mining


Agriculture & General Engineering

Forging

Precision Machining

Outcomes

Financial Capital

Total income	₹62,546 Million
EBITDA	₹16,798 Million
PAT	₹10,778 Million
Proposed Dividend per share	₹5.50
RoCE	17.2%
RONW	14.9%

Manufactured Capital

Tonnage shipped	221,514
Leading global manufacturer of powertrain and chassis components	
Auto revenues	56%
Industrial revenues	44%

Intellectual Capital

Process improvement	12
Product improvement	13
Technical papers published and presented	3

Human Capital

Employee productivity (revenue per employee)	₹14.06 Million
Lost time injury frequency rate	0.30

Social and Relationship Capital

Lives touched through CSR	174,492
Women empowered	950
Students benefited	47,535
Youths skilled	3,000

Natural Capital

Waste water recycled	99.5%
GHG emission avoided by use of RE (tCO_2e)	76,484
Increase in Energy consumed from Renewable sources	64%

Strategy for Maximizing Value Creation

Integration & Turnaround of Sanghvi Forgings

In the midst of the 2nd COVID wave, we completed the acquisition of erstwhile Sanghvi Forgings (renamed BFITSL) at a cost of ₹ 90 crore in June 2021. For the full year of FY 2022, the company registered a topline growth of 13.3% as compared to FY 2021. Over the past 9 months, proper systems and processes have been put in place, focus on improving safety standards, aligning the sales team with our industrial division have all taken place.

Commercialization of Aluminum Forging facility in Sanford, North Carolina

The Aluminum Forging facility investment in North Carolina is a key aspect of our growth strategy for the overseas subsidiaries. This facility was set up and all the major milestones were achieved in record 11 months with excellent coordination and support from our German colleagues. This facility will be the most modern automated Aluminum forging facility when fully operational. The capacity set up has already been fully booked. FY 2023 will be the 1st full year of production for the facility.

Tork E-Motorbike

E-mobility: Leadership Scale-up and Product Development

During the year, we consolidated all E-mobility related activities under Kalyani Powertrain Limited (KPTL) to achieve better synergies and strengthen the efforts with an unified approach. Two key focus areas in FY 2022 was on enhancing the team strength through the lateral hiring of domain experts across battery management, Chassis systems etc. We also have made significant progress on Product Development across various Power Electronic systems. In the year, BFL was selected as an eligible applicant under the Government's PLI scheme for Advanced Automotive Technology (AAT) products.
The E-mobility arm also won its maiden order for supply of Power Electronic Products from a leading CV manufacturer in India.

Priorities for FY 2023

- Integration of JS Auto Cast and strategy roadmap for Casting business
- Launch of a suite of products and sub-systems for EV application

Meeting the Needs and Expectations of Stakeholders

Stakeholders are key to enabling us run the operations in a sustainable manner. We undertake to continually engage with them to understand their needs and consider them in making strategic decisions. We are committed to creating value for them. Our approach has enabled us to build long-term relationships and deliver sustainable performance.

Engaging Effectively with our Stakeholders

During the FY 2022, we engaged with our internal and external stakeholders through multiple mediums on a regular basis. These have helped us in identifying their needs during the current challenging phase, and measures have been undertaken to address the same. A detailed discussion on our stakeholder engagement is carried out in the Business Responsibility and Sustainability Report section in page 137 of this report.

Value delivered to Stakeholders in FY 2022

₹5,057.85 Million
Employees expenses and benefit

₹3,328.22 Million
Paid in taxes to the government

₹2,560.74 Million
Dividend proposed to be paid to shareholders

Fulfilled demand
Of customers despite supply chain issues

₹143.56 Million
Spending on community development initiatives

Created business opportunities
For suppliers & service providers and business partners

Material Matters Impacting our Business

We are proactively identifying and analyzing the various material issues that may impact our business, our stakeholders and the value we create. These help us in defining the right strategies to effectively address material issues and ensure long-term value creation.

Materiality Determination

We have undertaken a desktop mode to identify the material matters given the pandemic situation which restricted undertaking extensive external engagement. 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. A detailed discussion on the material issues and how we are addressing the same has been captured in the Business Responsibility and Sustainability Report section in page 123 of this Report.

Our Material Matters

M1 Sustained performance & 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

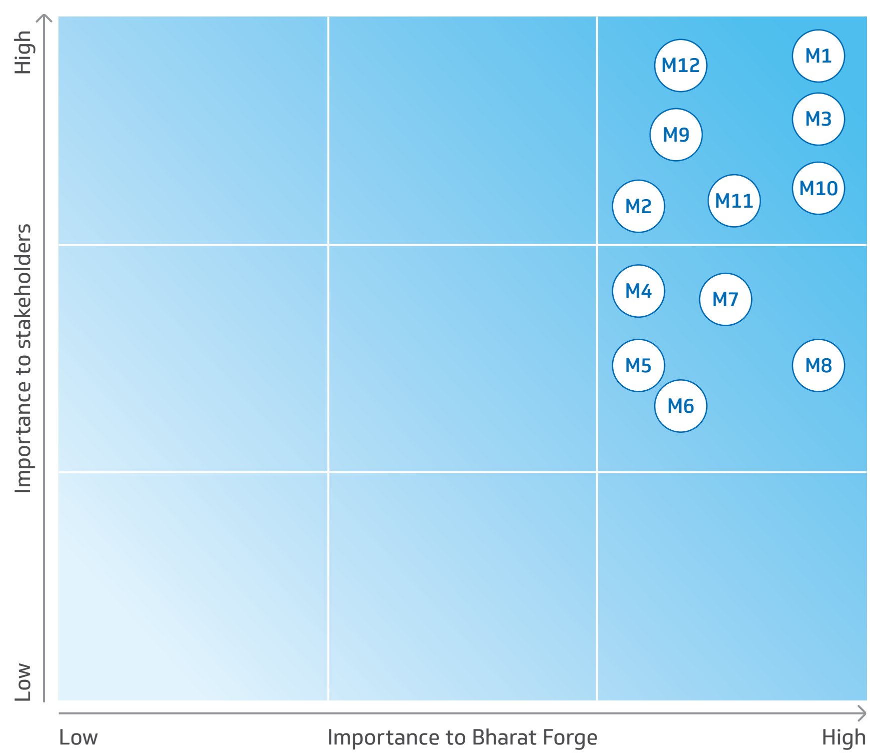
M8 Maintenance

M9 Data protection

M10 Brand risk/reputation

M11 Customer satisfaction

M12 Disaster recovery



SMALL STEPS TO BIGGER STRIDES

A JOURNEY OF 1,000 MILES BEGINS WITH A SINGLE STEP

- A Chinese Proverb

Expertise is not an instantaneous gratification. It is a virtue built steadily by acquiring little knowledge and experience through time.

Bharat Forge for the last many years has been taking smaller steps towards building an entity for the future. These smaller steps have compounded to a bigger stride, and we are finally beginning to see positive results. Our businesses are aligned to the opportunities of a changed world, and we are ready to deliver.

E-mobility Makes a Silent Revolution

Read more
P. 24

International Operations Rejuvenated to Deliver in Long run

Read more
P. 25

Defence Business Progresses with India’s Journey of Self-Reliance

Read more
P. 26

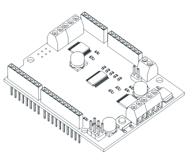
Industrial Business Stronger than Ever

Read more
P. 27

E-mobility Makes a Silent Revolution

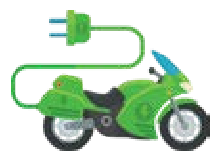
We have established significant competencies in the clean and zero emission transport solutions through strategic investments and a dedicated internal R&D team having expertise in diverse areas. FY 2022 has been a breakthrough as we manifested our expertise through launch of key products and consolidating operations to strengthen our position as a manufacturing destination for global players.

FY 2022: A Year of Positive Outcomes



Received maiden order

For supply of DC-DC Convertors from an Indian OEM



Launch of flagship electric motorbike by Tork Motors

Launched KRATOS and KRATOS-R electric motorbikes which have received strong market reception. 2,000 orders for these bikes were received

Progressing to be a Leading Global Manufacturing Destination

Consolidating E-mobility Competencies

We have established significant competencies in E-mobility: through our dedicated R&D team which has expertise in relevant hardware, software and integration for electric 2/3 Wheelers, commercial vehicles for goods and passenger transport, Passenger cars and off-road equipment; and through strategic investments in Tevva Motors, UK and Tork Motors, India and establishing a global 50:50 JV, REFU Drive GmbH with Prettl Group, Germany.

In FY 2022, we consolidated all electric mobility product streams into a single entity – Kalyani Powertrain Limited (KPTL) – which is a wholly-owned subsidiary of Bharat Forge. This will bring more synergies in working of all units and help strengthening efforts in this domain with a unified approach. KPTL also established a Technology Center in USA to understand and address the needs of overseas customers.

Localization Strategy

KPTL is working on skill development and ensuring deep localization at its dedicated plants in India for E-mobility products. The focus is on providing domestic value contribution of high performance, reliable and robust products at competitive price to the customers through local manufacturing. Further, BFL together with KPTL have been included in the Government's PLI scheme for Automotive Advanced Technology (AAT) Components.

With this, KPTL is positioned to deliver the unique advantage of enhanced development capabilities, better customer experience and low-cost engineering, agile development and domestic value addition through local manufacturing in India.

International Operations Rejuvenated to Deliver in Long run

Our international operations, that were delivering subpar performance, had been a drag to our consolidated business. Multiple years of efforts towards turning around their financial performance through product and cost rationalization, improving productivity and shifting to a favorable product mix have culminated to set the stage for sustainable 10%+ margins going forward.

FY 2022: A Year of Positive Outcomes

Aluminum facilities commercialized

We successfully commercialized our aluminum forging facility in North Carolina, US. This is a 10,000 MTPA plant.

Operational efficiency attained

With sustained efforts around cost rationalization and productivity improvement, the overseas operations delivered an EBITDA margin of ~11% in CY 2021.

Progressing to be a Global Aluminum Forgings Leader

In FY 2022, Bharat Forge successfully completed aluminum forging capacity capex. We now have two plants for operating in the aluminum forgings segment – in the US and Germany. These units will work synergistically to target opportunities and cater to the requirements of international OEMs. There is a strong focus on moving up the learning curve in the emerging technology of electric vehicles to become a preferred partner.

Forging Press at BFAL US

Defence Business Progresses with India's Journey of Self-Reliance

For over a decade, Bharat Forge has established multiple capabilities in Defence manufacturing catering to the Indian and Global Armed Forces. The significant stride taken by the Government in FY 2022 towards self-reliance with the preparation of positive indigenization list has opened huge opportunities for Indian players.

FY 2022: A Year of Positive Outcomes

ATAGS complete final revalidation trials

Our ATAGS successfully completed its final revalidation trial after five years of rigorous testing and trials. It has been proven to be the World's Best Artillery Gun in the 155mm/52cal category capable of Zone-7 firing.

Kalyani M4 orders

We have successfully productionalized and shipped the Kalyani M4 armored vehicle to Indian Army for UN Peacekeeping mission.

Exhibition Participation

North Tech Symposium

- Garuda 105 V2 seen as Future Weapon System providing close fire support to the Infantry
- TC-20 MGS considered as a promising weapon system - 4x4 155mm 39/ 45 caliber

Specialist Vehicles Induction by COAS

Induction of KM4 by Army Chief at a function in Bombay Engineer Group (BEG) in Pune

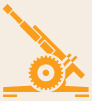
BIMSTEC Nations Exhibition

MArG 155mm/BR gun system inaugurated by Hon'ble Raksha Mantri during the BIMSTEC Nations Exhibition at CME Pune

Progressing to be a Leading Global Defence Destination

We have moved towards consolidation of Defence and Aerospace businesses under Kalyani Strategic System Limited, a 100% subsidiary of Bharat Forge. The combined competencies will enable us to better target opportunities in defence *Atmanirbharta* and exports. Our KCTI R&D center is also working on various defence projects which are expected to bear results.

Areas in positive indigenization list relevant to Bharat Forge



Artillery Gun

Armored Vehicles

Industrial Business Stronger than Ever

The industrial space is witnessing significant movement and mega opportunities are expected to come up, especially in the renewable energy to address the challenge of climate change. At Bharat Forge, we have multiplied our competencies in the industrial business with an intent to grow it multifold in the coming years.

FY 2022: A Year of Positive Outcomes

Acquisition of JS Auto Cast

With JS Auto Cast acquisition, we have significantly enhanced capacities and competencies. It provides us entry into the industrial casting space and positions us to tap huge untapped market of wind energy, hydraulics, construction mining among others.

Integration of Sanghvi Forgings

We have successfully integrated the operations of Sanghvi Forgings and are taking steps towards making it more efficient.

Progressing to Grow Industrial Business Multifold

With the acquisition of Sanghvi Forgings and JS Auto Cast alongside our in-house capabilities, we have a wide ranging capacities and capabilities. The JS Auto Cast acquisition marks our entry into the industry casting space. Its capabilities will enable Bharat Forge to broaden product portfolio, especially in the clean tech sector which a key focus area for us both in terms of environmental and increased opportunities. With major international players setting base in India to produce components and subsystems in India, we are now positioned to become a major supplier to them.

Our focus will be to integrate the operations of these units with Bharat Forge, and position ourselves as a more critical and strategic supplier by moving up the value chain.

Mold Pouring at JSA Auto Cast

FINANCIAL CAPITAL

Sustainable Performance Backed by Solid Fundamentals

At Bharat Forge, we have consistently focused on maintaining the right capital structure underpinned by low debt and strong cash flows and to prudently deploy funds in areas of growth. This has enabled us to deliver steady returns and uphold business integrity through market cycles. In the present uncertain macro-economic scenario with high geopolitical tensions, our balance sheet and cash position provide confidence of long term.

The financial position of Bharat Forge continues to strengthen with every passing year. In the previous downcycle(s) that we witnessed in the past decade, we were faced with the challenge of driving business growth on one hand and protecting the balance sheet on the other.

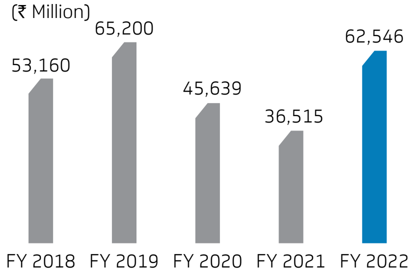
However, since then, we deployed a robust financial management strategy which has translated in a strong capital position with a net debt : equity of 0.20 and cash position of ₹ 26,809 million as on March 31, 2022. This provided us with adequate headroom to commit important capex to the tune of ₹ 12,817 million in the present downcycle (FY 2020-FY 2022) towards setting up aluminum forging plant in the US, enhancing capacity in India, investing in the E-mobility business and making strategic acquisition to strengthen industrial business. These efforts have created a springboard which will result in multiple years of strong growth. In addition to this, we have also been able to repay debts amounting to ₹ 5,684 million during this period, thereby maintaining adequate liquidity and an excellent gearing ratio. Our Company continues to enjoy top-class credit rating at AA+.

Our balance sheet position has also enabled us to quickly capture growth opportunities as they came in FY 2022. This is evident in our robust performance of 71% growth in topline and ~245% growth in the profit after tax.

At Bharat Forge, we have always believed in creating value for shareholders, and have consistently delivered on it through dividend payments. In consideration of our strong performance in FY 2022, the Board of Directors of your Company has recommended a dividend of 275%.

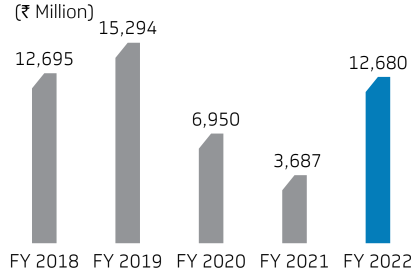
Financial Performance

Revenue from Operations
(₹ Million)



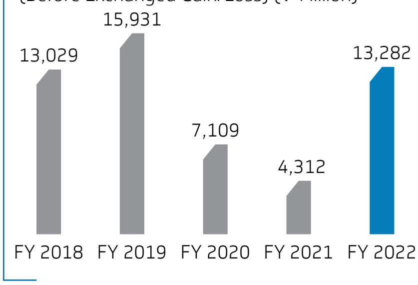
Revenue from operations increased 71.3% to ₹ 62,546 Million in FY 2022 led by a recovery in both domestic and export markets which improved order booking.

EBIT
(₹ Million)

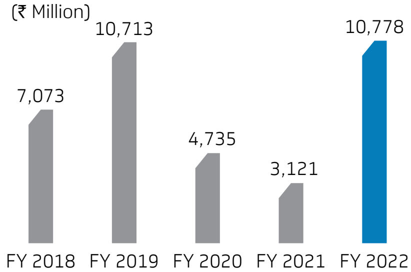


EBIT increased 244.1% to ₹ 12,680 Million in FY 2022 driven by an improvement in product mix and increase in utilization.

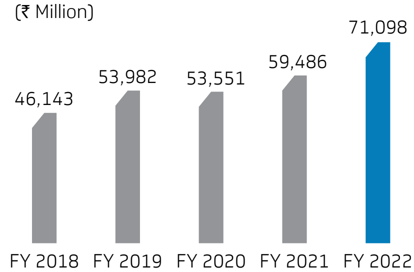
Profit Before Tax
(Before Exchanged Gain/Loss) (₹ Million)



Profit After Tax
(₹ Million)

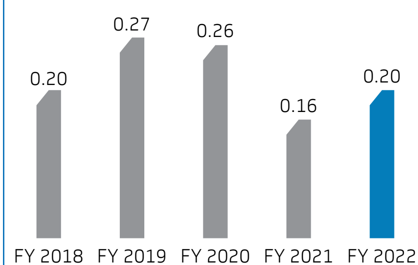


Net Worth
(₹ Million)



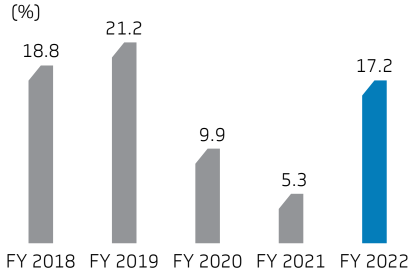
Net Worth increased 19.52% to ₹ 71,098 Million in FY 2022 led by an increase in profit after tax which retained as reserves.

Debt Equity Ratio (Net of Cash)

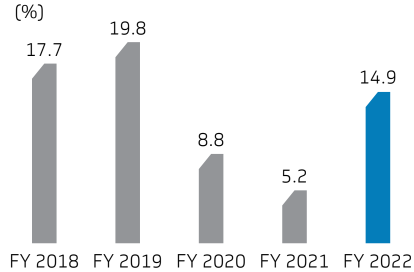


Debt:equity increased marginally to 0.20 in FY 2022 due to capex /investment of ₹7,468 Million for FY 2022 which was committed in E-mobility, US Aluminum plant and acquisition of Sanghvi Forgings. Our total cash and cash equivalents position to ₹26,809 Million as on March 31, 2022.

ROCE
(%)

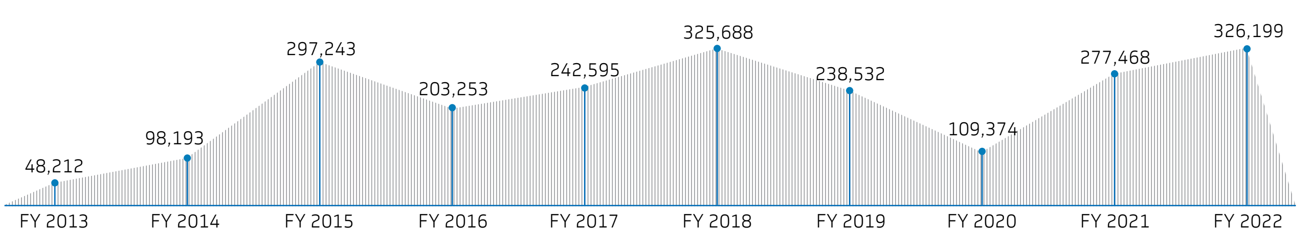


RoNW
(%)



Value Created for Shareholders

Market Capitalization
(₹ Million)



23.7%
9-year CAGR

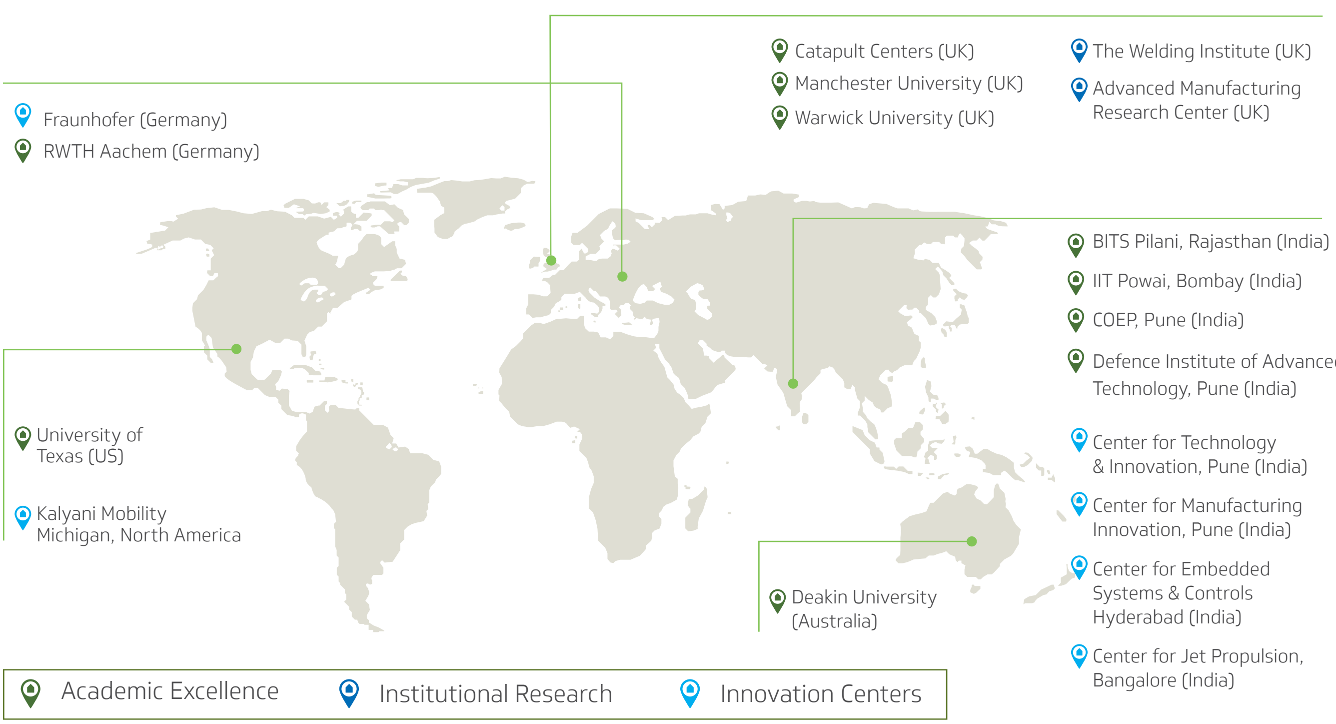
INTELLECTUAL CAPITAL

Pioneering Progress through a Culture of Innovation and Excellence

At Bharat Forge, we are focused on driving smart engineering to deliver solutions that enable us to respond to the customer's evolving needs. We are embracing better technologies and building an ecosystem of innovation to take forward this legacy and strengthen our competitiveness.

SDGs Impacted

Our Global Technology and Innovation Ecosystem



Our R&D Excellence Centers

Kalyani Center 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 Center 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

Reinforcing Product Development Capabilities

In FY 2022, we have undertaken efforts to step-up our new product development (NPD) efforts to win in a changed world with increased competition intensity and penetration of emerging technologies. Key measures undertaken towards this include:

Digitalization of NPD and upgrading systems

We have completely digitalized NPD to ensure fast flow of information and expedite processes. We have also upgraded the entire engineering set-up with latest configurations, to better equip people in conducting activities like modeling, analysis and simulation among others.

Optimization of RFQ template process

We have started sharing request for quote (RFQ) template process across a wider audience internally. Further, a specific process has been adopted to analyze the RFQ which cover determining the business potential and understanding the commitments, expectations and exact requirements by engaging with customers or procuring information from public sources. This has brought better clarity and is ensuring a sharper focus in terms of executing new programs.

Proactive approach of providing value-adds

We have started proactively providing value-add suggestions to customers during the RFQ process through undertaking detailed analysis. This is enhancing our reputation as technology and R&D driven engineering Company rather than just a component manufacturer.

Simulations to provide optimal solutions

Leveraging our extensive simulation capabilities, we have initiated providing simulations to customers even prior to getting the orders at the estimation stage. This is enabling us to provide most optimal product engineering solution and thereby strengthening our reputation, enhancing chances of winning orders and driving customer stickiness.

GATE reviews

We are conducting GATE reviews including that with the senior management on a weekly basis. It involves undertaking detailed scrutiny of RFQs and taking inputs from wider audiences. This is helping in better responding to customers.

Tork Motors Team

Creating Pockets of Excellence

We have undertaken a robust skilling program aimed at developing multi-tasking capabilities across our engineering team to ensure everyone alongside their areas of expertise have basic knowledge of using various tools and technologies. This is facilitating in better resource allocation and reducing our dependence on key people.

Collaborative Engineering

We have multiple product development centers across multiple locations and subsidiaries. There is a strong focus on driving synergies among them and leveraging their respective competencies to strengthen competencies and market competitiveness.

Proactive fast-track Product Development

In FY 2022, we have initiated to develop products, on a proactive basis, for customers without getting RFQs. This is enabling us to exhibit our capabilities in engineering and manufacturing challenging parts, and thus opening opportunities to for business development.

IMPROVED COMPETENCIES IN NEW PRODUCT DEVELOPMENT AND ENHANCING SKILLS AND COMPETENCIES OF PEOPLE HAS ENABLED BHARAT FORGE IN SIGNIFICANTLY INCREASING FIRST TIME RIGHT DEVELOPMENT.

BRINGING R&D EXCELLENCE TO SERVE THE NATION

Bharat Forge in collaboration with NASA JPL developed ventilators (FDA approved for emergency use authorization), in and around Pune, which was in great demand during the pandemic.

Awards and Accreditations Won

263
R&D employee strength (including 125 MTech's and 13 PhD's)

76
Total Patents filed till date

12
Total Patents granted till date

191
Total research papers presented globally

Reinforcing Information Technology Infrastructure

Digital-led business transformation
SAP S4 HANA implementation in India and Germany (ongoing) operations

Automating operations
Robotics
Process Automation

Digitalizing operations
Digitalized most of the operations for better efficiency, accountability and making processes paperless

Information security
Layered security approach with new generation tools

More information of Information Technology initiatives can be read in the Management, Discussion and Analysis section in **P. 60** of this Report.

MANUFACTURED CAPITAL

Scaling to a Global Manufacturing Destination

Bharat Forge is one of the most efficient and advanced engineering products manufacturing company having Industry 4.0 competencies, large scale capacities and wide diverse portfolio capabilities. We are continually investing in better technologies and organic and inorganic opportunities, to set new benchmarks and position ourselves for the Make in India opportunity.

SDGs Impacted

Kalyani M4

Enhancing Bharat Forge India Manufacturing Infrastructure

During the year, BFL acquired erstwhile Sanghvi Forging & Engineering Limited (SFEL) for ₹ 900 million. SFEL is engaged in the manufacture of open die forging products for the oil & gas, defence, ship building, power & other sectors. This facility complements the existing open die facility at Mundhwa and expands our Industrial manufacturing presence in India.

Highest Global Manufacturing Standards

ISO 9001, ISO 14001, TS 16949, AS 9100 REV C, NADCAP, API Q1 and PED 97/23/EC

Strengthening Manufacturing Capabilities

At Bharat Forge, we see significant opportunities going ahead which will necessitate us to enhance our capacities and competencies. In FY 2022, we spent ₹ 3,783 million on CAPEX towards various programs. We also invested in inorganic growth including:

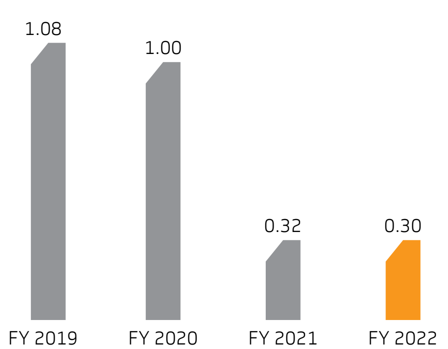
- Consideration for acquisition of Sanghvi Forgings & Engineering which provided additional forging capacity of 20,000 TPA

MANUFACTURING EXCELLENCE IN PANDEMIC

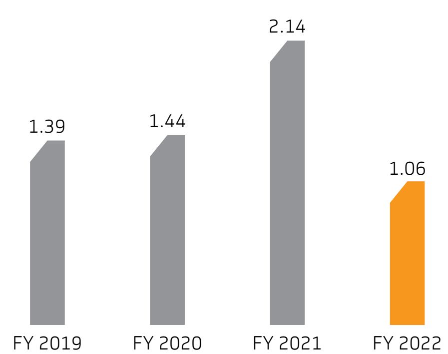
The second wave of pandemic was severe. With a huge surge in serious COVID-19 cases, there was a major crisis for medical oxygen as well as cylinders for filling them.

At Bharat Forge, we used our manufacturing competencies to address this need at a time when supply chain was disrupted. In a short span of three months, we got the product certified by Bureau Veritas (BV), took approval from Petroleum and Explosive Safety Organization (PESO) and manufactured and supplied 1 lakh robust, safe and light-weight aluminum cylinders. One of the major challenges for BV certification was the need to get some critical tests conducted which nobody else in India did. Our R&D KCTI successfully conducted the test which ensured that we could fulfill the critical need of the nation.

Loss Time Injury Frequency Rate
(per million man hours)



Total Recordable Cases Frequency Rate
(per million man hours)



Taking Bigger Strides towards a Better and Sustainable Tomorrow

Environmental, Social and Governance (ESG) factors are important for our long term and to all our stakeholders given that our activities have an impact on the society and environment. Starting FY 2022, we have made ESG an important part of our corporate strategy and have also formed an ESG Committee with our Executive-cum-Deputy Managing Director at its helm to ensure appropriate oversight and guidance.

Our Sustainability Agenda

Environmental

- Responding to the climate change risk
- Optimizing use of resources
- Progressing to net-zero and zero liquid discharge
- Aligning our business to sustainability

Social

People

- Improve on safety, well-being and engagement parameters
- Enable learning and development to ensure growth
- Encourage diversity and inclusion

Customers

- Respond to their evolving needs
- Meet requirements of quality and responsiveness

Community

- Drive the development of communities
- Identify and meet their needs

Governance

- Ensure ethical and responsible practices
- Establish policies and processes to maintain high standards of governance

Our Sustainability Efforts and Contributions to UN SDGs

Environment

- Progressing to low carbon economy by enhancing share of renewable energy and reducing energy consumption through Value Energy Stream Mapping and implementation of Energy Management Programs (EMPs)
- Effectively using effluent treatment plant and sewage treatment plants to manage waste water
- Reducing wastes and effectively disposing them
- Focus on reduce, recycle and reuse of resources

Social

- Automated operations and implemented best safety practices to reduce workplace incidents
- Provided training to people on emerging technologies and progressing with THORS as an online learning platform to enable employees understand advanced engineering concepts
- Maintained sustained engagement with customers through digital platforms and through 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
- Undertaking programs to improve education, skill development, women empowerment and supporting sportsperson

Governance (including economic)

- No instances of unethical practices or regulatory breaches; maintained our track record of a trusted organization
- Ensured high standards of governance and accountability; initiated BRSR reporting alongside publishing sustainability reports and integrated annual reports
- Driving innovation and technology for good - light-weighting 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

HUMAN CAPITAL

Building a Productive and Performance-driven Team

At Bharat Forge, our dedicated and diverse employees enable us to deliver on our objective with their passion, excellence and innovative spirit. With the business landscape in which we operate significantly-evolving, we are empowering them with future-ready skills with unique learning programs. We are attracting best talent and building a robust leadership pipeline to drive our competitiveness.

SDGs Impacted

3 GOOD HEALTH AND WELL-BEING | 5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 10 REDUCED INEQUALITIES

Driving Future-readiness of People

Automation is an important focus area for Bharat Forge. We are training people on Industry 4.0, Sensor, Robotics, and Manufacturing Engineering. In FY 2022, 130 employees were trained on automation and 27 on CNC Programming. A skill development program up to the grassroot level was also initiated whereby 700 workmen were trained in batches for 21 days.

Further, BFL leveraged online learning methodology to help employees understand advance engineering concepts and put their knowledge into action.

Our online THORS learning platform has been vital in enabling employees understand advance engineering concepts and put their knowledge into action. In FY 2022, online skill evaluation tests were conducted for 1,600+ employees to evaluate their technical and managerial, and accordingly training needs have been identified which will be conducted in the next fiscal.

FY 2022 Training Coverage

3,751

Employees trained on health and safety/ wellness measures

1,886

Employees provided skill upgradation training

Building a Leadership Pipeline

As the business evolves with the continuing changes in the ecosystem with stronger focus on sunrise sectors such as E-mobility & Defence, the management recognized the need to shape our growth agenda and augment our position of strength with new capabilities. To achieve this goal, lateral hiring at senior leadership level is being recruited for the business verticals. Simultaneously, the HR policies is being modified to attract, train, retain domain leaders with specific skill sets.

Scoring High on Health and Safety of Employees

We have in place a robust health, safety and environment policy and have taken measures compliant with all statutory preventive healthcare and occupational health and safety requirements. We emphasize on training employees on various safety parameters. Further, measures like Hazard Identification Risk Assessment, safety observation and near-miss reporting are being conducted to improve performance. The Safety Committee ensures right oversight and guidance.

COVID-19 Safety Measures

Work from Home (WFH)
- Introduced WFH policy
- Virtual platforms for all internal and external meetings

Support systems
- Personel connect with all employees
- COVID war room and 24x7 manned helpdesk
- Teleconsultation, hospital tie-ups

Workplace safety
- No visitor policy
- Stringently following all SOPs

Vaccination
- ~100% of all eligible employees vaccinated

COVID-19 training and regrouping
- Bi-weekly virtual meetings of HR and weekly HOD meetings for review
- Weekly COVID sessions

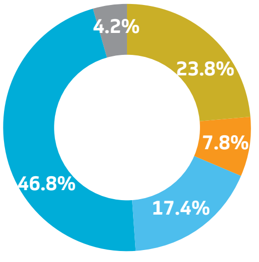
Our Safety Performance

0.30
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)

3
Total recordable work-related injuries

ZERO
Fatalities or high consequence work-related injury or ill-health

Diversity at Bharat Forge
By Qualification



Engineers **1,055**
Post-graduates + PhD **348**
Other graduates **771**
Diploma + ITI **2,078**
Others **189**

Read more
P. 124, 132-136 - Business Responsibility and Sustainability Reporting

SOCIAL AND RELATIONSHIP CAPITAL

Delivering Better Value to Customers

Our business is centered around effectively responding to customer needs while being committed to timely delivery and high standards of quality. In the recent years, we have significantly evolved our business areas and technologies and improved our new product development approach to deliver better value to them. We are adopting unique approaches, especially post the pandemic, to meet their demands.

SDGs Impacted

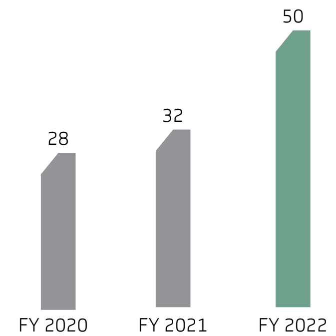
Strengthening Focus on Quality

Initiatives in Quality System Improvement is a constant focus area. Over the past two years, we have emphasized on 'Process' Compliance through implementation of German Automotive Industry Standard - VDA 6.3 requirement across all automotive manufacturing and support functions. Implementation of VDA 6.3 has helped us to verify the process compliance at micro-level and driving actions for improvement of any non-conformities identified.

Delivering New Product needs amidst Disruption

With the pandemic and lockdowns continuing into FY 2022, we continued with our policy of work from home to deliver on our customers' requirements. All employees were equipped with necessary infrastructure like workstations and internet connectivity, and additionally a networking access was created to the Company servers to enable them fetch necessary information. This enabled us to continually develop new products on time to the satisfaction of customers amidst disruptive scenario.

Accelerating new product development during pandemic



Stepping up to Deliver Better Value

One of the keys to delivering customer needs and expectation is to better understand their needs. Towards this, we have formalized a new system of weekly interactions involving a cross-functional team of key account managers, engineering and IT teams and business heads. This team undertakes a detailed discussion on RFQs received, resulting in a better understanding of customer expectation and addressing them with focus on quality, cost and delivery parameters.

Post pandemic with all travel restrictions removed, we have resumed with customer visits to better understand their requirements, build relations and instill confidence. This is then followed by regular virtual interactions to ensure smooth flows. Further, we have initiated visits of engineers engaged in the project along with heads which reinforces confidence of customers in us and also provides on-field exposure to our people.

Recognitions from Customers

ASHOK LEYLAND	**Gold Award** – Best Performance in Business Alignment **Winner** – Regional Supplier Samrat (Quality) **Winner** – National Supplier Samrat (Quality) **Runner Up** – QIA Award
CATERPILLAR®	**Excellent** – Certification
JOHN DEERE	**Achieving Excellence** – Enterprise Partner Recognition
Kirloskar Oil Engines	**Gold Award** – Supplier Quality Improvement Contest
DAF	**Leader Award** for SPM Performance for 2020 and 2021

SOCIAL AND RELATIONSHIP CAPITAL

Empowering Communities for a Prosperous India

At Bharat Forge, we are using our human engineering knowledge to drive inclusive growth and development in the villages where we operate. Our efforts are designed to improve quality of life and income level and at the same time become a driving force for villages and the local governance to take the progress ahead.

SDGs Impacted

Bharat Forge CSR impact

1
174,492+
Lives touched

2
3,000+
Youth skilled

3
120,000+
Rural lives touched

4
3,000+
Volunteers per year

5
47,535
Students impacted

6
950+
Women empowered

7
7+
Sportsmen supported

Program impacts

Improving village education at
37 schools

Total water storage capacity created
53.69 thousand m³

Total benefited land
925 acres

Drinking water tanks
3

Water filter
8

Land leveling
4,401 R / 110 acres

Total silt removed
53,692 m³

Road construction
60 kms

Bandharas
2

Village Development

At Bharat Forge, we are on an ambitious mission to develop and fulfill the needs of 100 marginalized villages of Maharashtra while ensuring to uplift every member through a sustainable development model. Over the years, we have brought meaningful changes in several villages and continue to further on our mission.

Five Major Focus Areas for Development

Water Availability

Clean drinking water
Improving sanitation

Livelihood

- Enhancing farmer yield
- Providing livelihood opportunities
- Promoting self-reliance

Health

Improving health conditions and nutrition

Education

Promoting education

Accessibility

Road and gutter development

Improving Water Availability

2.5 Lakh Liters Drinking Water Tanks at Gondawale

Women of Gongawale Village, Maan Taluka had to travel 4 kms daily to get water. We have constructed two water tanks with a capacity 1 lakh liters and 1.5 lakh liters which has ensured availability of water every alternate day near their doorstep.

15,000+
people benefited

1,000 LPH Water Filter at Askarwadi

Water in Askarwadi Village, Purandar Taluka was unclean and affecting the health of the villagers. They had to resort to getting water tankers as this region is hilly and there was no source of water. We installed a 1,000 liter per hour water filter which has ensured steady availability of clean and hygienic water.

1,100
villagers benefited

Desilting of Bandhara at Nagewadi

Nagewadi in Koregaon Taluka is a poor and drought-prone village. There was a need to solve the water and economic issue. We undertook a project to desilt the water reservoir which has created an additional water storage capacity of 21 TCM which is addressing the need for drinking water and enabling agriculture. This drought-hit village can now become a green village.

2,200
villagers benefited

Reinforcing Bandharas at Belewadi through Siphon method

We have executed a project in Belewadi Village, Taluka Koregaon whereby Siphon method was used to make available water in bandharas. It involved distributing the water from main reservoir to 8 bandharas through pipeline. The bandharas now stay full of water all through the year, as against only during the monsoon season earlier.

1,200
villagers benefited

Making Koregaon a Swachh Sunder Gaon

We held a Swachh Sunder Gaon (clean and beautiful village) competition across 24 villages of Koregaon Taluka. This resulted in villagers across these villages undertaking significant cleanliness and beautification initiatives which have completely changed their look.

60,000
villagers benefited

Construction of open gutters in Saygaon for Swachh Sundar Gaon competition

Improving Health

We have undertaken a cancer screening and diagnosis camp in collaboration with Samvedna NGO and Sahaydri Hospital to spread awareness on breast and cervical cancer in Koregaon, Satara. 750 underprivileged women were benefited. A cardiac checkup and awareness camp was also done benefiting 175 people.

Education for a Better Tomorrow

We undertook revamping of school infrastructure by constructing six classrooms in Girim Village, Daund Taluka. We also constructed two classrooms at Zilla Parishad School of Vadgaon Kashimbe Village in Ambegaon Taluka. At Hadapsar, a cleanliness drive was conducted at PMC school Vidyaniketan Shala.

Improving Accessibility

We have undertaken various road construction projects across Takale and Pimpri in Koregaon, Khalad and Ambale in Purandar. At Malshiras and Nagazri villages of Purandar Taluka we undertook construction of paver pathways to improve infrastructure of primary healthcare centers.

Community Development

Women Empowerment

We are supporting women self-help groups in Hadapsar, Keshavnagar and Wadgaonsheri. These have helped empowered women in earning livelihood and improving their as well as their families' life. We helped in providing necessary infrastructure, entrepreneurship opportunities and imparting vocational skills. We are also helping in participation across various events and exhibitions.

Supporting Communities during Pandemic

During the period of COVID-19 pandemic, we undertook efforts to strengthen the health structure in the villages by helping enhance medical infrastructure of the primary health care centers and sub-centers. These efforts helped improve the moral of healthcare providers and thus their readiness to provide effective health services which helped reduce death rate by ~25-30% in these villages.

Some of the key efforts include:

- Created 24 isolation centers in 24 villages of Satara
- Strengthening and infrastructure development of 20 Primary Healthcare centers
- Provided medical devices like oxy-meters, oxygen concentrators, BP apparatus, glucometer, medicines etc.
- Completed two doses vaccination for 17 years and above in all these villages

Implementing Telemedicine Project

We set up five telemedicine centers at Chikhik and Phadalewadi from Ambegaon Taluka (Pune district) and Dhamner, Kanherkhed and Nhavi Budruk from Koregaon Taluka (Satara district). This helped in making healthcare accessible to grassroot level in rural and isolated communities, benefiting people with limited mobility, time or transportation options.

128,219
beneficiaries

Strengthening Primary Health Centers

We empowered and strengthened PHCs by renovating existing building, i.e. waterproofing of roof, protective walls, and by fixing paver blocks for cleanliness of the campus.

Skill Development

Vocational Skills to Youths

We have partnered with four Industrial Training Institutes (ITI) to run vocational skill development programs for underprivileged youths. Over 3,000 students have benefited from it.

Training Farmers on Entrepreneurial Skills

We arranged for providing training to 20 farmers from connected villages on entrepreneurship skill training for milk-making products with NGO Partner Agriculture Development Baramati. They also visited Krushak exhibition to see the various product stall displayed and learnt new techniques on crop and silk production.

Setting-up of Centers of Excellence (CoEs)

We have collaborated with Vidya Pratishthan to set up various laboratories including Computer Vision Lab, Data Analytics Lab, IoT Lab, Robotics Lab, EV Lab, VLSI facility and Incubation Center. This will act as a CoE to impart training on emerging technology skills to youths especially girl students to benefit them in getting employment or becoming entrepreneur.

Other Initiatives

We are supporting and mentoring sporting talents from across the country. We also undertake employee volunteerism whereby initiatives around tree plantation, giving donation, waste management and health and education knowledge awareness have been undertaken.

BHARAT FORGE GETS RECOGNIZED FOR CSR EFFORTS

The CSR Journal Excellence Awards 2021

Received Second runner-up award under category of 'Agriculture & Rural Development' which was given by Shri Bhagat Singh Koshyari, Hon'ble Governor of Maharashtra in presence of Shri Nitin Gadkari, Hon'ble Union Cabinet Minister of Road, Transport and Highways, and other eminent government officials.

MCCIA Annual Awards 2020

Winner of 'The Mahratta Chamber of Commerce, Industries and Agriculture (MCCIA) Annual Awards 2020', for excellence in CSR. Award was given by Mr. Amol Nagar, MD – GE India Industrial and Mr. Girish Wagh, Executive Director - Tata Motors.

Know more
about our Corporate Social Responsibility on www.bharatforge.com

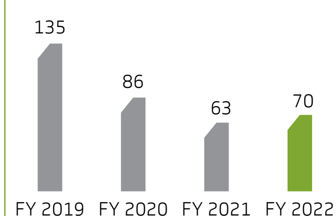
NATURAL CAPITAL

Acting For a Better World

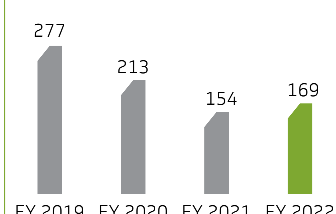
At Bharat Forge, we have embedded sustainability and responsible actions across every facet of our business. We are taking measures to improve energy efficiency, introduce cleaner technologies, optimize consumption of natural resources and progress towards circular economy. We are focused on evolving a long term strategy to create a lasting positive impact on the environment.

SDGs Impacted

GHG Emissions
Scope 1



GHG Emissions
Scope 2



Reducing Greenhouse Emissions

At Bharat Forge, we are continually taking measure to reduce our carbon emissions and are preparing an action plan to decarbonize our operations. Adoption of renewable energy is an important step towards this. In FY 2022, 24.25% of electricity consumption came from this source: 64,061.267 MWh from solar energy and 32,164.826 MWh from wind energy. Conversion kits have been installed in the forging and heat treatment furnace pipelines to replace furnace oil with the cleaner natural gas which emits ~50% to 60% less carbon dioxide when combusted in a new system.

The energy meters at plant are connected with Central Energy Monitoring System and triggers automatic notification on excess energy consumption. Further, we have taken other measures like use of induction heater instead of fuel fired furnaces for die-parts and installation of LED lights. We have undertaken a program to retrofit existing machinery and fuel systems with devices to monitor and reduce the usage of carbon-intensive fuels.

Ensuring Zero Liquid Discharge (ZLD)

We have formulated a waste management system and are undertaking multiple efforts to effectively control the industrial wastewater generated by our activities. Our manufacturing facilities have Effluent Treatment Plant (ETP) and Sewage Treatment Plant (STP), and as a ZLD company, we ensure not discharging any waste or treated water from our factory premises. All treated water is recycled efficiently and used for our operations to reduce freshwater consumption. We have achieved a reduction of 10% in the absolute freshwater consumed in FY 2022 against the baseline values of FY 2020.

Waste Management

We use the principal of reduce, recycle and reuse in our waste management practices. Various efforts have been undertaken to reduce both hazardous and non-hazardous wastes. We practice mapping of waste generation and disposal methods, to better understand our waste profile and take necessary actions. In FY 2022, we initiated recycling of waste oil via a change in disposal pathway to reduce the quantity of hazardous waste and ETP sludge to reduce the disposal to landfills. Further, all hazardous wastes are handled as per MPCB regulations and they are sent to relevant authorized agencies for proper treatment. We recycle and re-use the entire metal scrap generated in our process. In FY 2022, we re-used 60,162.6 tons of metal waste which is around 99.4% of the total waste generated in the operations.

Impact of our environmental programs

	FY 2021	FY 2022	Change (%)
Energy consumption (GJ)	1,606,504	**1,950,474**	21.41 ↑
GHG Emission (Thousand tons CO_2e)	211	**238**	12.80 ↑
Specific Water Consumption (KL / MT Production)	5.70	**4.15**	27.19 ↓
Total Hazardous Waste (Kg per MT of Production)	2.65	**3.29**	24.15 ↑
% Renewable Energy of Total Electricity Consumed	16.07%	**24.25%**	50.90 ↑
Energy Intensity (tCO_2Eq/MT production)	1.28	**1.07**	16.41 ↓
% Recycle of Water of Total Water Consumption	30.25%	**30.42%**	0.56 ↑
Total Non-Hazardous Waste (Kg per MT of Production)	253.93	**364.92**	43.70 ↑
Wastewater Discharge (m3/day)	0	**0**	0

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

Read more
P. 142-147 - Business Responsibility and Sustainability Reporting

INCORPORATING ESG IN PRODUCT DESIGNING

We have also established significant capabilities in Renewable Energy components. This has been further enhanced through JS Auto Cast acquisition whose portfolio majorly caters to the wind energy industry.

In Defence business, we have undertaken to follow Ethical Organizational with focus on Societal Sustainability (ETHOSS) Principle whereby we do not engage in manufacturing or distribution of banned controversial weapon systems restricted by various international conventions.

1 Corporate Overview
2 Statutory Reports
3 Financial Statements

Governance at Bharat Forge

At Bharat Forge, we believe that our success depends is invariably linked to the trust that our stakeholders have on us. Therefore, appropriate disclosures and transparency, best-in-class Board practices and high standards of conduct to all stakeholders is a non-negotiable aspect for us.

Strong Governance Practices

At Bharat Forge, we are committed to upholding the highest standards in conducting business while being committed to integrity, transparency, accountability and our business values. Our governance framework encompasses regulatory and legal requirements of the multiple regions in which we operate as well as various voluntary practices. 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 preventing of bribery, corruption, fraud and sexual harassment.

Data Protection and Cybersecurity

Our business involves dealing with confidential information of our business as well as those of our clients. To protect this data and prevent cybersecurity breach, we have established a well-defined process to identify, monitor and mitigate such 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 an established IT business contingency plans and incident response procedures. These were crucial in ensuring business continuity during pandemic. We periodically conduct security gap and vulnerability assessments, to strengthen infrastructure.

Approach to Risk Management

We have a robust Enterprise Risk Management (ERM) framework focused on identification, evaluation, prioritization and mitigation of all internal and external risks. The findings are reported to the Board & Risk Management Committee (RMC). The Board and the RMC play an active role to ensure all the relevant risk factors, are considered by the management, and a strategy is in place to mitigate risks to the extent possible and harness opportunities. Our framework is underpinned by a risk management policy as recommended by the RMC and approved by the Board.

Board Diversity

Executive Director **6**

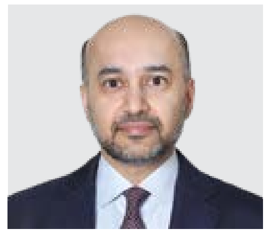
Non-Executive Director **1**

Independent Director **7**

Board of Directors

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

Mr. G K Agarwal
Deputy Managing Director



Mr. Amit B Kalyani
Deputy Managing Director
2 5

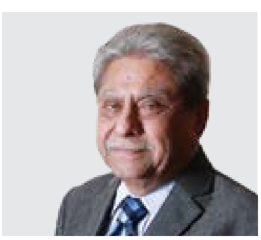
Mr. B P Kalyani
Executive Director

Mr. S E Tandale
Executive Director

Mr. Kishore Saletore
Executive Director

Mr. P C Bhalerao
Non-Executive Director*
1 3 4 5

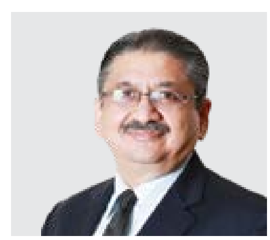
Mr. Pratap G Pawar
Independent Director
1 2 4 5



Mr. S M Thakore
Independent Director*
1 4

Mrs. Lalita D Gupte
Independent Director
3

Mr. P H Ravikumar
Independent Director
1



Mr. Vimal Bhandari
Independent Director
4

Mr. Dipak B. Mane
Independent Director

Mr. Murali Sivaraman
Independent Director

*Resigned w.e.f. November 12, 2021

Board Committee

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

Member of the Committee

Chairperson of the Committee

Management Discussion & Analysis

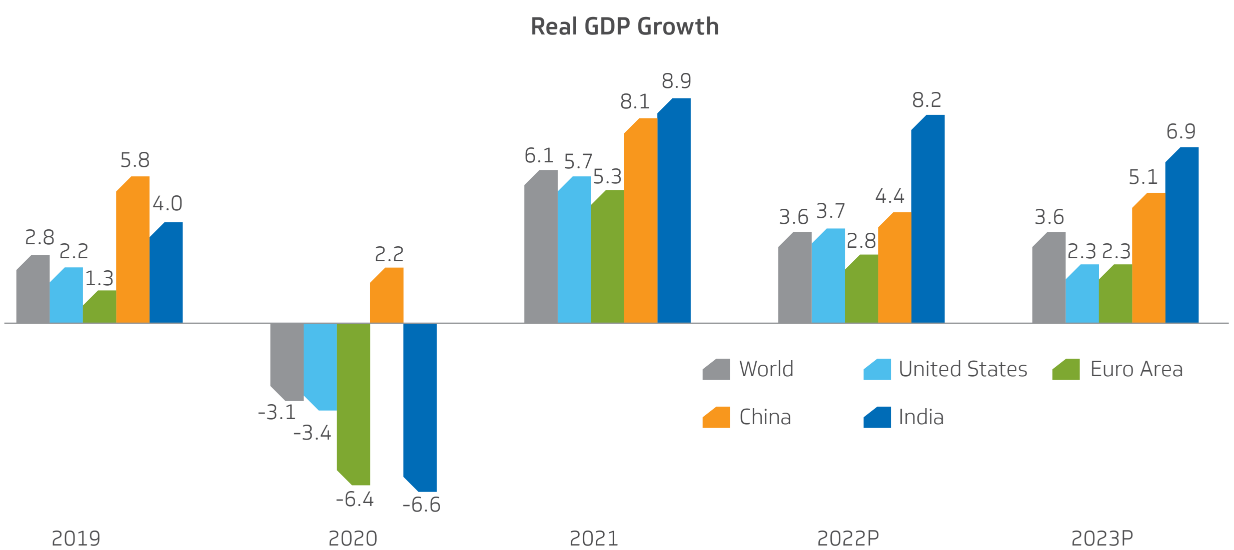
ECONOMIC REVIEW

Global Economy

The global economy rebounded strongly in CY 2021, post a period of recession in CY 2020. International collaborations in adapting functional health policies and vaccinations coupled with supportive fiscal and monetary policies globally led the recovery. In CY 2021, the global economy is estimated to have grown by 6.1%, compared to a contraction of 3.1% in CY 2020. The global recovery has been spearheaded by the Emerging Markets and Developing Economies (EMDE), which are estimated to clock an average gross domestic product (GDP) growth of 6.8%. China and India remained the biggest contributor amongst the developing economies with an estimated growth of 8.1% and 8.9% respectively during the year.

The United States is estimated to clock a GDP growth of 5.7% in CY 2021 compared to a contraction of 3.4% in 2020. Its recovery was driven by an annual increase in private consumer expenditure of 7.9%.

World Economic Output (%)



P = Projected
Source: IMF World Economic Outlook April 2022

Outlook

Against the backdrop of the Russia-Ukraine war renewed outbreaks of pandemic, and high inflation, there is high degree of uncertainty in global economy. The rising crude oil prices are also likely to have a bearing on most economies, especially those who have higher dependency on oil imports.

In line with the recent events, most of the global agencies have lowered their output projections. The global economy is forecasted to grow by 3.6% in both CY 2022 and CY 2023 which is 0.8 and 0.2 percentage points lower than earlier estimated.

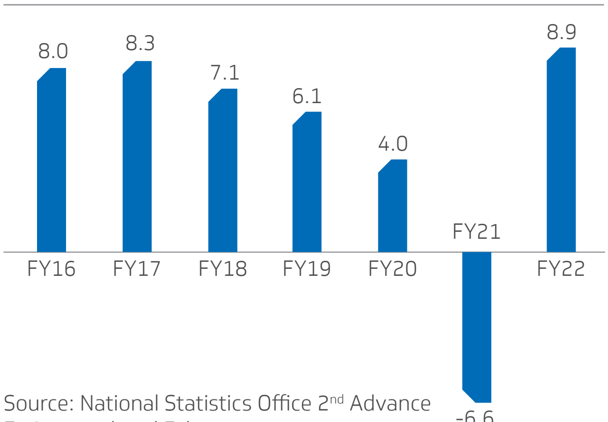
(Source: IMF World Economic Outlook April 2022)

Indian Economy

The Indian economy rebounded strongly in FY 2022, post the disruption caused by the COVID-19 pandemic. Though the year started with a severe second wave of the pandemic, the country has since witnessed quarter on quarter improvement across all performance indicators, supported by proactive measures to vaccinate most population and contain the spread of third wave of the pandemic. As a result, the consumer and market sentiments remained buoyant which together with the increased fiscal commitment of the Government led recovery.

This spending largely being towards infrastructure creation has been pivotal in restoring medium-term demand as well as driving supply-side reforms to position the economy for long-term growth. As per the second advance estimates of the National Statistics Organization (NSO), Indian economy is estimated to have grown at 8.9% in FY 2022 compared to a contraction of 6.6% in FY 2021.

India Economic Growth (%)



Source: National Statistics Office 2nd Advance Estimates dated February 28, 2022

> **India's real GDP is projected to grow at ~8.9% in FY 2023 and 7.1% in FY 2024, making it the fastest growing major economy in the world for all three years between 2021-22 and 2023-24.**

Outlook

The outlook for the Indian economy remains strong. The increasing government funding in public infrastructure is expected to encourage growth and attract private investment through a strong multiplier effect in the industry. However, supply-side bottlenecks are expected to remain persistent with gradually rising crude oil and other commodity prices in FY 2023. The availability of budgetary space to ramp-up capital spending, advantages from supply-side reforms, regulatory relaxation, and continued export growth are also likely to contribute to growth. As per IMF's World Economic Outlook projections, India's real GDP is projected to grow at ~8.9% in FY 2023 and 7.1% in FY 2024, making it the fastest growing major economy in the world for all three years between 2021-22 and 2023-24.

(Source: RBI, National Statistics Organization, IMF World Economic Outlook April 2022)

BUSINESS ENVIRONMENT

Automobile Business

Global Automotive Industry

FY 2022 overview

The global automotive industry saw steady recovery in CY 2021 post a few years of challenging period as the industry went through significant shift towards emerging trends like EVs and the impact of pandemic. The year saw huge surge in ordering due to years of pent-up demand, though issues of semi-conductor crisis impacted production and thus sales.

The CY 2021 ended with the car sales increasing from 68.6 million in 2020 to 71.3 million led by North America and Asian regions which gained some ground post the pandemic. Europe markets though were weak and saw new car registration declining. EVs remained a bright spot in the entire automotive market, recording increased acceptance and thus a strong growth.

Outlook

For the coming years, the global automotive industry remains on a strong-footing with fundamentals such as strong order backlog and low cancelation rates.

For CY 2022, the car sales though earlier estimated to rally at 8.6% growth, is now estimated to contract due to unexpected Russia-Ukraine war and medical shutdowns in China. These are likely to make supply chain related issues more widespread, extending beyond shortage of semi-conductors to magnesium which is used for producing aluminum alloys and lithium and cobalt that are used by EV makers. These factors will lead to automotive prices remaining firm and only expected return to normalcy over the next two years with chip shortage ending and manufacturers witnessing over-capacity to meet demand.

The global car sales are projected to decline by 5% to 67.6 million in CY 2022 and that in Europe by 10.1%. Over the medium-term, the car sales are likely to grow gradually with sales improving to 70.8 million units in CY 2023, 73.4 million in CY 2024 and 75.4 million in CY 2025. The EV sales are estimated to further surge as carmakers increasingly shift towards it forced by more stringent regulations by global governments. China and Europe followed by the US are likely to lead EV adoption.

The US and European commercial vehicles market though slower continues to be fairly robust for the next two years with healthy order backlogs. Most of the OEMs have slots booked for the next 12 to 15 months. Though truck makers may face challenge of delivering due to supply chain issues. For CY 2022, the US class 8 truck sales are estimated at 244,500 units.

(Source: Germany's Center for Automotive Research; Economist Intelligence EIU; FTR Transport Intelligence; ACEA)

In FY 2022, the CV exports grew strongly by 79% from ₹ 9,595 million in FY 2021 to ₹ 17,149 million

Company Review of the Exports Auto Market

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

Commercial vehicles (CV) segment

In FY 2022, the CV exports grew strongly by 79% from ₹ 9,595 million in FY 2021 to ₹ 17,149 million driven by strong ordering from the US Class 8 truck and European medium and heavy truck market. The Company's well-established relations with the global OEMs along with sustained collaborative efforts to product development has contributed to this strong performance. The trucking industry is not only cyclical in nature but also rangebound to a great extent, especially in the developed markets. Despite the rangebound nature of the truck segment in North America, our revenues has seen a steady outperformance as compared to the underlying market volumes. Since 2014 till 2021, constant currency revenues have grown by 8% while the Industry volume have grown by 1%.

Passenger vehicles (PV) segment

The PV exports grew 26% from ₹ 4,496 million in FY 2021 to ₹ 5,648 million in FY 2022. The segment, especially the premium segment, was impacted by chip shortage and supply chain issues. Despite this, the Company made progress winning orders from new customers, deepening engagements with existing customers and enhancing market share in the traditional powertrain segment. This business has been a key ingredient of our de-risking focus within the automotive space and has performed exceedingly well over the past 5-7 years. Since the resumption of active engagement in the PV space, the revenues have grown from ₹ 401 million in FY 2014 to ₹ 5,648 million in FY 2022, CAGR of 39.2%.

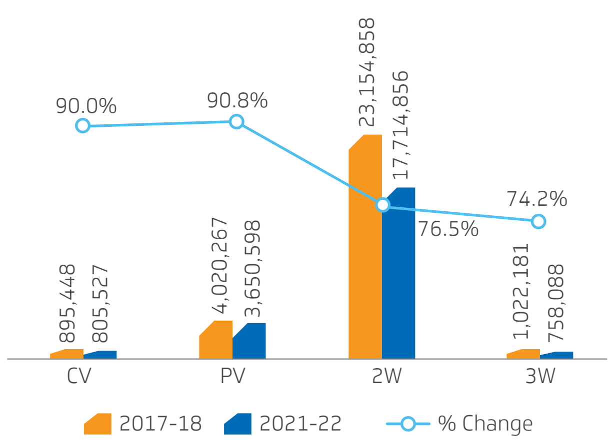
Indian Automotive Industry

In FY 2022, the performance of the automotive industry in India was resilient despite the challenges of supply chain issues, increased cost of ownership due to regulatory issues and high input cost inflation. The total automobile production increased marginally from 22.66 million units in FY 2021 to 22.93 million units in FY 2022.

Sales of the passenger and commercial vehicles segment were robust. PV sales increased 13.2% to 3.07 million units and the segment is witnessing an interesting trend of product upgrades driven by premiumization coupled and successful new launches from new OEMs. This is evident in the strong growth of 40.4% in the utility vehicle (UV) segment. The CV wholesale sales grew 26% to 0.72 million units as normalcy returned due to pick-up in the industrial activity and fleet utilization rates. Within the CV, the Medium and Heavy Commercial Vehicles (MHCV) segment grew fastest at 55.3%.

The past few years have been quite challenging for the Indian automotive industry across segments caused by various factors, be it changes in safety norms, increased cost of ownership due to regulatory changes, technological shift from ICE to EV especially in 2&3W etc. The segments from the peak levels registered in 2017-18 are down anywhere between 10% for CV's and 25% for 2W & 3W.

Production



Outlook

While the near-term outlook for the CV and PV segments remains challenging and uncertain, their overall trend is positive. The fundamentals of PV segment are positive with no dent in demand. The outlook for MHCV sector is strongly driven by healthy freight rates and improving fleet operators' profitability. The government's strong focus on infrastructure development including road construction is expected to drive positive momentum.

Company Review of the Domestic Auto Market

Commercial vehicles (CV)

The Company's performance in the domestic CV market has been in line with the market growth. The CV revenue increased 45% from ₹ 5,111 million in FY 2021 to ₹ 7,418 million in FY 2022. Given the strong opportunity for MHCV in India led by the infrastructure boom, the Company is continuously working with leading OEMs for new product development.

Passenger vehicles (PV)

The Company's PV business is witnessing increased traction and has grown faster than the industry with a revenue growth of 36% from ₹ 2,161 million in FY 2021 to ₹ 2,936 million in FY 2022. The Company has significantly strengthened its presence in the PV/UV segment with both new product and customer addition, and is well-positioned to capture the opportunities led by increasing premiumization.

INDUSTRIAL BUSINESS

In the industrial business, the Company engages in manufacture of components for Oil & Gas, Construction & Mining, Power and Aerospace sector. Oil & Gas is one of the major revenue contributors in the industrial business.

The renewable energy is another major opportunity where the Company is participating. The segment is pacing giving the rising global concerns on climate change, and the recent COP26 declarations whereby countries have targeted a more stringent target to contain temperature rise to 1.5ºC. Globally and especially in India there is a strong impetus to grow the share of renewables in overall energy basket. India targets to achieve 50% of renewable energy by creating a total capacity of 500 GW by 2030.

The construction segment is also estimated to witness immense opportunity. In the US, the government has passed a USD 1 trillion infrastructure bill towards modernizing its aging infrastructure. In India too, the Government targets to spend USD 1.4 trillion on various infrastructure creation to achieve its target of USD 5 trillion GDP by FY 2025.

Company Review of the Industrial Market

In FY 2022, the domestic industrial business grew 57% from ₹ 7,446 million in FY 2021 to ₹ 11,666 million which included revenue of ₹ 2,209 million for a one-time supply of Medical Oxygen Cylinders to the Indian government. The Company's strategic shift to focusing in areas having 100% import dependency, is likely to drive its growth given the immense opportunity expected from the AtmaNirbharta and the Government stimulus aimed at enhancing the share of manufacturing from 15% to 20% of GDP.

The international industrial business grew 150.3% to ₹ 13,906 million primarily led by the Oil & Gas segment which benefited from the recovery of shale gas drilling in

North America. The O&G revenues increased from ₹ 1,360 million in FY 2021 to ₹ 7,227 million in FY 2022. The high crude prices which support the drilling activities and the industry players' focus on financial disciplined along with the Company's solid portfolio of productivity enhancing components is likely to ensure sustained revenues.

Given the immense opportunities in the industrial business, the Company has made strategic inorganic investments to strengthen its competitive positioning. Last year, it had acquired Sanghvi Forgings which enhanced the overall capacity and portfolio of the Company. In FY 2022, the Company signed Share Purchase Agreement to acquire Coimbatore-based JS Auto Cast. This company is engaged in manufacturing critical and complex machined castings for diverse industries, the largest being wind renewable energy industry. It also caters hydraulic sector, off-highway and some specialty automotive segments. This acquisition will significantly widen Bharat Forge's portfolio and customer base, and enable it to become a more critical and strategic supplier to existing customers and move up the value chain. Having a strong portfolio in renewable segment, it will also allow Bharat Forge to strengthen its presence in this sector.

The Company won new orders worth ~ ₹ 10,000 million across automotive and industrial segments,. The new orders include a healthy mix of existing and new customers as well as traditional and new products.

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OVERSEAS BUSINESS

The Company's international business consists of the forging & machining operations of its subsidiaries in US and Europe. In CY 2021, the Company successfully turned around these businesses through investments towards optimizing costs and building new capacity in aluminum forgings.

In line with this, the Company successfully completed the capex and 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 in CY 2022. With this, the Company now has two operational aluminum forgings plants; one in the US and the other in Germany. Aluminum forgings currently account for ~25% of share of the revenues of international operations, and the Company intends to increase the same in the future. There is a strong focus on gaining new orders from new and existing customers, and drive growth of the international operations.

During the year, the international business secured new orders worth USD 150 million across steel and aluminum forging operations from marquee OEMs, providing growth visibility in the medium to long term.

Defence and Aerospace Business

Defence and Aerospace are a major opportunity for the Company driven by the Government's strong impetus on self-reliance. Until April 2022, the Government has released three positive lists of defence equipment indigenization. With this notification, over 300 sophisticated items ranging from complex weapon systems to critical platforms such as armored vehicles, combat aircraft, submarines etc. will be targeted for procurement from indigenous manufacturers only. Already, project orders worth ₹ 53,839 crore have been signed and Acceptance of Necessity for projects worth ₹ 177,258 crore have been accorded. Further, the Defence Ministry of India estimates projects worth over ₹ 293,000 crore in the next five to seven years.

Bharat Forge continues to make inroads in its defence business with several positive developments through FY 2022.

The Company made a breakthrough in its Advanced Towed Artillery Gun System (ATAGS) program, completing its final revalidation trial in May 2022 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; no other guns of artillery players across the world have been able to demonstrate firing with Zone-7 charge.

The Company's KM4 armored vehicles became the only one in its category to successfully complete desert trials at Rann of Kutch. A multi-role platform, it enables quick mobility to armed forces in rough terrain and in areas affected by mine and IED threats. In FY 2022, the Company progressed on its productionalizing and shipment to Indian Army for UN Peacekeeping mission. It also continues to receive new demands for this product.

The Company also diversified into new areas of Command, Control, Communications, Computers (C4) Intelligence, Surveillance and Reconnaissance (C4ISR) by participating and winning the iDex challenge through subsidiaries and partners.

Aerospace: Taking Wings

FY 2022 has also been an exceptional year for the Company's aerospace business. It delivered a strong revenue growth following a challenging FY 2021 in which projects got delayed due to pandemic-led raw material unavailability issues. This year, the Company adopted a strategy of procuring raw material in advance to avoid long lead time.

During the year, the aerospace business successfully bagged new products in terms of new alloys which is a major leap ahead for it. It has already established competencies in various materials like titanium and super alloys for aerospace products, becoming one of the very few possessing such capabilities. New customers were also added, and the Company is now supplying engine and structural components to four tier 1 companies as well as four OEMs.

The progress in the aerospace business has been a result of the Company's multiple years of efforts towards putting in place necessary quality systems and establishing product development, manufacturing and digital capabilities. It now has capabilities in engine and aircraft parts and is further building competencies in part level and sub-assemblies for various helicopter and aircraft programs. This is in line with the Company's focus on progressing beyond making parts, and significantly growing the revenues from assemblies and platforms.

Digitalization is an area where the aerospace business has made significant strides. Its ability to digitally store entire product history data and easily retrieve such information are winning accolades from clients. Further, it's enabling cost reduction, achieving zero defect and high quality and alongside reducing the non-value added activities.

The Company also has significant competencies in gas turbines and turbomachinery, and given the vast scope in it, a separate turbomachinery division has been operating with dedicated teams. It has applied for AS-9100 certification. The division looks forward to work on rotating components of gas turbines, and target customers like railways and defence. Further, given the opportunities around indigenization, it targets to partner with OEMs to set-up facilities and have joints IPs.

During the year, the aerospace and turbomachinery divisions worked towards strengthening its teams. A competence framework exercise was undertaken to identify gaps and train people.

Given the strategic significance of Defence and Aerospace businesses, Bharat Forge is working towards consolidating all initiatives in these businesses under its 100% subsidiary – Kalyani Strategic System Limited. It is also participating in exhibitions to demonstrate its capabilities and strengthen global reputation. In FY 2022, the Company participated in North Tech Symposium, BIMSTEC Nations Exhibition and undertook Specialist Vehicles Induction by Chief of the Army Staff (COAS).

In FY 2022, the Company progressed on its productionalizing and shipment to Indian Army for UN Peacekeeping mission.

E-mobility Business

E-mobility is an area where the entire mobility industry worldwide is moving to address the challenge of climate change.

The Company has always been innovative and pioneering over decades, adaption of latest technologies to provide high quality and reliable products to our customers globally. In 2018, we had initiated expanding this portfolio which can cater to our customers in their endeavors of providing clean and zero emission transport solutions.

The Company's E-mobility venture is handled by a dedicated entity, Kalyani Powertrain Limited (KPTL), to ensure focused approach and clear growth strategy. Over the years, the Company has strengthened and built a solid portfolio across power electronics, control electronics components and systems and subsystems for EVs ranging from 48 to 800 volt.

This was followed by establishing dedicated R&D team building in-house capabilities for all relevant Hardware, Software and integration for Electric 2/3-Wheelers, Commercial vehicles for goods and passenger transport, Passenger cars and off-road equipment. Further to accelerate the initiatives, Bharat Forge also made strategic investments in Tevva Motors Limited, UK, Tork Motors Pvt Ltd, India and also established global 50:50 JV, REFU Drive GmbH with Prettl Group, Germany. In order to strengthen our efforts in zero carbon mobility solutions and to provide a unified approach in electric vehicle technology landscape catering to both local and global customers, we have now consolidated our electric mobility product streams into a single entity under the name of Kalyani Powertrain Limited as a wholly-owned subsidiary of Bharat Forge Limited. Kalyani Powertrain Limited also established its Technology Centre in USA in 2021 to understand and address the needs of Overseas customers in a faster way.

The seamless integration between Kalyani Mobility Inc, USA and REFU Drive GmbH in Germany together with its HQ in Pune India, is bringing unique advantages of enhancing development capability and customer experience through in-house and low-cost engineering, agile development, domestic value addition through local manufacturing in India.

2021-22 also witnessed many positive outcomes of the efforts put into this domain. Kalyani Powertrain received its maiden orders for products such High Voltage High Power DC-DC Convertors, Motor Controllers for 2W applications. Our Subsidiary Company Tork Motors launched its flagship product line of Electric Motorbike, KRATOS and KRATOS-R.

Skill development and ensuring Deep localization with dedicated plants for E-mobility products is under progress. Through domestic value contribution for these products such as Vehicle Control Units, DC-DC Convertors, Low Voltage and High Voltage Traction Invertors and Auxiliary Invertors through local manufacturing at its plants in India, Kalyani Powertrain believes that its customers will be benefited with high performance, reliable and robust products at affordable price. Bharat Forge Limited together with Kalyani Powertrain Limited are also among various Manufacturers of Automotive Advanced Technology Components under recently announced PLI scheme from Government of India.

The seamless integration between Kalyani Mobility Inc, USA and REFU Drive GmbH in Germany together with its HQ in Pune India, is bringing unique advantages of enhancing development capability and customer experience through in-house and low-cost engineering, agile development, domestic value addition through local manufacturing in India.

FINANCIAL REVIEW

Standalone

Analysis of Standalone Profit and Loss Statement (₹ in Million)

Particulars	FY 2022	FY 2021	% Change
Total Revenue	62,546.12	36,515.12	71.3%
Raw Material	25,525.97	14,144.54	80.5%
Manufacturing Expenses	9,212.70	6,153.62	49.7%
Manpower Cost	5,057.85	4,482.37	12.8%
Other Expenditure	5,951.45	4,386.81	35.7%
Total Expenditure	45,747.97	29,167.34	56.9%
EBITDA	16,798.15	7,347.78	128.6%
EBITDA (%)	26.86%	20.12%	674 bps
Depreciation	4,117.91	3,660.75	12.5%
Interest	1,073.01	779.15	37.7%
Other Income	1,675.02	1,404.57	19.3%
PBT	13,282.25	4,312.45	208.0%
Exchange Gain/(Loss)	359.17	(71.58)	-
PBT	13,641.42	4,240.87	221.7%
Exceptional Items	318.03	(91.83)	
PBT	13,959.45	4,149.04	236.5%
Taxation	3,181.40	1,028.13	
PAT	10,778.05	3,120.91	245.4%

Analysis of Standalone Balance Sheet Statement (₹ in Million)

Particulars	March 31, 2022	March 31, 2021
Long-Term Debt	17,834.42	20,643
Working Capital Loan and Bill Discounting	21,215.48	15,560
Equity	71,097.74	59,486
Cash	24,817.92	26,809
D/E	0.55	0.61
D/E (Net)	0.20	0.16
RoCE (Net of Surplus Funds)	17.2%	5.3%
RoNW	14.9%	5.2%

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

The Company delivered a strong performance in FY 2022 with a 71.3% growth in revenues from ₹ 36,515.12 million in FY 2021 to ₹ 62,546.12 million. The growth was driven by broad-based performance across all business segments and geographies led by a sharp recovery in end markets and pass-through impact of raw material inflation. The EBITDA increased 128.6% from ₹ 7,347.78 million in FY 2021 to ₹ 16,798.15 million in FY 2022. The EBITDA margins improved 674 bps to 26.84% driven by better utilization of capacities, cost optimization and improvement in product mix.

Key Financial Ratios

Key financial ratios along with the details of significant changes (25% or more) in FY 2022 compared to FY 2021 is as follows:

Particulars	FY 2022	FY 2021	Change	Formulae	Reason for Change
Debtors Turnover Ratio (in times)	3.06	2.25	36.0%	Revenue from operations / Average trade receivable	Increase in revenue and improvement in debtors collection cycle
Inventory Turnover Ratio (in times)	2.57	1.73	48.6%	Cost of raw materials and components consumed + Changes in Inventories of finished goods, Work-in-Progress, Dies and Scrap / Average Inventory	Increase in revenue and lower inventory levels
Interest Service Coverage Ratio (in times)	16.40	9.26	77.1%	EBITDA / Finance cost for the period	Improvement in ratio on account of higher operational EBITDA
Current Ratio (in times)	1.67	1.78	-6.2%	Current assets / Current liabilities	
Debt Equity Ratio (in times)	0.55	0.61	-9.8%	Total debt / Shareholders equity	
Operating Margin (%)	27.43	19.93	37.6%	Operating profit / Revenue from Operations	Increase in revenue which resulted in economies of scale along with cost reduction initiatives and productivity efficiencies
Net Profit Margin (%)	17.23	8.55	101.5%	Profit for the period / Revenue from Operations	Increase in revenue which resulted in economies of scale along with cost reduction initiatives and productivity efficiencies

Consolidated

Analysis of Consolidated Profit and Loss Statement (₹ in Million)

Particulars	FY 2022	FY 2021	% Change
Total Revenue	104,610.78	63,362.61	65.1%
Raw Material	42,159.62	26,341.56	60.0%
Manufacturing Expenses	16,586.77	10,754.73	54.2%
Manpower Cost	14,646.83	10,710.60	36.8%
Other Expenditure	11,407.54	6,922.17	64.8%
Total Expenditure	84,800.76	54,729.06	54.9%
EBITDA	19,810.02	8,633.55	129.5%
EBITDA (%)	18.9%	13.6%	530 bps
Depreciation	7,303.01	6,121.59	19.3%
Interest	1,604.05	1,077.29	48.9%
Other Income	1,959.00	1,688.98	16.0%
PBT	12,861.96	3,123.65	311.8%
Exchange Gain/(Loss)	349.33	-16.17	-
Exceptional Items	924.05	-3,062.28	-
Share of (Loss)/Profit of Associates and Joint Ventures	-329.30	-304.09	-
PBT	13,806.04	-258.89	-
Taxation	3,035.43	1,010.77	-
PAT	10,770.61	-1,269.66	-

Analysis of Consolidated Balance Sheet Statement (₹ in Million)

Particulars	March 31, 2022	March 31, 2021
Long-Term Debt	23,150.94	26,327.84
Equity	66,267.32	54,468.09
Cash	27,333. 44	28,755.46
Long-Term D/E	0.85	0.92
Long-Term D/E (Net)	0.44	0.39

On a consolidated basis, the Company's revenues increased 65.1% from ₹ 63,362.61 million in FY 2021 to ₹ 104,610.78 million in FY 2022 as demand improved across both domestic and international businesses. Profitability growth was stronger with EBITDA growing 129.5% to ₹ 19,810.02 million in FY 2022 as against ₹ 8,633.55 million in FY 2021. This was driven by the Company's strong focus on turning around the international operations and reducing costs.

HUMAN RESOURCES

Employee Safety and Welfare

With COVID–19 pandemic continuing into FY 2022 and marked by a more severe second wave, the Company continued to maintain strong focus on employee safety and welfare along with business continuity. Some of the key initiatives undertaken include:

Work from Home (WFH): Introduced in FY 2021, the WFH policy continued for a significant part in the year under review. All internal and external meetings and interactions continued to be carried out virtually. Employee trainings and sessions were also conducted online.

Safety at Workplace: The Company followed a strict 'no visitor' policy. Physical meetings or visitors in exceptional cases were allowed only with a negative RT-PCR report valid for 48 hours. Preventive measures like temperature screening, mandatory use of masks, daily monitoring of oxygen levels, disinfection of premises and vehicles, etc. also continued.

Support System: A robust support system as well as an extended family have been the driving pillars at Bharat Forge. During the testing times of the pandemic, this support was needed the most. The Company's teams ensured personal connect with all the employees suffering from coronavirus twice a week. Further, it also created a COVID war room, 24x7 manned helpdesk for employees to reach out in extreme circumstances. Doctor teleconsultation were made available and hospital tie-ups were done in Pune and Baramati to facilitate best medical facilities.

During the second wave, the Company lost a few of its employees. It undertook to provide financial support to the families of the deceased employees and reimbursed their children's educational fees and medical bills.

Vaccination Program: As per the government guidelines, the Company conducted mass vaccination drives in collaborations with reputed hospitals across all plant locations. ~100% of employees and other associates aged 18 years and above were vaccinated with both doses.

COVID Training and Re-Grouping: The Company has ensured the effective implementation of all the policy initiatives to enhance employee reach. Regular virtual meetings by HR departments and HODs were conducted to review the precautionary measures and exchange ideas to better tackle the pandemic. Weekly virtual interactive session was arranged with specialist doctors for employees and their families covering various aspects of COVID-19 and emerging variants.

Skill Development Program

Amidst the unprecedented times, the Company proactively focused on online training to enhance skills and competencies of its employees. Focused training was imparted pertaining to Industry 4.0, Sensor, Robotics, and Manufacturing Engineering, During the year, a total of 130 employees were trained on automation and 27 employees on CNC Programming. Skill development program was extended up to the grassroot level whereby training was imparted to 700 workmen in batches for a duration of 21 days.

The Company's THORS platform remained at the forefront of facilitating online learning, helping employees understand advance engineering concepts and put their knowledge into action.

The Company's THORS platform remained at the forefront of facilitating online learning, helping employees understand advance engineering concepts and put their knowledge into action. Further, online skill evaluation test was conducted for more than 1,600+ employees. It helped evaluate their technical and managerial skills, and identify necessary training needs which would be addressed in a planned manner in the coming times.

Harmonious Industrial Relations

The philosophy of industrial relations emphasizes on the involvement of workers and their representatives to ensure the implementation of peaceful wage settlements. The Company is currently negotiating a long-term wage settlement with its union i.e. Bharat Forge Kamgar Sangathana (CAM Baramati Plant) at the Baramati Plant. The Company is confident of achieving the same.

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 has always been an early adopter of technology having progressed towards Industry 4.0 and smarter and automated manufacturing. The Company's IT infrastructure was not only instrumental in enabling business continuity during the pandemic with high level of security, it ensures high level of productivity and efficiency.

Continuing with its focus on reinforcing capabilities, the Company in FY 2022 focused on implementing technologies to expedite new production development and drive higher efficiency across various all operations. Some of the key measures implemented include:

- **Digital-led business transformation:** Digital technology is increasingly penetrating global businesses and providing companies a competitive edge to manage operations and engage with customers. To stay ahead, Bharat Forge embarked upon its digital business transformation journey in FY 2022. A roadmap has been developed to achieve it, and the Company has progressed on it through SAP S4 HANA implementation in India operations. The deployment of SAP Business Planning & Consolidation has helped in reducing the time of 75 MIS' preparation from 12 days to 2 days. The Company intends to implement additional modules of Projects Management and Logistics Management.

  Presently, the Company is undertaking S4 HANA implementation at its German subsidiary Bharat Forge Aluminumtechnik which is expected to go live in June 2022.

- **Automating operations:** The Company initiated its journey in Robotics Process Automation with the core finance processes and targets to identify and automate major repetitive process over the years.

- **Digitalizing operations:** The Company upgraded its digital thread (for end-to-end integration in Aerospace business) with open-source capabilities making it API-ready for integration with other systems. This augmentation is now being carried out in the Turbocharger unit. This will ensure 100% traceability, paperless operations, and also break silos across all the operations.

  During the year, the Company also digitalized 44 processes using the newly-build Digitizer platform. This has helped to eliminate silos in these processes, brining efficiency and accountability in the systems.

- **Information security:** The Company follows a layered security approach and has deployed various new generation tools for advanced real-time threat prevention system across all layers.

  Going forward, the Company intends to continue its investment in enhancing the IT infrastructure. Digital business transformation including SAP implementation in remaining facilities, product lifecycle management process for global engineering center and manufacturing execution system in Kalyani Powertrain will be top priorities. The Company also looks to leverage data lake and analytics to enable insights-driven business decisions as well as shifting to cloud-based agile architecture.

CORPORATE SOCIAL RESPONSIBILITY

The Company strongly believes that change and development arises only out of persistent efforts. Through its meaningful and purposeful interventions, Bharat Forge strives to achieve inclusive growth of the marginalized masses and the communities in which it operates.

Village and community development, education, skill development and sports are the major focus areas of the Company. Aligned with this, the Company has been undertaking meaningful interventions across 100 target villages across five key development indicators – water availability, livelihood, education, health, and improved accessibility to enhance the livelihoods of rural people. Over the years, more than 174,492 lives have been positively touched through these interventions.

The Company's efforts on environmental sustainability include tree plantation projects, waste management, water harvesting, and installation of solar lamps, among others. Its community development program aims at empowering women and youth of underprivileged regions by providing vocational training, business enterprise support, and other resources to promote entrepreneurship. Education program focuses on imparting of knowledge and skills to children through group activities, knowledge-sharing, and so on. The sports focus includes supporting and mentoring underprivileged sports talents from across the country to facilitate the overall development of an individual.

In FY 2022, the Company also undertook several measures for increasing awareness among the communities about the COVID-19 pandemic. It distributed PPEs, relief materials, and medical equipment, and helped strengthen the infrastructure of the Primary Health Care units of the surrounding villages.

RISK MANAGEMENT

Bharat Forge is engaged in a business which is marked by cyclicality and is presently undergoing significant transformations. These are changing the dynamics of the risks and operations in the operations. To mitigate these risks and ensure consistent business growth and success, the Company continually scans the external and internal environment to identify new risks, track them and devise effective steps to mitigate them. The Company also continues to takes measures to further strengthen its risk management mechanism to stay ahead of these risks and capture on opportunities.

Some of the key risks facing the Company's operations include:

Macro-Economic Risk

A slowdown in macro-economy of the region or the industry in which the Company operates or any unfavorable change in regulatory scenario may impact its revenue generation.

Mitigation Strategy

Over the years, the Company has strategically diversified its operations both geographically and across industries to mitigate dependence on any single location or industry. In terms of geography, the Company has extended its presence in North America and the European markets through its subsidiaries. In FY 2022, these locations accounted for ~40% of the Company's total revenues. The current scenario of high inflation and Ukraine-Russia war do pose some risks to these international operations. The Company's efforts to establish aluminum forgings capacity in these locations to help auto OEMs move towards light-weighting is progressing well and generating steady opportunities.

In terms of sectors, the Company has presence across Automotive, Defence, Oil & Gas, Mining and Construction, Power including Renewable Energy, Aerospace & Defence and E-mobility segments. The Company's recent extension in areas of automobile light-weighting, e-mobility and renewable energy provide significant opportunities as they are the key focus areas globally for addressing climate change problems. The defence business is gaining momentum driven by the government's increased focus on indigenization.

This diversification provides significant stability and long-term scalability. The Company continues to explore newer geographies and newer customers to further strengthen portfolio.

Raw Material Risk

Inability of the Company to obtain critical raw materials at competitive prices may impact its operational continuity and profitability.

Mitigation Strategy

Steel is the primary raw material used by the Company, which is procured through a group company, thereby ensuring its steady availability and competitive prices. Though in recent years, the Company has also expanded to aluminum forgings and castings which diversifies its raw material requirements.

The Company has ensured efficient use of materials through its patented in-house manufacturing which ensures zero scrappage. The Company also practices entering orders with a price pass-through clause to mitigate the risks of high input costs.

However, in the present scenario, the Company faces heightened raw material risks given the supply chain disruption and volatility in prices due to the Ukraine war and shutdowns in China. Despite this, the Company is maintaining sustained production and continues to maintain vigil on the situation.

Foreign Exchange Risk

A significant portion i.e. 58.68% in FY 2022 of the Company's standalone revenues is generated from exports and involve foreign currency exposure. Any unfavorable movement in the exchange rates may adversely impact its profitability.

Mitigation Strategy

The Company undertakes hedging and enters into simple forward contracts on a rolling basis to mitigate exchange rate fluctuations. The Company also maintains foreign currency borrowing which is less than its exports to ensure natural hedge.

Technology Risk

The Company's primary business segments i.e. automobile is amidst a radical transformation with increased focus on CASE (Connected, Autonomous, Shared and E-mobility). Further, with the rising competitive intensity, the Company needs to drive more automation, efficiency and innovation led by technology to remain a preferred partner. Inability of the Company to evolve its product line and modernize may lead to its product getting irrelevant and may also damage its reputation.

Mitigation Strategy

Bharat Forge has remained at the forefront of these changes through its early investments in e-mobility and light-weighting technologies and infrastructure. The Company already has a headstart with competencies established and several products developed in these areas, and is witnessing increasing inquiries from major global OEMs.

The Company has also invested in modern technologies like Industrial Internet of Things (IIoT) and Industry 4.0 which are driving greater productivity and making its operations more reliable. Additionally, it has prepared a roadmap for digital-led business transformation whereby it has implemented SAP ERP, robotic process automation, digital thread and analytics among others. These investments are fortifying the Company's position and making it future-ready.

Funding Risk

The nature of Company's operations necessitates sustained investments in innovation, technology and in daily operations. This entails availability of funds at competitive rates. The need for such funds is even more critical in the present uncertain high risk operating context with possibility of scale-up of war, high inflation and supply chain issues to remain prepared for any exigencies.

Mitigation Strategy

Bharat Forge is strongly positioned in terms of its fund position. The Company has a strong cash and cash equivalent position at ₹ 24,818 million as on March 31, 2022 supported by its cash flow accreting business model. The Company's prudency in working capital management and capex allocation has also enabled it to reduce debt. As on March 31, 2022, the Company maintained a healthy net debt/equity at 0.20 and a net debt/EBITDA of 0.85 despite having committed a capex of ₹ 3,784 million in FY 2022. This provides headroom to source external funds, if required. The Company also maintains sharp focus on reducing its fixed costs.

Talent Risk

The Company's business involves high level of intellect and thus necessitates it to attract, retain and enhance human capital to ensure staying ahead of the industry evolution and ensure sustained manufacturing.

Mitigation Strategy

The Company practices a people-centric and performance driven culture. Multiple programs are undertaken to ensure health and safety, engagement and skill development of the people. Trainings are provided on future-ready skills including in Industry 4.0, sensor, robotics and manufacturing engineering. Further, the Company undertakes to pay employees in line with the industry. These actions make the Company one of the best workplaces for engineers and thus ensures low attrition levels. The Company's innovation wing KCTI and KCMI are also regarded as amongst the best and attract talented people.

Cybersecurity Risk

The Company works with large amount of sensitive and confidential information. With increasing digitalization, it faces the risks of cyberattacks as well as unauthorized use of these data. Inability to ramp-up security measures and protect data and lead-to-lead to litigation issues and losses.

Mitigation Strategy

Bharat Forge alongside its investment in digitalization has ramped up its cybersecurity measures. The Company is certified for information security management system ISO 27001:2013 and ensures 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, the Company regularly conducts Voluntary Product Accessibility Template (VAPT) and independent third-party validations which helps in identifying actionable for enhancing IT infrastructure. Further, awareness sessions and trainings are conducted for employees to strengthen security measures.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has in place a well-framed 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. They are supplemented by extensive internal audits, management review, and documented policies, guidelines, and procedures.

Board's Report

For the year ended March 31, 2022

To the Members,

Your Directors have pleasure in presenting the 61st (Sixty-First) Annual Report on the business and operations of the Company together with the audited financial statements for the Financial Year ended March 31, 2022.

1. Financial Highlights

The financial performance of the Company on standalone and consolidated basis for the Financial Year ended March 31, 2022 as compared to previous year is summarised in the following table:

In ₹ Million

Particulars	Standalone		Consolidated	
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
Total Income	**64,221.14**	**37,919.69**	**106,569.78**	**65,051.59**
Exports Revenue	**36,620.65**	**19,558.66**	**78,064.18**	**46,666.08**
Net Profit				
Profit for the year before Taxation and Exceptional item	**13,641.40**	**4,240.90**	**13,211.29**	**3,107.48**
Share of (loss) / Profit of associates and Joint Venture	-	-	(330.2)	(299.74)
Add / (Less): Exceptional item	**318.03**	**(91.83)**	**924.05**	**(3,062.28)**
Provision for Taxation:				
Current Tax	3,328.22	882.21	3,529.58	906.56
Deferred Tax	(146.82)	145.92	(495.05)	108.56
Profit for the year	**10,778.03**	**3,120.94**	**10,770.61**	**(1,269.66)**
Less: Non-controlling interest	-	-	(46.95)	(5.85)
Profit for the year attributable to equity holders of parent	10,778.03	3,120.94	10,817.56	(1,263.81)
Items of other Comprehensive Income for the year (Net of tax)	1,700.77	197.84	1,889.47	127.76
Total	**12,478.80**	**3,318.78**	**12,707.03**	**(1,136.05)**
Balance of Profit from Previous year	46,325.81	43,007.03	39,764.24	40,900.29
Profit available for Appropriation	58,804.61	46,325.81	52,471.12	39,764.24
Appropriations:				
Interim Dividend on Equity Shares	698.38	-	698.38	-
Tax on above dividend	-	-	-	-
Final Dividend on Equity Shares	931.18	-	931.18	-
Tax on above dividend	-	-	-	-
Transfer to General Reserve	-	-	-	-
Surplus retained in Statement of Profit and Loss	57,175.05	46,325.81	50,841.56	39,764.24

2. Dividend

The Board, in its meeting held on November 12, 2021 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 plus applicable taxes thereon.

Based on the Company's performance, the Directors are pleased to recommend for approval of members a final dividend of ₹ 5.5/- 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 ₹ 2560.74 million and shall be subject to deduction of income tax at source.

The dividend payout 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/investors/corporate-governance/policies

3. Reserves

During the year under review, the Company does not propose to transfer any amount to the General Reserve. An amount of ₹ 57,175.05 million is proposed to be retained as surplus in the Profit and Loss account.

4. Performance of the Company

The end of financial year 2021 and the beginning of financial year 2022 was severely impacted by the devastating outbreak of second wave of COVID-19 in India resulting in significant loss of lives and disruption to industrial activity. Your Company has diligently followed all the Government guidelines including adoption of social distancing norms at workplace and necessary precautions for all employees on an ongoing basis. The Company also administered vaccination for all the employees of the Company.

Post the slump in the initial few months, economic activity picked up significantly across all sectors. The Company, for the year, recorded revenues of ₹ 62,546.12 million as against ₹ 36,515.12 million in previous year, a growth of 71.3%.

The balance sheet at the end of financial year continues to be robust with significant level of liquidity.

Domestic Business

Automotive Market: Despite unabated challenges, the industry has had to weather over the past few years ranging from supply chain related issues, increased cost due to regulatory challenges, high input cost inflation etc. The Company's performance in financial year 2022 has been very encouraging, albeit from a low base. All segments of the industry have shown double digit growth ranging from 20% for Passenger Vehicles ("PV") to 50% for Medium and Heavy Commercial Vehicle ("MHCV"). Outlook for MHCV sector looks promising driven by healthy freight rates, improving fleet operators' profitability and the strong focus of the Government on infrastructure development.

The stark performance between the PV segment which grew by 4% and the Utility Vehicle ("UV") segment which grew by 43% is clear signal about the product premiumization in the domestic car market. The Company's presence in the PV/UV segment has been strengthened over the past few years with both new product and customer addition. As against the industry growth of 19%, the Company's revenue has grown by 36%.

Industrial Business: The Industrial segment during the financial year 2021-22 has grown by 57% to ₹ 11,666 million which includes revenues of ₹ 2,209 million attributable to the supply of Oxygen Cylinders. This segment is going to be big focus and growth area over medium to long term as the Company focuses its attention towards addressing areas which has 100% dependency on imports and area which will see exponential growth driven by AtmaNirbharta and the Government's aim to make manufacturing >20% of GDP from the current ~15%.

International Business

The Company's exports saw growth across all major segments. Export revenues in financial year 2022 were at ₹ 36,620.65 million was a growth of 87.23% as against financial year 2021.

A key pillar of growth was the Industrial segment which witnessed revenues jumping by 150.3% to ₹ 13,906 million. This was on the back of sharp recovery in shale gas drilling activity in North America and strong demand from HHP segment.

The Automotive segment across both PV & Commercial Vehicle saw a sharp jump in revenues of 25.6% and 78.8% respectively. The growth could have been much better if not for supply chain related issues and shortage of semi-conductors which impacted the ability of OEM to produce more vehicles.

Your Company continues to maintain razor sharp focus to grow exports on year-on-year basis. We have intensified our business development and new product development activities in spite of the lockdown and associated challenges including reduced mobility due to travel restrictions. We have successfully overcome these challenges by actively implementing virtual interface and digital collaborations across all functions including customer critical actions like plant audits.

Despite the challenges on account of operations, logistics, etc., your Company has ensured supply chain fulfilment for all our customers. Your Company has received generous appreciation for our dependability from domestic and global customers.

Standalone & Consolidated

In the financial year 2021-22, the revenue of the Company increased by 69% and Profit after Tax increased by 245%, as compared to the last financial year 2020-21 on a standalone basis. The total revenue increased by 69% to ₹ 64,221.14 as compared to last year of ₹ 37,919.69 million. Whereas export revenue increased by 87% to ₹ 36,620.65 million as compared to last year of ₹ 19,558.66 million. On a consolidated basis, the Company, its subsidiaries and joint venture companies, achieved total revenue of ₹ 1,06,569.78 Million as against ₹ 65,051.59 million, an increase of 64%.

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 arm's length basis and in the ordinary course of business.

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 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/investors/corporate-governance/policies

7. Deposits

During the year under review, the Company has not accepted any deposit 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 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 to the business objectives of the Company which is reviewed and approved by 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 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 affecting the Financial Position of the Company

There are no adverse material changes or commitments occurred after March 31, 2022, 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 Company's operations in 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 Institutions.

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, 2022, stood at ₹ 931.18 million.

During the year under review, the Company has not issued shares with the differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2022, none of the Directors of the Company hold any instruments convertible into equity shares of the Company.

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 has transferred the unpaid or unclaimed dividend 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 dividend for 7 (seven) consecutive years and whose shares were liable to be transferred to IEPF during the financial year 2021-22. The newspaper advertisement stating the same has also been published in Loksatta, Marathi, Pune and Business Standard- All Editions newspapers on June 30, 2021 and December 02, 2021. 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 Annual Return of the Company as on March 31, 2022 is available on the website of the Company at: https://www.bharatforge.com/investors/agm

16. Directors' Responsibility Statement

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

a. in preparation of the annual accounts for the financial year ended March 31, 2022, the applicable Accounting Standards have been followed and there was 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, 2022, 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 provisions of the Act and the Articles of Association of the Company, Mr. B. P. Kalyani (DIN 00267202), 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 61st Annual General Meeting of the Company.

During the year under review, Mr. P. C. Bhalerao (DIN 00037754), Non-Executive Non-Independent Director and Mr. S. M. Thakore (DIN 00031788), Independent Director of the Company, have stepped down from the Board w.e.f. the closure of working hours of Friday, November 12, 2021. The Board placed on record its sincere appreciation for the contributions made by Mr. Bhalerao and Mr. Thakore during their association with the Company.

Further, in the 60th Annual General Meeting of the Company held on Friday, August 13, 2021, the shareholders approved re-appointment of Mr. S. E. Tandale (DIN: 00266833) and Mr. B. P. Kalyani (DIN 00267202) as Executive Directors of the Company, for a period of 5 (five) consecutive years each, commencing from May 23, 2021.

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 5 (five) 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 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 Act.

19. Board Evaluation

A formal evaluation of the performance of the Board, its Committees, the Chairperson and the individual Directors was carried out. Led by the Nomination and Remuneration Committee, the evaluation 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 programs. Such meetings/ programs include briefings on domestic and global business of the Company. Besides this, the Directors are regularly updated about Company's new projects, R&D initiatives, changes in regulatory environment and strategic direction. The Board members are also provided relevant documents, reports and internal policies to facilitate familiarisation with the Company's procedures and practices, from time to time.

The details of programmes for familiarisation 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, we have provided the Business Responsibility and Sustainability Report (BRSR) as 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

Sr. No.	Information Required	Input
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year	Please refer **Annexure "B"**
2	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	Please refer **Annexure "B"**
3	The percentage increase in the median remuneration of employees in the financial year	9.77%
4	The number of permanent employees on the roll of company	4079
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	Percentage increase in salaries of managerial personnel at 50th Percentile is: (39.99)% Percentage increase in salaries of non- managerial personnel at 50th Percentile is: 11.06% 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	Statement showing the names of the top ten employees in terms of remuneration drawn and the name of every employee, who- (i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees; (ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month; (iii) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company.	Please refer **Annexure "C"**

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/investors/corporate-governance/policies

24. Corporate Governance

The Company has been practicing 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 of 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 the Regulation 17 (8) of the Listing Regulations pertaining to CEO/CFO certification for the financial year ended March 31, 2022.

25. Subsidiaries, Joint Ventures and Associate Companies

During the year under review, the Company undertook following acquisitions:

a. The Company acquired 100% of paid-up equity share capital of Nouveau Power & Infrastructure Private Limited ("NPIPL"), to align Company's strategic objective in industrial segment and to act as a special purpose vehicle to undertake Company's new acquisition initiatives. NPIPL was later converted to a public company and renamed as BF Industrial Solutions Limited ("BFISL");

b. The Company acquired 100% control of Sanghvi Forging and Engineering Limited ("SFEL") through BFISL in accordance with the Resolution Plan as approved by the National Company Law Tribunal ("NCLT") vide its order dated April 26, 2021. Consequently, the name of SFEL was changed to BF Industrial Technology & Solutions Limited.

c. The Company acquired 49% of paid-up share capital of Kalyani Strategic Systems Limited ("KSSL"), thereby resulting in an increase in the shareholding of Company from 51% to 100% and consequently KSSL becoming the wholly owned subsidiary of the Company.

   Further, KSSL has incorporated "Sagar-Manas Technologies Limited" with an aim to participate in joint upgradation and manufacturing/ providing solutions for marine and defence products. KSSL has also incorporated a wholly owned subsidiary in Australia, namely, Kalyani Strategic Systems Australia Pty Ltd with an objective of exploring new business opportunities and diversifying existing product portfolio in the defence and aerospace industry.

d. Considering Company's strategic outlay, in order to house all Electric Vehicle ("EV") initiatives of the Company through its EV company i.e. Kalyani Powertain Limited (wholly-owned subsidiary) ("KPL"), the Company's stake of 48.86% in Tork Motors Private Limited ("Tork") was transferred to KPL. Pursuant to a conversion notice, KPL's aggregate stake in Tork rose to 60.66% resulting in Tork being subsidiary of KPL and step-down subsidiary of the Company.

As on March 31, 2022, the Company has 31 (Thirty-one) subsidiaries (including step down subsidiaries) and 2 (Two) Associate Companies and 1 (One) Joint Venture Company. 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 business of manufacturing of components for auto industry. BF CDP recorded revenue of ₹ 19,299 million (15-month revenue) as on March 31, 2022.

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 of forged and machined components for automotive and industrial sector and has a revenue of ₹ 26,491 million for year ended March 31, 2022.

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

Considering the changes in the Board structure that took place during the year under review, the composition of Audit committee of the Board underwent change as follows:

From April 01, 2021 till November 12, 2021	With effect from November 13, 2021
Mr. P. G. Pawar- Chairperson Mr. S. M. Thakore- Member Mr. P. H. Ravikumar - Member Mr. P. C. Bhalerao- Member	Mr. P. G. Pawar- Chairperson Mr. P. H. Ravikumar - Member Mr. Vimal Bhandari - Member

All the recommendations made by the Audit Committee were deliberated and accepted by the Board during the financial year 2021-22.

27. Auditors

A. Statutory Auditors and Audit Report

At the 56th Annual General Meeting of the Company held on Thursday, August 10, 2017, M/s. S R B C & CO LLP, Chartered Accountants, Pune (Firm Registration No. 324982E/E300003) were appointed as Statutory Auditors to hold office up to the conclusion of the 61st Annual General Meeting of the Company to be held in the year 2022.

The Auditor's Report for FY 2021-22 does not contain any qualification, reservation or adverse remark. The Auditor's Report is enclosed with the Financial Statements in this Annual Report.

In the meeting held on May 16, 2022, the Audit Committee of the Company has proposed, and the Board of Directors of the Company has recommended appointment of M/s. B S R & CO LLP, Chartered Accountants (ICAI Firm Registration No. 101248W/W-100022), Pune as the Statutory Auditors of the Company. Subject to approval of shareholders of the Company, M/s. B S R & CO LLP, Chartered Accountants, Pune will hold office for a period of 5 (five) consecutive years from the conclusion of 61st Annual General Meeting of the Company scheduled to be held on August 12, 2022, till the conclusion of 66th Annual General Meeting to be held in the year 2027.

The Company has received a certificate from M/s. B S R & CO LLP, Chartered Accountants, Pune to the effect that their appointment, if made, at the ensuing 61st Annual General Meeting of the Company will be in accordance with the conditions laid down under the Companies Act, 2013 and Rule 4 of Companies (Audit and Auditors) Rules, 2014.

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 2021-22. The Secretarial Audit Report for the financial year ended March 31, 2022, is appended as **Annexure "D"** 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 conduct Secretarial Audit for the financial year 2022-23.

C. Cost Auditors

The Board of Directors, on the recommendation of 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 2022-23. As required under the Act, a resolution seeking Shareholders' approval for the remuneration payable to the Cost Auditors forms part of Notice convening the 61st 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 2020-21 was filed with the Ministry of Corporate Affairs on October 09, 2021.

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 as amended from time to time and the Companies (Corporate Social Responsibility Policy) Rules, 2014.

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 "E"** 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 is a part of this report. The CSR policy is also available on the Company's website at the link: https://www.bharatforge.com/investors/corporate-governance/policies

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

The Company 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 thereunder. All women associate (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 Company reached out to 260 employees through awareness sessions for creating greater awareness with respect to the Company's Policy on Sexual Harassment at workplace.

The Company has constituted Internal Complaints Committee under the POSH Act and during the year under review, no complaints were received by the Committee.

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 behavior. The mechanism under the Policy has been appropriately communicated within the organization. This Policy inter-alia provides a direct access to the Chairperson of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

The Company reached out to employees through physical / virtual sessions with an aim for creating greater awareness on this subject. During the year under review, the Company has not received any complaints under the said mechanism. The Whistle Blower Policy of the Company has been displayed on the Company's website at the link: https://www.bharatforge.com/investors/corporate-governance/policies

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

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 134(3)(m) of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014 are appended as **Annexure "F"** 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 of the positive co-operation received from the Central Government, the Government of Maharashtra, Government of Andhra Pradesh, 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 16, 2022

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, 2022, which are not at arm's length basis.

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

a]	Name(s) of the related party and nature of relationship	Bharat Forge International Limited (Wholly owned subsidiary)	Kalyani Steels Limited	Saarloha Advanced Materials Private Limited (erstwhile Kalyani Carpenter Special Steels 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	Nil	Nil

For and on behalf of the Board of Directors

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

Pune: May 16, 2022

Annexure "B"

RATIO OF 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	% Increase/(decrease) in the Remuneration
1.	Mr. B.N. Kalyani	Managing Director	220.12	7.38%
2.	Mr. G.K. Agarwal	Deputy Managing Director	54.63	(1.53)%
3.	Mr. Amit B. Kalyani	Deputy Managing Director	52.51	(4.59)%
4.	Mr. B.P. Kalyani	Executive Director	49.37	12.43%
5.	Mr. S.E. Tandale	Executive Director	51.57	11.86%
6.	Mr. K. M. Saletore	Executive Director and Chief Financial Officer	42.93	24.16%
7.	Ms. T. R. Chaudhari	Company Secretary	4.45	44.61%

Note:

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.

Annexure "C"

STATEMENT UNDER SECTION 197 (12) OF THE COMPANIES ACT, 2013, READ WITH THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2022

Employed throughout the year and were in receipt of remuneration at the rate of not less than ₹ 1,02,00,000/- (Rupees One Crore Two Lakhs only) per annum (if employed for a part of the financial year, was in receipt of remuneration for any part of that year, then ₹ 8,50,000/- (Rupees Eight Lakhs Fifty Thousand only) per month)

Sr. No.	Name of the employee	Designation	Remuneration received (₹)	Nature of employment	Qualification	Experience in Years	Date of commencement of employment	Age	Last Employment	Percentage of equity shares held
1.	Mr. B. N. Kalyani	Chairman and Managing Director	186,384,289	Permanent Employee	B.E. (Mech.) (Hons), MS (M.I.T.)	50	01.04.1972	73	-	0.0168
2.	Mr. G. K. Agarwal	Deputy Managing Director	46,254,313	Permanent Employee	B.E.(Mech.), M.B.A.	49	01.11.1976	71	Guest Keen Williams Ltd. Howrah	0.0011
3.	Mr. Amit B. Kalyani	Deputy Managing Director	44,464,934	Permanent Employee	B.E.(M)	23	24.10.1999	46	Carpenter Technology	0.1504
4.	Mr. B. P. Kalyani	Executive Director	41,803,223	Permanent Employee	B.E.(P), MBA, MS	40	02.08.1982	59	-	0.0014
5.	Mr. S. E. Tandale	Executive Director	43,662,059	Permanent Employee	B.E.(M)	31	01.08.1991	53	-	-
6.	Mr. K. M. Saletore	Executive Director and C.F.O	36,351,628	Permanent Employee	B.Com., C.A., PGDM	34	18.11.2011	55	Tata Realty & Infrastructure Ltd.	0.0002
7.	Mr. S.B. Pustake	President CAM - Baramati	32,451,076	Permanent Employee	B.E. (Met)	42	09.04.2009	65	SE FORGE Ltd., Vadodara, Gujarat	-
8.	Mr. R.S. Bhatia	President and CEO (I/C Defence Products)	27,433,322	Permanent Employee	B.E.(Civil), PGDBA (Symbiosis), MMS	48	03.05.2010	66	Larsen & Toubro Ltd., Powai, Mumbai	-

Sr. No.	Name of the employee	Designation	Remuneration received (₹)	Nature of employment	Qualification	Experience in Years	Date of commencement of employment	Age	Last Employment	Percentage of equity shares held
9.	Mr. N. V. Tungar	Chief Operating Officer (Defence and Aerospace Vertical)	21,650,357	Permanent Employee	B.E.(E&TC), P.G.T.D.	28	06.01.2020	49	- The Tata Power Company Ltd., Bengaluru	-
10.	Mr. M. U. Takale	Executive Vice President and Director Engineering	15,982,795	Permanent Employee	B.E.(Mech.), MBA, MS	40	02.11.1982	61	-	0.0011
11.	Mr. S. V. Bhave	Director (HR &IR)	12,213,801	Permanent Employee	M.P.M., LL.B., L.L.M., PH.D	43	06.03.2006	69	Emcure Pharmaceuticals Ltd., Pune	-
12.	Mr. V. N. Shah	Business Unit Head	11,091,182	Permanent Employee	B.E.(Mech.)	38	02.04.2018	60	Maverick Success Engg. Technologies., Pune	-
13.	Mr. V. M. Munje*	President-Corporate & Group General Counsel	10,960,864	Permanent Employee	B.Com., LL.B., F. C.S., Dip in IPR (WIPO, Geneva)	29	25.07.2011	52	Tata Group, Corporate, Mumbai	0.0002

* Employed for part of year

Notes:

1. Remuneration shown above includes Salary, Company's contribution towards Provident Fund and Superannuation Scheme, Allowances, Perquisites, commission but excludes Gratuity unless paid/payable.
2. The nature of employment in case of Chairman and Managing Director, Deputy Managing Director and Executive Directors is contractual and terms of remuneration are governed under the Board and Shareholders' resolution.
3. None of the above Employee/Directors is related to any of the Directors, except Mr. B. N. Kalyani who is the father of Mr. Amit B. Kalyani, Deputy Managing Director and Mr. Amit B. Kalyani who is the son of Mr. B. N. Kalyani, Chairman and Managing Director of the Company.
4. Experience includes number of years of service elsewhere, wherever applicable.
5. Director fees of GBP 100,000 each from Bharat Forge International Limited, U.K. for the financial year 2021-22 is payable to Mr. B.N. Kalyani and Mr. Amit B. Kalyani.

Annexure " D"

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

[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-411 036

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 authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2022 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, 2022 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) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(not applicable to the Company during the audit period);**

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 up to August 12, 2021. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 with effect from August 13, 2021 **(not applicable to the Company during the audit period);**

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 up to August 15, 2021. The Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulations 2021 with effect from August 16, 2021);

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent applicable;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 up to June 10, 2021. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations 2021, with effect from June 11, 2021 **(not applicable to the Company during the audit period); and**

h) 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, the company has complied with the provisions of the Act, rules, regulations, guidelines, standards etc. mentioned above subject to the following

National Stock Exchange of India Limited (NSE) vide letter dated November 15, 2021, has imposed a penalty of ₹ 1000/- for delayed submission of report under Regulation 13(3) of LODR. The Company has paid the said amount and has made suitable representation to NSE vide letter dated November 15, 2021, informing that the Company has made the submission under regulation 13(3) of LODR within prescribed time, however through a different path. Response to the same is awaited by the Company.

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 invested in Nouveau Power & Infrastructure Private Limited by acquiring its 100% stake on May 05, 2021, consequent upon, it became a SPV and Wholly Owned Subsidiary under the new name "BF INDUSTRIAL SOLUTIONS PRIVATE LIMITED ("BFIPL")", which was later converted into Public Limited Company w.e.f June 22, 2021, and the name changed to "BF INDUSTRIAL SOLUTIONS LIMITED".

2. The Company has completed the acquisition of 100 % control of Sanghvi Forging and Engineering Limited ("SFEL") through its wholly owned subsidiary - BF Industrial Solutions Limited (formerly known as Nouveau Power & Infrastructure Private Limited) ("BFISL") on June 28, 2021 in accordance with the Resolution Plan as approved by the National Company Law Tribunal ("NCLT") vide its order dated April 26, 2021. Consequently, the name of

1 Corporate Overview
2 Statutory Reports
3 Financial Statements

SFEL has been changed to BF Industrial Technology & Solutions Limited.

3. The Company has acquired 49% stake in its subsidiary - Kalyani Strategic Systems Limited ("KSSL"), resulting into an increase in the Company's stake in KSSL from 51% to 100% and consequent upon KSSL has become a wholly owned subsidiary of the Company with effect from February 28, 2022.

4. Kalyani Strategic Systems Limited ("KSSL") wholly owned subsidiary of the Company has promoted and incorporated "Sagar-Manas Technologies Limited" ("SMTL") in India and Kalyani Strategic Systems Australia Pty Ltd in Australia, as its Wholly owned Subsidiaries on March 07, 2022, and November 10, 2021 respectively, which consequently became step down subsidiaries of Bharat Forge Limited.

5. The Company has entered into a Share Purchase Agreement ("SPA") dated January 27, 2022, for potential acquisition of 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").

6. The Company has transferred its stake held in Tork Motors Private Limited ("Tork") to Kalyani Powertrain Limited ("KPL") on September 27, 2021, in consideration of shares issued by KPL;

7. The Company has invested an amount not exceeding ₹ 35 Crores in Kalyani Powertrain Limited ("KPL") by way of acquiring its shares, for subsequent investment by KPL in Kalyani Precision Machining, Inc. renamed for the purpose of EV initiatives as Kalyani Mobility, Inc. ("KMI") on September 09, 2021.

8. The Board of Directors of the Company have accorded in-principal approval for raising funds not exceeding ₹ 500,00,00,000/- (Rupees Five Hundred Crore Only) through Non- Convertible Debentures or any other debt instruments.

For **SVD & Associates**
Company Secretaries

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

Place: Pune
Date: May 16, 2022

Peer Review No: P2013MH075200
UDIN: F006156D000321218

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-411 036

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 evidences 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 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 16, 2022

Peer Review No: P2013MH075200
UDIN: F006156D000321218

Annexure "E"

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 CSR 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 the society.

   Our CSR policy aims to have dedicated approach to development of 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, Swaccha Bharat, women empowerment, sustainability, environment and ecological protection and encouragement to nationally recognized 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 CSR activities can be viewed on the Company website at: https://www.bharatforge.com/sustainability/corporate-social-responsibility

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,	2	2
2.	Mr. B. N. Kalyani	Chairman and Managing Director, Member of CSR Committee	2	2
3.	Mr. Amit B. Kalyani	Deputy Managing Director, Member of CSR Committee	2	2

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:**

   o The composition of CSR committee is available at- https://www.bharatforge.com/sustainability/csr-committee

   o The CSR Policy of the Company is available at - https://www.bharatforge.com/investors/corporate-governance/policies

   o The CSR projects undertaken by the Company is available at- https://www.bharatforge.com/sustainability/corporate-social-responsibility

4. **Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):**

   The Company takes cognizance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 ("CSR Amendment Rules"). The Company has undertaken the impact assessment of its CSR projects for financial year 2021-22 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. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any –**

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be setoff for the financial year, if any (in ₹)
1.		NIL	NIL

6. **Average net profit of the Company as per Section 135(5):**

   ₹ 8468.03 million

7. **(a) Two percent of average net profit of the Company as per Section 135(5)** – ₹ 169.36 million

   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. – Nil

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

   (d) Total CSR obligation for the financial year (7a+7b-7c) – ₹ 169.36 million

8. **(a) 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
143.56	25.80	April 30, 2022	-	Nil	-

(b) 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 Implementation Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1. a	Village Development Project - Developing 100 villages from 5 districts – Major focus on 5 indicators - Water, livelihood, internal roads, health and education	(x)	No	Maharashtra	Pune, Satara, Kolhapur, Ahmednagar & Solapur	3 years on each indicator	34.49	34.49	-	Direct as well as through Implementing Agencies	Maharashtra Arogya Mandal (MAM) for Ambegaon; Karjat Jamkhed Integrated Development Foundation	CSR00002233 CSR00004382

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 Implementation Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
b	1. COVID 19 Initiatives for Prevention & Cure in villages (Under health initiative of Village Development)	(i), (x)	No	Maharashtra	Pune, Satara, Kolhapur, Ahmednagar & Solapur	2 years	18.01	18.01	-	Yes	NA	NA
	2. Telemedicine (Under health initiative of Village Development)	(i), (x)	No	Maharashtra	Satara, Ambegoan	3 years	5.08	4.68	0.40	Direct with expertise obtained from Doorstep Health Services Private Limited	NA	NA
c	1. Infrastructure Development & Mission Sanitation of Schools (ZP & Govt.)	(ii)	Yes	Maharashtra	Pune	3 years	0.54	0.54	-	Yes	NA	NA
	2. Infrastructure Development of Anekant English (under education initiative)		No	Maharashtra	Kolhapur	2 years	5.00	3.00	2.00	Yes	NA	NA
d	Centre of Excellence for Agriculture Engineering	(ii) (x)	No	Maharashtra	Baramati	3 years	25.00	25.00	-	No	Agriculture Development Trust Baramati	CSR00001043

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: State	Location of the project: District	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 Implementation Direct (Yes/No)	Mode of Implementation - Through Implementing Agency: Name	Mode of Implementation - Through Implementing Agency: CSR Registration number
e	Center of Excellence to Vidya Pratishthan	(ii) (x)	No	Maharashtra	Baramati	3 years	25.00	3.00	22.00	No	Vidya Pratishthan Baramati	CSR00002546
f	Swachh Sunder Gaon Competition	(iv), (x)	No	Maharashtra	Satara	3 years	0.013	0.013	-	Yes	NA	NA
2	Covid Support for Urban/Cities	(i)	Yes	Maharashtra	Multiple Districts	2 years	20.35	20.35	-	Yes	NA	NA
3	Pune Cantonment Garden Maintenance	(iv)	Yes	Maharashtra	Pune	3 years	1.20	1.1956	0.0042	Yes	NA	NA
4	Pratham Pune	(ii)	Yes	Maharashtra	Pune	3 years	5.00	5.00	-	No	Pratham Pune Education Foundation	CSR00001197
	Pradnya Vikas Programme	(ii)	Yes	Maharashtra	Pune	3 years	0.77	0.77	-	No	Jnana Prabodhini	CSR00002565
	Anubhav Shala (Khelghar)	(ii)	Yes	Maharashtra	Pune	3 years	0.72	0.72	-			
5	Development of Industrial Training Institutes (ITIs) Khed, Bhor, Malegaon & Karjat	(ii)	Yes	Maharashtra	Khed, Bhor, Malegaon, Karjat	5 years with ITI Khed and 3 years with ITI Bhor, Malegaon and Karjat	6.493	5.098	1.40	Yes	NA	NA
	Centre of Excellence in RF & Microwave Technology	(ii)	Yes No	Maharashtra Telangana	Pune Hyderabad	3 years from 2019	7.84	7.84	-	Yes	NA	NA

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 Implementation Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
6	Community Development & Women Empowerment	(iii)	Yes	Maharashtra	Pune	3 years	0.49	0.49	-	Yes	NA	NA
7	Lakshya - Sports Initiatives	(vii)	Yes	Maharashtra	Pune	3 years	2.68	2.68	-	No	Lakshya	CSR00002633
	Total						**158.68**	**132.88**	**25.80**			

(c) Details of CSR amount spent against other than 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		Amount spent for the project (in ₹ Million)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR Registration number
1	Various Educational Initiatives- Vidyarthi Sahayak Samiti, Blind School & Finishing School	(ii)	Yes	Maharashtra	Pune	0.80	No	Vidyarathi Sahayyak Samiti The National Federation of the Blind	CSR00004583 CSR00002723
2	Higher education support to girl student of India School of Business Management	(ii)	Yes	Maharashtra	Pune	1.00	Yes	NA	NA
3	Educational Support to Rajarambapu Institute of Technology	(ii)	Yes	Maharashtra	Sangli	1.00	Yes	NA	NA

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		Amount spent for the project (in ₹ Million)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR Registration number
4	Health Initiative - Fogging machines to Pune Municipal Corporation	(i)	Yes	Maharashtra	Pune	0.42	Yes	NA	NA
5	Health Initiative - Support to Mumbai Abhiyan Pratisthan	(i)	Yes	Maharashtra	Mumbai	1.50	Yes	NA	NA
6	Skill Development initiative- support to National Handloom Day	(ii)	Yes	Maharashtra	Pune	0.05	Yes	NA	NA
	Total					**4.78**			

(d) Amount spent in Administrative Overheads: ₹ 4.38 Million

(e) Amount spent on Impact Assessment, if applicable: ₹ 1.52 Million

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 143.56 Million

(g) Excess amount for set off, if any: Nil

9. **(a) Details of Unspent CSR amount for the preceding three financial years:**

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹ Million)	Amount spent in the reporting Financial Year (in ₹ Million)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years (in ₹ Million)
				Name of the Fund	Amount (in ₹ Million)	Date of transfer	
1.	2020-21	27	14.88	-	-	-	12.12
	TOTAL	**27**	**14.88**	**-**	**-**	**-**	**12.12**

1 Corporate Overview
2 Statutory Reports
3 Financial Statements

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced.	Project Duration	Total amount allocated for the project (₹ In millions)	Amount spent on the project in the reporting Financial Year (₹ In millions)	Cumulative amount spent at the end of reporting Financial Year (₹ In millions)	Status of the project - Completed /Ongoing
1.	FY31.03.2021_1	Developing 100 villages from 5 districts - Pune, Satara, Kolhapur, Ahmednagar & Solapur on 5 indicators - Water, livelihood, internal roads, health and education - Village Development (Rural Development)	2020-21	2 years on each indicator	13.52	10.025	10.025	Ongoing
2.	FY31.03.2021_2	Health Checkup camps for women from villages - (Health Indicator under Village Development Project)	2020-21	2 years on each indicator	1.31	0.32	0.32	Ongoing
3.	FY31.03.2021_3	Swachha Sunder Gaon Competitions (Environment sustainability under Village Development)	2020-21	2 years on each indicator	3.00	2.64	2.64	Ongoing
4.	FY31.03.2021_4	Tree Plantation (Environment sustainability under Village development)	2020-21	2 years on each indicator	0.30	1.44	1.44	Ongoing
5.	FY31.03.2021_9	ITI Khed, Bhor & Malegaon - (Skill development)	2020-21	5 years with ITI Khed and 3 years with ITI Bhor, Malegaon	4.49	0.34	0.34	Ongoing

Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced.	Project Duration	Total amount allocated for the project (₹ In millions)	Amount spent on the project in the reporting Financial Year (₹ In millions)	Cumulative amount spent at the end of reporting Financial Year (₹ In millions)	Status of the project - Completed /Ongoing
6.	FY31.03.2021_10	Training to address the specific skill sets for defence & Aerospace domain [RF Technology]	2019-20	3 years	3.92	Nil	Nil	Ongoing
7.	FY31.03.2021_11	Community Development - (Women Empowerment)	2020-21	3 years	0.31	0.11	0.11	Ongoing
	Total				**26.85**	**14.88**	**14.88**	

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details) – NIL

(a) Date of creation or acquisition of the capital asset(s): NA

(b) Amount of CSR spent for creation or acquisition of capital asset: NA

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.: NA

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): NA

11. 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 ₹ 169.36 Million towards CSR activities during the financial year 2021-2022.

Since there are certain ongoing CSR projects which has been initiated by the Company in this financial year itself, the amount of these projects will be paid in the phased manner. The unspent amount of ₹ 25.80 Million pertaining to ongoing CSR projects has been transferred to Unspent CSR Account 2021-2022.

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

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

Annexure "F"

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, 2022

A. CONSERVATION OF ENERGY

I. Steps taken for Conservation of Energy:

- Replacement of oil /LPG with PNG for improving combustion efficiency.
- Replacement with high velocity burners for HT furnaces.
- LED lamps replaced with MV lamps.
- On-line energy management system for optimum utilization of motors, pumps and compressors.
- Magnetic resonance system for fuel conservation.
- Pyro bloc insulation for Heat Treatment furnaces.
- Pneumatic to Hydraulic conversion for hammers.
- Pneumatic to Electrical door operation for HT Furnaces.
- VFD to be used for combustion blowers.

II. Steps taken for utilising alternate source of energy:

- Increased use of wind and solar energy.
- Total Non-Conventional Electrical Power used 41.10% for Company's Mundhwa Plant.
- Signed Power Purchase Agreement for Additional Solar Power Capacity 10 MW for Company's Mundhwa Plant and 15 MW for Baramati Plant. Expected Power flow from September 2022.

III. The Capital investment on energy conservation equipment:

The Company has made capital investments amounting to ₹ 62.44 million during the year resulting in substantial savings.

B. TECHNOLOGY ABSORPTION:

I. Efforts made towards technology absorption:

- Development of Ice Axe, shovel & crampon for Indian army. The product is ready. Awaiting tender announcement.
- Design and development of 160 Kg jet engine.
- Development of process for removal of plasma nitride layer of forging dies by Chemical etching process.
- Reverse engineering and Manufacturing of die spray unit for forging press line by using 3D printing technology.
- Use of Vibratory Stress Relieve technique for fatigue life improvement of Ti64 weldment.
- Design and development and supply of Aluminium alloy oxygen cylinders for medical use.
- Design and development of surveillance & logistics drones for Indian Defense system as well as commercial use.
- Design and development of Loitering Aerial Systems (Loitering Munition) with Communication Systems drones.
- Development of Situational Awareness for Mechanized columns using SDR, INS, UAVs and AI.
- Design and Development of Drones for Agricultural applications like spraying, crop health monitoring etc.
- 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 the ring rolling process for IN718 (Ni based alloy) to be used in critical application of aero engine.
- Optimization of heat treatment to achieve specified value of containment factor for aero engine component made up of IN718 (Ni based alloy).
- Development of laser shock peening technology for improvement of component performance and die life.
- Development of PEN (Plasma Enhance Nanostructure) coating for forging dies for life improvement.
- Design of flow regulator by reverse engineering.
- ECM deburring of output shaft.
- Modulated tool path for groove turning.
- Front axle beam productivity improvement by cryogenic treatment of inserts.
- Improvement in Ultrasonic assisted cleaning.
- Design of needle valve by reverse engineering.
- Dynamic Milling / Trochoidal Milling (Cycle time reduction by 50 %).
- Design of Iso-Annealing cycle to reduce severity of banding for Hyundai Shaft - (SCr420HB) Steel.
- Design of Antiflaking cycle to eliminate the hydrogen flaking which was the reason for SS403 stainless steel UT rejection in End Fitting.
- Heat Treatment Cycle Design for Grain Refined Maraging Steel C250 through cyclic thermal treatments
- Design and development of E axle.
- Design Innovation of Sliding Tool for Brake Disc manufacturing.
- Gear forging die life enhancement with process innovation.
- Development of High strength Aluminum alloy grades for suspension components.
- Design and development of EV suspension components.
- Technology development for cold forgings and Precision / near net shape forgings.
- Development of Aerospace forgings with exotic materials like Inconel, Waspalloy etc.
- Forging components design innovation for Light weighting with Geometry as well as Material optimization.
- Design innovation of suspension arm from casting design to forging design
- Development of Injector body through warm forging technology.
- Development of Hollow shaft through cold forging
- Development of Aluminum scroll for compressor through warm forging.
- Forklift Innovation from diesel to electric vehicle.
- Mechanical press innovation with hydraulic cushion.
- Rough Machining Time Reduction in Flood Welded Integral Knuckle Dies.
- Reverse Nitriding Process for Rough Time Reduction of Pass Car Dies.
- Indigenous development of Auto die spray mixing, supply and spraying system for forging dies lubrication.
- TES Beam design innovation to handle longer length crankshaft.
- Reduce Roll Assembly Digitization using AR technology.
- Laser engraved data matrix innovation for die traceability.

- HAAS VF4 Spindle drive innovation for high power & torque.
- Combustion blower control by VFD (variable frequency drive).
- Spread Beam design innovation for raw material handling.
- Die heating furnace automation- IND 4.0.
- Magnetic Resonance system for energy saving during heat treatment process.

Technical Papers:

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

- Controlling the phase transformation window during stages of hot/cold forging of Ni- rich Ni- Ti alloy, Journal of Materials Research and Technology.
- A comprehensive study on solidification (hot) cracking in austenitic stainless-steel welds from a microstructural approach, International Journal of Pressure Vessels and Piping.
- State-of-the-art on Drilling Burrs: Mechanisms and Control, International Journal of Latest Engineering and Management Research (IJLEMR).

IP Generation:

- During the year 3 patent applications were filed and grant of 6 patents received.

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

- LSP technology could improve fatigue life of front axle beam 3-fold as well as the loading capacity. It also improves the life of gear dies 3-fold.
- Development of Innovative manufacturing processes
- Development of Innovative Lightweight products
- Speedy development of products from trial to market with FTQ
- Cost and cycle time reduction
- Development of components for Defense application.
- Business diversification
- New business development in the area of exotic alloys (ring rolling & closed die forging for Waspaloy, IN718 & Ti6Al4V).
- Initiation of research in new business segment of E-vehicle - Green energy & Make in India initiative (battery technology, hydrogen production & rare earth magnets etc.)
- Product life improvement (PEN)

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
Payload Carrying VTOL Unmanned Aerial Vehicles (UAV's)	2019	Yes	
Hovercraft	2019	Completed	Successful Testing of hovercraft

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
Hovercraft	2019	Completed	Successful Testing of hovercraft
Vibratory Stress Relieving Machine (imported from USA)	2019	Yes	
Pulse Plasma Nitriding Machine	2020	Yes	
Dry Machining with air cooled nozzle - Vortex tube technology (Tool life improvement up to 25 %)	2021	Yes	
Laser Shock Peening Technology	2021	In progress	Project is still in process

IV. Expenditure on Research and Development:

In ₹ Million

Sl. No.	Particulars	Amount
i)	Capital	21.33
ii)	Recurring	577.99
iii)	Total R&D expenditure	599.32
iv)	Total Income	62,546.12
v)	Total R&D expenditure as a percentage of total income	0.96%

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 of continuing inflationary pressures and supply chain disruptions, the Company delivered a strong performance in exports for FY 2021-22. The exports for the Company grew by 87% as compared to FY 2020-21.

ii. In FY 2021-22, we have won several new export orders across our core sectors -Passenger Vehicles, Commercial Vehicles and Industrial applications. Company is also gaining traction in new alternative technologies including E-mobility, renewable energy etc.

iii. 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.

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

i. Total Foreign Exchange earnings: ₹ 36,881.22 million

ii. Total Foreign Exchange outgo: ₹ 4,697.13 million

Report on Corporate Governance

I. Corporate Governance Philosophy

Bharat Forge 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 fiscal accountability, ethical corporate behavior and fairness to all the stakeholders comprising regulators, employees, customers, vendors, investors and society at large.

Our corporate governance is a statement of the values we stand by as we conduct our business and engage with our stakeholders. Corporate Governance in Bharat Forge establishes procedures and systems to be fully compliant with the statutory requirements. At Bharat Forge, it is imperative that our Company affairs are managed in a fair and transparent manner. This is vital to gain and retain the trust of our stakeholders. Periodic review of the procedures and systems takes place in order to ensure continued relevance, effectiveness and responsiveness to the needs of the shareholders.

The Company discloses information regarding its financial position, performance and other vital matters with transparency, fairness and accountability on a timely basis. 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 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 as applicable.

II. Board of Directors

Composition of Board

The Company's Board of Directors provides entrepreneurial leadership to the Group and strategic direction to the management. It is collectively responsible for promoting the long-term success of the Group through the creation and delivery of sustainable shareholder value. It is vital to have a well-balanced board with a combination of Executive, Non-Executive and Independent Directors. The Board is dedicated to good governance and best international 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. The Company's policy is to maintain an optimum combination of Executive, Non-Executive and Independent 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, 2022, Bharat Forge Board comprised 12 (Twelve) members consisting of 6 (Six) Executive Directors (including Chairman and Managing Director, who is a Promoter Director) and 6 (Six) Non-Executive, Independent Directors including one-woman Independent Director. The composition of Board is in conformity with Regulation 17 of Listing Regulations. Details of the composition of the Board of Directors are given in **Table 2.**

Changes in Composition of Board

Table1: Details of Non-Executive Directors who resigned from the Company during the financial year ended March 31, 2022 along with the detailed reason thereof:

Name of the Director	Effective Date of resignation	Reason for Resignation
Mr. P. C. Bhalerao	November 12, 2021	Mr. P. C. Bhalerao has resigned from the position of Non-Executive Director of the Company for personal reasons.
Mr. S. M. Thakore	November 12, 2021	Mr. S. M. Thakore has resigned from the position of Non-Executive, Independent Director of the Company due to other professional commitments.

Further, both Mr. P. C. Bhalerao and Mr. S. M. Thakore have confirmed that there were no material reasons other than those mentioned by them in their resignation.

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, Ministry of Corporate Affairs 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 has 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 2021-22, the Board of the Company met 5 (Five) times, in compliance with the provisions of the Act and Listing Regulations with a maximum and minimum time gap of 91 (Ninety-One) and 26 (Twenty-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 2021-22 is given hereunder:

Table 2: Number of Board Meetings and attendance of Directors

Name of the Director	Board Meetings (P – Present / A – Absent / NA – Not applicable)					Total	Annual General Meeting
	June 4, 2021	August 12, 2021	November 12, 2021	December 9, 2021	February 10, 2022	5	August 13, 2022
Mr. B. N. Kalyani	P	P	P	P	P	5	P
Mr. S. M. Thakore [@]	P	P	P	NA	NA	3	P
Mr. P. G. Pawar	P	P	P	P	P	5	P
Mr. P. C. Bhalerao [@]	P	P	P	NA	NA	3	P
Mrs. Lalita D. Gupte	P	P	P	P	P	5	P
Mr. P. H. Ravikumar	P	P	P	P	P	5	P
Mr. Vimal Bhandari	P	P	P	P	P	5	P
Mr. Dipak Mane	P	P	P	P	P	5	P
Mr. Murali Sivaraman	P	P	P	P	P	5	P
Mr. G. K. Agarwal	P	P	P	P	P	5	P
Mr. Amit B. Kalyani	P	P	P	P	P	5	P
Mr. B. P. Kalyani	P	P	P	P	P	5	P
Mr. S. E. Tandale	P	P	P	P	P	5	P
Mr. K. M. Saletore	P	P	P	P	P	5	P

[@] Ceased to be a director from November 12, 2021.

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, 2022, are given herein below:

Table 3: Directors' Directorship(s) and Committee Membership(s)/ Chairmanship(s)

Name of the Director	Category	No. of Directorship(s) and Committee Membership(s)/ Chairmanship(s) in Indian Companies including the Company as on March 31, 2022*			Directorship in other listed entity (Category of Directorship)
		Number of Directorship(s)	Committee Membership(s)	Committee Chairmanship(s)	
Mr. B. N. Kalyani	Executive	9	3	Nil	1.Hikal Limited $ 2.Kalyani Steels Limited $ 3.BF Utilities Limited $ 4.Automotive Axles Limited $
Mr. S. M. Thakore @	Independent	6	6	1	1.Prism Johnson Limited # 2.Sharda Cropchem Limited # 3.Alkyl Amines Chemicals Limited #
Mr. P. G. Pawar	Independent	13	0	3	1.Force Motors Limited #
Mr. P. C. Bhalerao @	Non-Executive	0	2	1	--
Mrs. Lalita D. Gupte	Independent	5	5	Nil	1.TVS Motor Company Limited # 2.ICICI Lombard General Insurance Company Limited # 3.Godrej Properties Limited #
Mr. P. H. Ravikumar	Independent	12	4	2	1.Aditya Birla Capital Limited # 2.Escorts Limited #
Mr. Vimal Bhandari	Independent	8	3	1	1.Kalpataru Power Transmission Limited # 2.JK Tyres & Industries Limited # 3.DCM Shriram Limited # 4.RBL Bank Limited $
Mr. Dipak Mane	Independent	3	Nil	Nil	--
Mr. Murali Sivaraman	Independent	4	3	1	1.Huhtamaki PPL Limited # 2.ICICI Lombard General Insurance Company Limited (Additional Director) #
Mr. G. K. Agarwal	Executive	1	Nil	Nil	--
Mr. Amit B. Kalyani	Executive	9	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. K. M. Saletore	Executive	10	1	Nil	--

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

$ Non-Independent, Non-Executive.

Independent, Non-Executive.

@ Ceased to be a director from November 12, 2021.

Independent Directors

In the opinion of the Board of Directors, each Independent Director fulfills conditions specified in the 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

Regulation 25 of the Listing Regulations and Section 149 read with Schedule IV of the Act mandates that the Independent Directors of the Company shall hold at least one meeting in a year, without the presence of Non-Independent Directors and members of the management and requires all the Independent Directors to be present at such meeting.

Our Company recognizes the crucial role that the Independent Directors play in ensuring an efficient and transparent work environment hence, during the year 2021-22, 1 (one) meeting of Independent Directors was held on June 03, 2021 without the presence of Non-Independent Directors. The Independent Directors, inter-alia, reviewed the performance of Non-Independent Directors and the Board as a whole.

The details of familiarisation programme for the Independent Directors are available on the website of the Company and can be accessed through the link:

https://www.bharatforge.com/assets/pdf/investor/familiarisation-programme-for-independent directors.pdf

III. Committees of The Board

As on March 31, 2022, the Company has Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee, Finance and Risk Management Committee, and Environmental, Social and Governance Committee ("ESG"). 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 a Secretary of all the Board Committees.

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

The Board has constituted a Nomination and Remuneration Committee delegated to fix the 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 factors:

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 area of relevance to the Company;
5. avoidance of any present or potential conflict of interest;
6. integrity, honesty, transparency.

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

Table 4: 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 the markets around the world with an understanding of diverse business environments, economic conditions, cultures and regulatory frameworks and have a broad perspective on market opportunities.
A3	Technology	A significant 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 5: Areas of Expertise

Name of the Director	Areas of Expertise					
	A1	A2	A3	A4	A5	A6
Mr. B. N. Kalyani	✓	✓	✓	✓	✓	✓
Mr. S. M. Thakore [@]	✓	✓	-	-	✓	-
Mr. P. G. Pawar	✓	✓	✓	-	✓	✓
Mr. P. C. Bhalerao [@]	✓	-	-	-	✓	✓
Mrs. Lalita D. Gupte	✓	-	-	-	✓	✓
Mr. P. H. Ravikumar	✓	✓	✓	-	✓	✓
Mr. Vimal Bhandari	✓	✓	✓	✓	✓	✓
Mr. Dipak Mane	✓	✓	✓	✓	✓	-
Mr. Murali Sivaraman	✓	✓	-	✓	✓	✓
Mr. G. K. Agarwal	✓	✓	✓	✓	✓	✓
Mr. Amit B. Kalyani	✓	✓	✓	✓	✓	✓
Mr. B. P. Kalyani	✓	✓	✓	-	-	✓
Mr. S. E. Tandale	✓	✓	✓	✓	✓	✓
Mr. K. M. Saletore	✓	✓	-	-	✓	✓

[@] Ceased to be a director from November 12, 2021.

V. Board Committees

1. Audit Committee

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

The Audit Committee assists the Board in discharging of 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 13, 2021 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 6: Composition of the Audit Committee

Name of the Director	Category of Directorship	Committee Position
Mr. P. G. Pawar	Independent Director	Chairperson
Mr. S. M. Thakore*	Independent Director	Member
Mr. P. H. Ravikumar	Independent Director	Member
Mr. P. C. Bhalerao*	Non-Executive, and Non-Independent Director	Member
Mr. Vimal Bhandari**	Independent Director	Member

* Ceased to be a Member of the Audit Committee with effect from November 12, 2021.

** Appointed as a Member of the Audit Committee with effect from November 13, 2021.

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 of the Committee 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 Nomination and Remuneration Committee in line with the provisions of Regulation 19 Listing Regulations and Section 178 of the Act.

Table 7: Composition of the Nomination and Remuneration Committee

Name of the Director	Category of Directorship	Committee Position
Mr. P. G. Pawar	Independent Director	Chairperson
Mr. S. M. Thakore *	Independent Director	Member
Mr. P. C. Bhalerao *	Non-Executive, Non-Independent Director	Member
Mr. Vimal Bhandari	Independent Director	Member
Mr. Dipak Mane **	Independent Director	Member

* Ceased to be a Member of the Nomination and Remuneration Committee with effect from November 12, 2021.

** Appointed as a Member of the Nomination and Remuneration Committee with effect from November 13, 2021.

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/removal and to carry out 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 the criteria for evaluation of performance of the Independent Directors and Board of Directors; and

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

Performance Evaluation Criteria for Directors

The Nomination and Remuneration Committee has devised the criteria for evaluation of the performance of the Directors including Independent Directors. The said criteria involve factors like attendance, acquaintance with business, communicate inter se with Board members, effective participation, compliance with 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 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 competitive advantage.

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

3. Corporate Social Responsibility (CSR) Committee

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

Table 8: 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	Executive Director, Chairman and Managing Director	Member
Mr. Amit B. Kalyani	Executive Director, Deputy Managing Director	Member

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring 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/programs, list of projects to be undertaken within the purview of Schedule VII of the Act,

d. To monitor the progress of the Annual Action Plan and the multi-year programs, their manner of execution, modalities of fund utilization, 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 Stakeholders Relationship Committee in line with the provisions of Regulation 20 of the Listing Regulations and Section 178 of the Act.

Table 9: Composition of the Stakeholders Relationship Committee

Name of the Director	Category of Directorship	Committee Position
Mr. P. C. Bhalerao *	Non-Executive, Non-Independent Director	Chairperson
Mr. P. G. Pawar**	Independent Director	Chairperson
Mr. B. N. Kalyani	Executive Director, Chairman and Managing Director	Member
Mrs. Lalita D. Gupte	Independent Director	Member

* Ceased to be a Member of the Stakeholders Relationship Committee with effect from November 12, 2021.

** Appointed as the Chairperson of the Stakeholders Relationship Committee with effect from November 13, 2021.

The primary roles/ responsibilities of the Stakeholders 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 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. Review measures taken for 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. 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 and contact details so as to provide assistance to the shareholders of the company are mentioned below:-

Table 10: Number and nature of complaints received and redressed during the year 2021- 22

Nature of complaint	No. of complaints received	No. of complaints redressed	No. of complaints pending as on March 31, 2022
Non-receipt of shares lodged for transfer/transmission	Nil	Nil	Nil
Non-receipt of Bonus Shares	Nil	Nil	Nil
Non-receipt of Duplicate Share Certificate	Nil	Nil	Nil
Non-receipt of Dividend	Nil	Nil	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

The detailed terms of reference of the Committee 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.

Table11: Composition of the Finance and Risk Management Committee

Name of the Director	Category of Directorship	Committee Position
Mr. B. N. Kalyani	Executive Director, Chairman and Managing Director	Chairperson
Mr. P. G. Pawar*	Independent Director	Member
Mr. Amit B. Kalyani	Deputy Managing Director	Member
Mr. P. C. Bhalerao *	Non-Executive Non-Independent Director.	Member
Mr. Vimal Bhandari**	Independent Director	Member
Mr. Murali Sivaraman**	Independent Director	Member

* Ceased to be a Member of the Finance and Risk Management Committee with effect from November 12, 2021.

** Appointed as a Member of the Finance and Risk Management Committee with effect from November 13, 2021.

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 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 terms of reference of the Committee 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 (ESG) Committee

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

Table12: Composition of the Environmental, Social and Governance Committee

Name of the Director	Category of the Director	Committee Position
Mr. Amit B. Kalyani	Deputy Managing Director	Chairperson
Mr. Murali Sivaraman	Independent Director	Member
Mr. Dipak Mane	Independent Director	Member

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

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

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

c. The Committee shall 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. The Committee shall 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. The Committee shall, from time to time as it deems appropriate, review and reassess the adequacy of corporate governance structure and practices, including the Corporate Governance Guidelines, and recommend any proposed changes to the Board.

f. The Committee shall review any statutory requirements for Sustainability reporting including reporting under the Annual Report of the Company.

g. The Committee may review and guide for providing any voluntary public disclosure on ESG matters including any material sustainability reports;

h. The Committee shall review the performance and results of key ESG investor surveys and global benchmarks.

i. The Committee has the authority to obtain advice and assistance from internal or external experts, advisors. The Committee has the authority to approve related fees and retention terms of the external experts/advisors.

j. The Committee may form and delegate authority to subcommittees or any official subject to the provisions of applicable laws, as may be deemed appropriate.

k. The Committee shall oversee the Company's engagement with stakeholders on ESG issues, including in response to any proposals or other concerns that have been submitted to the Company.

l. The Committee will maintain written minutes and record of actions taken by the Committee.

m. The Committee shall periodically report to the Board on ESG matters including Company's ESG strategy, initiatives, policies, performance, public disclosures and engagement with stakeholders.

n. To perform such other duties, tasks and responsibilities relevant to the purpose of the ESG, the Committee as may from time to time be requested by the Board of Directors.

Table 13: 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	6	2	1	2	2	1
Date of meetings	1. April 29, 2021 2. June 04, 2021 3. August 12, 2021 4. November 12, 2021 5. February 10, 2022 6. March 31, 2022	1. June 03, 2021 2. November 12, 2021	1. June 03, 2021	1. June 03, 2021 2. February 09, 2022	1. June 03, 2021 2. November 12, 2021	1. February 09, 2022
No. of meetings attended						
Name of Member						
Mr. B. N. Kalyani	-	-	1	2	2	-
Mr. S. M. Thakore@	4	2	-	-	-	-
Mr. P. G. Pawar	6	2	-	2	2	-
Mr. P. C. Bhalerao@	4	2	1	-	2	-
Mrs. Lalita D. Gupte	-	-	1	-	-	-
Mr. P. H. Ravikumar	6	-	-	-	-	-
Mr. Vimal Bhandari	2	2	-	-	-	-
Mr. Dipak Mane	-	-	-	-	-	1
Mr. Murali Sivaraman	-	-	-	-	-	1
Mr. Amit B. Kalyani	-	-	-	1	2	1
Whether quorum was present for all the meetings	The necessary quorum was present for all the above Committee meetings					

@ Ceased to be a director from November 12, 2021.

Functional Committee

The Board is authorized 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. Time schedule for holding the meetings of such Functional Committees is finalized 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 remuneration of Directors for the year ended March 31, 2022 is given below in Table 14:

Table 14: Remuneration paid or payable to Directors for the year ended March 31, 2022 and relationships of the Directors with each other

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 B. Kalyani	NA	14,11,34,689	62,49,600	3,12,00,000	17,85,84,289
Mr. S. M. Thakore@	None	4,00,000	NA	NA	6,00,000	10,00,000
Mr. P. G. Pawar	None	7,00,000	NA	NA	14,00,000	21,00,000
Mr. P. C. Bhalerao@	None	4,75,000	NA	NA	7,00,000	11,75,000
Mrs. Lalita D. Gupte	None	2,75,000	NA	NA	5,50,000	8,25,000
Mr. P. H. Ravikumar	None	5,50,000	NA	NA	11,00,000	16,50,000
Mr. Vimal Bhandari	None	4,00,000	NA	NA	8,00,000	12,00,000
Mr. Dipak Mane	None	2,75,000	NA	NA	10,00,000	12,75,000
Mr. Murali Sivaraman	None	2,75,000	NA	NA	8,00,000	10,75,000
Mr. G. K. Agarwal	None	NA	4,06,55,477	25,98,836	24,00,000	4,56,54,313
Mr. Amit B. Kalyani	Son of Mr. B. N. Kalyani	NA	3,81,93,884	32,71,050	24,00,000	4,38,64,934
Mr. B. P. Kalyani	None	NA	2,55,83,343	14,69,880	10,030,000	3,70,83,223
Mr. S. E. Tandale	None	NA	2,73,44,979	15,67,080	1,29,80,000	4,18,92,059
Mr. K. M. Saletore	None	NA	2,24,16,348	9,35,280	88,40,000	3,21,91,628

* Determined on the basis of the 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.

@ Ceased to be a director from November 12, 2021.

Further, the Company makes all travelling 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 an aim of rewarding performance, based on review of achievements. Payments and Commission to Non-Executive Directors are 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, 2022 are given below in Table 15:

Table 15: Details of equity shares of the Company held by Directors as on March 31, 2022:-

Name of the Director	Number of equity shares held of ₹ 2/- each
Mr. B. N. Kalyani	78,150
Mr. Amit B. Kalyani	7,00,350
Mr. S. M. Thakore[@]	28,000
Mr. B. P. Kalyani	6,510
Mr. G. K. Agarwal	4,910
Mr. K. M. Saletore	900
Mr. P. H. Ravikumar	6,625

[@] Ceased to be a director from November 12, 2021.

Other Directors do not hold any equity share of the Company. None of the Non-Executive Director/Independent Director hold any Convertible Instruments of the Company as on March 31, 2022.

The tenure of the office of the Managing Director and Whole-time Directors is for 5 (five) years. The Board has 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

Date, time and venue for the last 3 (Three) Annual General Meetings are given below in Table 16:

Table 16: Details of last three Annual General Meetings

Financial year	2020-21	2019-20	2018-19
Day and Date of AGM	**Friday, August 13, 2021**	**Wednesday, September 23, 2020**	**Tuesday, August 13, 2019**
Venue	Registered office of the Company through video conferencing	Registered office of the Company through video conferencing	Registered office of the Company
Time	11:30 a.m (I.S.T)	11:00 a.m (I.S.T)	10:30 a.m. (I.S.T.)
Special Resolutions Passed	None	None	1. Re-appointment of Mr. S. M. Thakore (DIN:00031788) as an Independent Director of the Company. 2. Re-appointment of Mr. P. G. Pawar (DIN:00018985) as an Independent Director of the Company. 3. Re-appointment of Mrs. L. D. Gupte (DIN:00043559) as an Independent Director of the Company. 4. Re-appointment of Mr. P. H. Ravikumar (DIN:00280010) as an Independent Director of the Company. 5. Re-appointment of Mr. Vimal Bhandari (DIN:00001318) as an Independent Director of the Company.

No Extraordinary General Meeting of the Members was held during the year 2021-22.

Postal Ballot

No resolution was passed through postal ballot during the year 2021-22.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing of a Special Resolution conducted through Postal Ballot.

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 were in conflict with the interest of the Company. 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, 2022 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 for the quarter ended September 30, 2021, when National Stock Exchange of India Limited ("NSE") imposed a penalty of ₹ 1,000/- for delayed submission of report under Regulation 13(3) of Listing Regulations. The Company has paid the said amount and has made suitable representation to NSE informing that the Company has made the requisite submission under regulation 13(3) of Listing Regulations within prescribed time, however through a different path. Response to the same is awaited by the Company.

4. Whistle Blower Policy

The Company promotes ethical behavior across all its business activities and has put in place a mechanism for reporting illegal or unethical behavior. The Company has adopted a Whistle Blower Policy and has established necessary Vigil Mechanism for Employees and Directors to report concerns about unethical behavior. The Whistle Blower Policy complies with the requirements of Vigil Mechanism as stipulated under Section 177(9) of the Act. The policy comprehensively provides for an opportunity to every Employee and Director to report instances of unethical behavior, actual or suspected fraud or any violation of the Code of Conduct and/or laws applicable to the Company and seek redressal. The Policy also provides for a mechanism to report such concerns to the Audit Committee through specified channels. The Policy is being communicated to the employees and also posted on 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 to establish a governance framework for such subsidiaries. The details of 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 are detailed in **Note No. 52**, 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 SEBI 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 Practising Company Secretary

The Company has obtained a Certificate dated May 16, 2022, 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 Securities and Exchange Board of India, Ministry of Corporate Affairs 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. This Annual Report contains a declaration to this effect signed by the Chairman and Managing Director of the Company.

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 at the link: 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 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 below in Table 17 below:

Table 17: Total fees for all services paid by the Company and its subsidiaries

Sr. No.	Name of the Firm	Amount (In Rupees)
1	S.R.B.C. & Co. LLP	2,15,37,760
2	E & Y Sweden	1,71,21,780
3	SRBC Associates LLP	90,72,033
4	Ernst & Young LLP	61,75,888
	Total	**5,39,07,461**

VIII. Compliance with Mandatory and Non-mandatory Requirements

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

1. The Board

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

2. Shareholders Rights

Half yearly financial results are submitted to the Stock Exchanges and uploaded on the website of the Company like quarterly results.

3. Audit Qualification

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

4. Reporting of Internal Auditors

The Internal Auditors of the Company report to the Audit Committee periodically to ensure 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 the 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 of SEBI Listing Regulations, is provided on the Company's website: www.bharatforge.com and the same is updated from time-to-time.

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

Detailed presentations are made to Institutional Investors and Financial Analysts on the un-audited 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 NEAPS/NSE Listing Centre for NSE and BSE Listing Centre for BSE.

4. **Annual Report**

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) form a part of the Annual Report and are 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 : Friday
Date : August 12, 2022
Time : 11:00 a.m. (I.S.T.)
Venue : Through Video Conferencing

3. **Financial Year**

April 1, 2021 to March 31, 2022.

4. **Financial Reporting**

Table 18: Tentative Calender for FY 2022-23

Quarter ending June 30, 2022	on or before August 15, 2022
Quarter ending September 30, 2022	on or before November 14, 2022
Quarter ending December 31, 2022	on or before February 15, 2023
Audited results for the financial year 2022-2023	on or before May 29, 2023

5. **Dividend**

The Board has recommended a Final Dividend of ₹ 5.50 (Rupees Five and Fifty Paise) per equity share of ₹ 2/- each (275%) for the year ended March 31, 2022. If approved, it shall be paid on or after August 19, 2022.

6. **Unclaimed Dividend/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 below in Table 19 :

Table 19: 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 (₹)*
2014-15	Final	4.50	August 03, 2015	September 02, 2022	31,09,329.50
2014-15	Interim	3.00	February 09, 2016	March 09, 2023	21,76,194.00
2015-16	Interim	4.00	March 11, 2016	April 10, 2023	27,99,660.00
2015-16	Final	0.50	August 05, 2016	September 04, 2023	4,39,386.50
2016-17	Interim	2.50	February 08, 2017	March 10, 2024	19,21,592.50
2016-17	Final	5.00	August 10, 2017	September 10, 2024	33,39,135.00
2017-18	Interim	2.00	November 08, 2017	December 07, 2024	31,59,760.00
2017-18	Final	2.50	August 09, 2018	September 11, 2025	29,01,807.50
2018-19	Interim	2.50	November 02, 2018	December 04, 2025	28,63,172.50
2018-19	Final	2.50	August 13, 2019	September 12, 2026	30,35,157.50
2019-20	Interim-I	1.50	November 08, 2019	December 12, 2026	24,32,481.00
2019-20	Interim-II	2.00	February 24, 2020	March 24, 2027	35,19,186.00
2020-21	Final	2.00	August 13, 2021	September 11, 2028	24,11,500.00
2021-22	Interim	1.50	November 12, 2021	December 12, 2028	11,68,112.00

* Amount unclaimed as on March 31, 2022.

The Company sends periodic intimation to the shareholders concerned, advising them to lodge their claims with respect to unclaimed dividend. Shareholders may note that both the unclaimed dividend 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 ₹ 1,730,725/- (Rupees Seventeen Lakhs Thirty Thousand Seven Hundred and Twenty-Five Only) on November 02, 2021 and ₹ 22,43,298/- (Rupees Twenty-Two Lakhs Forty-Three Thousand Two Hundred and Ninety-Eight only) on March 28, 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 dividend for 7 (Seven) consecutive years and whose shares are liable to be transferred to IEPF during the financial year 2021-22. The newspaper advertisement stating the same has also been published in the 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 given below Table 20:

Table 20: Equity Shares lying in the Suspense Account

Particulars	No. of Shareholders	Number of Equity Shares of ₹ 2/- each
Shareholders to whom shares were transferred from the suspense account during the year	04	2130
Shares transferred to 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, 2022	58	59430

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 21: Listing Details

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
	Unsecured, Redeemable, Non-Convertible Debentures (INE465A08012)	BHFG25

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 2021-22 are given below in Table 22:

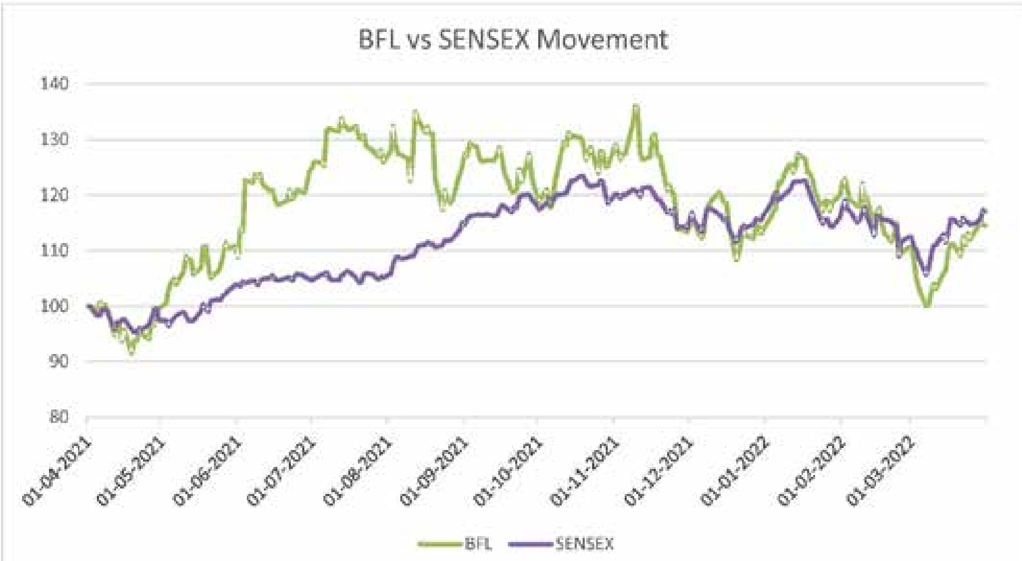
Table 22: High and Low Prices and Trading Volumes on the BSE and NSE

	National Stock Exchange of India Ltd. (NSE)			BSE Ltd. (BSE)		
Month	High (₹)*	Low (₹)*	Volume (Nos.)	High (₹)*	Low (₹)*	Volume (Nos.)
April, 2021	626.90	555.75	3,71,82,600	636.40	555.60	17,35,214
May, 2021	694.85	598.60	5,01,58,016	694.60	598.20	25,85,733
June, 2021	790.90	660.10	8,10,07,779	790.30	660.05	44,18,294
July, 2021	832.00	795.50	3,38,66,855	832.15	759.65	19,76,104
August, 2021	844.80	717.00	5,97,64,863	846.60	716.90	25,42,236
September, 2021	811.45	727.20	4,35,77,715	811.00	727.50	30,18,704
October, 2021	818.00	717.30	4,30,56,692	817.30	717.30	23,36,849
November, 2021	847.95	678.85	5,37,31,566	848.00	678.85	16,16,748
December, 2021	745.80	652.50	2,66,99,251	745.65	652.95	9,85,647
January, 2022	787.50	697.50	2,50,75,303	787.40	698.00	10,90,684
February, 2022	767.15	650.50	3,43,01,890	767.00	651.05	13,87,004
March, 2022	725.30	595.00	3,74,41,181	725.50	595.85	13,32,254

*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.



10. Share Transfer Agents, Share Transfer and Demat System

The Company has engaged services of share transfer agent M/s. Link Intime India Pvt. Ltd. w.e.f. December 01, 2021 for the equity shares listed on NSE and BSE in addition to the debentures which are listed on NSE. All works relating to transfer, transmission, splitting of Share certificates, dematerialization and re-materialization processing, payment of dividend, etc. is done by the share transfer agent. Company's equity shares are traded on the Stock Exchanges compulsorily in Demat mode segment. The Board's Executive Committee meets as and when required for dealing with matters concerning securities of the Company.

11. Secretarial Audit for reconciliation of 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 Practising 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 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 procedure 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 Prevention of Insider Trading.

13. **Shareholding as on March 31, 2022**

Table 23: Pattern of shareholding by ownership as on March 31, 2022

Category of Shareholders	No. of Shareholders	No. of Shares held (₹ 2/- each)	Shareholding %
Promoters[1]	25	21,06,90,874	45.25
Public[2]	1,53,692	25,48,96,958	54.75
A. Institutions			
Mutual Funds (including Unit Trust of India)	29	8,21,40,775	17.64
Alternate Investment Funds	10	8,11,291	0.17
Foreign Portfolio Investors	426	9,21,83,345	19.80
Financial Institutions/Banks	11	1,02,040	0.03
Insurance Companies	21	2,66,03,279	5.71
Central Government/ State Government(s)/ President of India	4	7,64,520	0.16
B. Non-Institutions			
Individuals	1,45,215	3,86,35,311	8.30
NBFCs registered with RBI	4	4,900	0.00
Others	7,972	1,36,51,497	2.94
Non Promoter-Non Public Shareholder	1	800	0.00
Total	**1,53,718**	**46,55,88,632**	**100**

[1] & [2] For definition of Promoter's shareholding and Public shareholding, refer to Regulation 38 of the Listing Regulations.

Table 24: Distribution Schedule as on March 31, 2022

Category (Shares)	Number of shareholders*	Number of shares held of ₹ 2/- each	Shareholding %
1 to 5000	1,56,409	2,53,15,752	5.44
5001 to 10000	859	62,18,178	1.34
10001 to 20000	409	57,37,649	1.23
20001 to 30000	137	34,00,295	0.73
30001 to 40000	81	27,94,765	0.60
40001 to 50000	47	21,23,185	0.46
50001 to 100000	114	79,79,500	1.71
100001 and above	273	41,20,19,308	88.49
Total	**1,58,329**	**46,55,88,632**	**100.00**

*Number of Shareholders without clubbing the PAN for Public shareholding.

14. **Dematerialization**

The Company's Equity Shares are under compulsory demat trading. As on March 31, 2022, dematerialized shares accounted for 97.053% (97.02% upto March 31, 2021) of total Equity share capital. The details of dematerialization are given below in Table 25:

Table 25: Dematerialization of Shares as on March 31, 2022

	Position as on March 31, 2022		Position as on March 31, 2021		Net Change during 2021-2022	
Particulars	**No. of Shares**	**% to total Shareholding**	**No. of Shares**	**% to total Shareholding**	**No. of Shares**	**% to total Shareholding**
Physical	**1,37,16,902**	**2.95**	**1,38,91,525**	**2.98**	**(1,74,623)**	**(0.03)**
Demat						
NSDL	43,47,11,147	93.37	43,71,53,788	93.89	(24,42,641)	(0.52)
CDSL	1,71,60,583	3.69	1,45,43,319	3.12	26,17,264	0.57
Sub- Total	**45,18,71,730**	**97.05**	**45,16,97,107**	**97.02**	**1,74,623**	**0.05**
Total	**46,55,88,632**	**100.00**	**46,55,88,632**	**100.00**	-	-

15. **Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity**

Outstanding GDRs as on March 31, 2022 represent 800 Equity Shares of Company's paid-up equity Share Capital. Therefore, there will be no further impact on the Equity Share Capital of the Company.

Table 26: 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 (₹)
2021-22	NIL	NIL
2020-21	NIL	NIL
2019-20	NIL	NIL

16. **Plant Locations:**

The Company is running its diversified businesses from different manufacturing units located are given below in Table 27:

Table 27: 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.	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 website of the Company.

18. **Credit Ratings**

The Credit Ratings of the Company for all the credit facilities as on March 31, 2022 is given below in Table 28:

Table 28: Credit Ratings given to the Company

Sr. No.	Particulars	Ratings	
		ICRA	CARE Rating Ltd.
1	Long Term Rating Fund-based facilities	[ICRA]AA+(Stable) reaffirmed	CARE AA+; Stable
2	Non-Convertible Debentures of ₹ 500 crores	[ICRA]AA+(Stable) reaffirmed	-
3	Issuer Rating	[ICRA]AA+(Stable) assigned	-
4	Short Term Rating Non-fund based facilities	[ICRA]A1+reaffirmed	CARE A1+

19. **Compliance Certificate by the Practicing Company Secretary on Corporate Governance**

The Certificate from the Practising 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, 2022, 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 16, 2022

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), 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 2021-22 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 2021-22 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.

K. M. SALETORE
Chief Financial Officer

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

Place: Pune
Date: May 16, 2022

CERTIFICATE FROM PRACTISING COMPANY SECRETARY ON CORPORATE GOVERNANCE

To,

The Members,

Bharat Forge Limited.

We have examined the compliance of conditions of Corporate Governance by Bharat Forge Limited (hereinafter referred to as "the Company"), for the year ended on March 31, 2022 as stipulated in relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosures requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations, as applicable.

We further state that, this certificate is neither an assurance as to the future viability of the Company nor efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **SVD & Associates**
Company Secretaries

Sridhar Mudaliar
Partner
F.C.S. 6156
C.P. No. 2664

Peer Review No: P2013MH075200
UDIN-F006156D000321284

Place: Pune
Date: May 16, 2022

Note: We have relied on the documents and evidences provided by electronic mode, for the purpose of issuing this certificate.

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT

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 2021-22
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**	₹ 93,11,77,264
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. Yogesh Inamdar, Associate Vice President, Mobile: +91 98817 23971 / Telephone: +91 020 6704 2740 / E-mail ID: yinamdar@bharatforge.com
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	97%

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	97%

Corporate Overview
Statutory Reports
Financial Statements

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

Location	Number
National (No. of States and Union Territories)	36
International (No. of Countries)	29

b. What is the contribution of exports as a percentage of total turnover of the entity?	58.7%
c. A brief on types of customers	Bharat Forge is a global leader in metal forging and serves several sectors including Automotive, Railways, Aerospace, 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 an 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 i.e.

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)	2522	2483	98.45	39	1.55
2.	Other than Permanent (E)	368	361	98.10	7	1.90
3.	Total employees (D + E)	2890	2844	98.41	46	1.59
			WORKERS			
1.	Permanent (F)	1557	1556	99.93	1	0.07
2.	Other than Permanent (G)	0	0	0	0	0
3.	Total Workers (F + G)	1557	1556	99.93	1	0.07

b. Differently abled employees and workers

S. No	Particulars	Male		Female	
		No. (B)	% (B/A)	Total (C)	% (C / A)
	DIFFERENTLY ABLED EMPLOYEES				
1.	Permanent (D)	0	0	0	0	0
2.	Other than Permanent (E)	1	1	100	0	0
3.	Total differently abled employees (D + E)	1	1	100	0	0
	DIFFERENTLY ABLED WORKERS - NIL				

19. Participation/inclusion/representation of women

	Total (A)	No. and percentage of females	
		No. (B)	% (B/A)
Board of Directors	12	1	8.33%
Key Management Personnel*	13	1	7.69%

* Key Management Personnel includes Sr. Vice President and above

20. Turnover rate for permanent employees and Workers

	FY '22 (Turnover rate in current FY)			FY '21 (Turnover rate in previous FY)			FY '20 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	6.94%	30.23%	7.96%	8.49%	33.04%	8.16%	6.79%	13.04%	6.09%
Permanent Workers	14.07%	0%	14.07%	1.03%	0%	1.03%	1.13%	0%	1.13%

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 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. Whether CSR is applicable as per Section 135 of Companies Act, 2013: Yes

i. **Turnover:** ₹62,546.12 million

ii. **Net worth:** ₹66,267.51 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 '22			FY '21		
		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.	1	0		1	0	
Employees and workers	Yes	0	0		0	0	
Customers	Yes https://www.bharatforge.com/contact-us/contact	92	2		99	0	
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	1. Adequate protection against calamities including appropriate insurance 2. Introduced additional mitigation to overcome interruptions due to pandemic situations 3. 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 hazardous nature of chemicals • Not following COVID-19 safety measures	1. Strict adherence to BBS (behaviour-based safety system) 2. Focus on reducing the generation of effluent and arresting at the source 3. Detailed SOP for COVID-19, employee training & adherence followed strictly 4. Medical check-up, vaccination drive as per Govt. Regulations 5. Encouraging work from home & multitasking industry 4.0, use of digital technology	Incidents impact employee morale and business reputation leading to negative financial implication
3.	Climate change	Opportunity	The potential carbon routes for reducing GHG emissions offer distinct operational and energy supply opportunities	1. Clean energy integration in existing electric networks 2. Investment of capital in assets that will serve diversified electricity and fuel retrofitting on the energy supply system	Initiatives taken around climate change has 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	1. Patent filing 2. Regular patent awareness sessions 3. Consultation with experienced patent attorneys 4. Data exchange with vendors/customer only through secured mode 5. Periodic infosec audits 6. Entering into NDA with parties for exchanging information 7. Antivirus upgradation	Impacts the brand reputation in the industry thereby leading to financial loss

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)
5.	Innovation	Risk	Risk of better solutions that meet new requirements, technological advancements, upgradation or existing market needs	1. Structured technology development projects 2. New focus areas are identified to develop future capability needs 3. Focus on light weighting and EV	Innovation in the industry may impact the business negatively if not considered immediately
6.	IT data centre & far sight disaster recovery (DR)	Risk	Risk of inadequate data centre & far sight DR	1. The disaster recovery (DR) strategy is being updated continuously 2. Data centre is established and near site DR is available	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 worker perform their tasks more efficiently, in less time and with less chances of injury	1. Providing a needs-based and innovative range of training courses, notably in forward-thinking fields of expertise like digitalization 2. Attracting and developing the right talent, ensuring professional development and personal well-being throughout their tenure with the Company 3. Providing programmes that are specifically designed for roles which require upgraded skills	Consistent efforts would lead to 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	1. All privileged system access are reviewed periodically & data leakage prevention (DLP) system are implemented at these equipment 2. Restricted data access control & data encryption to monitor work from home activities	Impacts the brand reputation in the industry thereby leading to financial loss

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)
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	1. All the necessary pollution control norms for air, noise etc. are followed 2. Disposal of hazardous waste is monitored within permissible limits	Incidents impact business reputation leading to negative financial implication
11.	Sustained performance & quality	Risk	• Risk of customer being lost, in course of business • Dissatisfaction amongst the customer due to lack of attention, focus, etc.	1. Enhance customer satisfaction 2. Coefficient - alignment in strategies, partner of choice 3. 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	1. Worldwide brand-building activities are an ongoing process 2. Participation in exhibition and trade fairs 3. 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)	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 etc. are available on links such as: http://bflapp.bharatforge.com/hronline/Pages/CodeofConduct.aspx http://www.bharatforge.com/investors/corporate-governance/policies								
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[c]	Y[d]	Y	Y[e]	Y	Y	Y

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 product)
- 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)

e. ISO 14001:2015 (Environment Management System Certification)

5. Specific commitments, goals, targets set by the entity with defined timelines, if any.	Bharat Forge Limited is committed to working towards the ISO 50001 Energy Management Certification and has set to achieve the target in a year from April 2022.
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 is under development. This would be published after approval from Board's ESG Committee and measured in the coming year

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. Roadmap with specific goals and targets are under development. Once they are in place, implementation of actions would be 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 in 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)								
	P 1	P 2	P3	P4	P5	P6	P7	P8	P9	P 1	P 2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow-up action	The ESG Committee reviews the Company's policies every year. During this evaluation, the policy's effective implementation is assessed, and required policy and procedure adjustments are adopted.									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 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 categorized 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	77	POSH, Stress Management, Team Building, Personal Effectiveness, Communication Skills, Effective Business Communication Skills, FMEA	47.27
Workers	77	POSH, Stress Management, Team Building, Personal Effectiveness, Communication Skills	45

Note: KMPs include all employees at 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/punishment/award/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 the utmost honesty. All of the Company's facilities must adhere to a variety of anti-bribery and anti-corruption laws and regulations. All agents, suppliers, contractors, and business partners are informed of the Company's zero-tolerance policy to 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	56% of Critical Suppliers

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 interests involving members of the board and it is as per the Terms of Appointment of Directors to Board. The Company's Code of Conduct states that the Board members and Senior Management of the Company are needed to abstain themselves 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 '22	FY '21
Capex	Rs.3,783.65 million 5.89% of total revenue	Rs. 3,339 million 8.8% of total revenue
R & D	Rs.577.99 million 0.9% of total revenue	Rs. 447.4 million 1.43% of total revenue

We have started to track the investments made 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. This would be reported in the coming year.

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 place from the next financial year. 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 own 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.**

No.

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 till date. However, it is planning to carry out the LCA for products in the next two 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 '22	FY '21
Waste Water	100%	100%
Waste Heat	30%	30%
Raw material	38%	38%

4. **Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:**

	FY '22 (Tons)			FY '21 (Tons)		
	Reused	Recycled	Safely disposed	Reused	Recycled	Safely disposed
Plastic (Including Packaging)	-	96.00	-	-	62.48	-
E-Waste	-	5.55	-	-	4.10	-
Used Oil (Spent Oil) Liquid -Hazardous waste	-	196.22	-	-	233.52	-
Discarded Containers/Barrels (Solid) (Nos.)	-	17,207	-	-	12,711	-
Waste & Residues Containing Oil (Liquid)	-	387.29	-	-	160.13	-
MS Scrap/Scale/Bur/Flash (Solid)	-	81,240	-	-	47,961	-
Incineration-spent bath Sludge/ETP Sludge/Oily Cotton waste/Paint Sludge		230.38			158.68	
Landfilling after incineration-spent bath Sludge/ETP Sludge/Oily Cotton waste/Paint Sludge	-	0	-	-	0	-

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**

		% Of employees covered by									
Category	**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	2483	2483	100	2483	100	-	-	-	-	-	-
Female	39	39	100	39	100	39	100	-	-	-	-
Total	2522	2522	100	2522	100	39	100	-	-	-	-
OTHER THAN PERMANENT EMPLOYEES											
Male	361	361	100	361	100	-	-	-	-	-	-
Female	7	7	100	7	100	7	100	-	-	-	-
Total	368	368	100	368	100	7	100	-	-	-	-

b. **Details of measures for the well-being of workers**

		% Of employees covered by									
Category	**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 WORKERS											
Male	1556	1556	100	1556	100	-	-	-	-	-	-
Female	1	1	100	1	100	1	100	-	-	-	-
Total	1557	1557	100	1557	100	1	100	-	-	-	-
OTHER THAN PERMANENT WORKERS - NIL											

2. **Details of retirement benefits for the current and previous financial year**

All benefits as per various employment acts are given to employees

	FY '22			FY '21		
Benefits	**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, 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, sexual orientation. The Company strives to maintain a work environment that is free from any harassment based on 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.**

	Permanent employees		Permanent employees	
Gender	**Return to work rate**	**Retention rate**	**Return to work rate**	**Retention rate**
Male	-	-	-	-
Female	100%	-	NA	-
Total	**100%**	-	-	-

6. **Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? 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 Organization'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 worker in association(s) or Unions recognized by the listed entity:**

Category	FY '22			FY '21		
	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	2552	0	0	2586	0	0
Male	2483	0	0	2546	0	0
Female	39	0	0	40	0	0

Category	FY '22			FY '21		
	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	1557	1557	100	1811	1811	100
Male	1556	1556	100	1810	1810	100
Female	1	1	100	1	1	100

8. **Details of training given to employees and workers**

Bharat Forge provided Online Health Awareness Sessions on COVID-19 for the employees & their family members as a health and safety/wellness measure.

Category	FY '22					FY '21				
	Total (A)	On health and safety/wellness measures		On skill upgradation		Total (D)	On health and safety/wellness measures		On skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
					EMPLOYEES					
Male	2483	2200	89	1161	47	2546	80	3	1000	39
Female	39	35	90	25	64	40	15	38	25	63
Total	2522	2235	89	1186	47	2586	95	4	1025	40
					WORKERS					
Male	1556	500	32	700	45	1810	40	2	110	6
Female	1	1	100	-	-	1	1	100	-	-
Total	1557	501	32	700	45	1811	41	2	110	6

9. **Details of performance and career development reviews of employees and worker:**

Category	FY '22			FY '21		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
			EMPLOYEES			
Male	2483	2483	100	2546	2546	100
Female	39	39	100	40	40	100
Total	2552	2552	100	2586	2586	100
			WORKERS			
Male	1556	1556	100	1810	1810	100
Female	1	1	100	1	1	100
Total	1557	1557	100	1811	1811	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 create and maintain a safe and healthy workplace in the organization 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 organization.

Hazard Identification Risk Assessment (HIRA) is carried out regularly at all levels in 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. (Y/N)

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? (Y/N)

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. Aside 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 in the following format:

Safety Incident/Number	Category	FY '22	FY '21
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0.30	0.42
	Workers	0	0
Total recordable work-related injuries	Employees	3	3
	Workers	0	0
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	0	0

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 prioritizes their health and safety. The majority of its personnel are employed in the 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 emphasizes on providing training on safety measures during induction to all new employees, including specific training such as working at height, in 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 and 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 accidents 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 mind-set 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:

Category	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 '22	FY '21	FY '22	FY '21
Employees	0	0	0	0
Workers	0	0	0	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	56% of the Critical Suppliers through Supplier Self-Assessment on Business Ethics and Sustainability
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 audited and monitored on a variety of sustainability topics. 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 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 organizations that are socially and environmentally responsible.

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
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 organization that is socially & environmentally responsible
Suppliers & service providers	No	• Supplier & vendor meets • Workshops & trainings, Audits • Policies • IT-enabled information sharing tools and recognition platforms • Dialogue in the context of industry initiatives, joint events, training courses, presentations • Supplier risk assessments	Periodically Periodically Periodically Annually Periodically Annually	• Supply of material & services.
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	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 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:**

Catagory	FY '22			FY '21		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
EMPLOYEES						
Permanent	2552	300	11.75	2586	70	2.71
Other than Permanent	0	0	NA	0	0	NA
Total Employees	2552	300	11.75	2586	70	2.71
WORKERS						
Permanent	1557	609	39.11	1811	10	0.55
Other than Permanent	0	0	NA	0	0	NA
Total Workers	1557	609	39.11	1811	10	0.55

2. **Details of minimum wages paid to employees and workers in the following format:**

Category	FY '22					FY '21				
	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	2552	0	0	2552	100	2586	0	0	2586	100
Male	2483	0	0	2483	100	2546	0	0	2546	100
Female	39	0	0	39	100	40	0	0	40	100
Other than permanent	368	0	0	368	100	507	0	0	507	100
Male	361	0	0	361	100	494	0	0	494	100
Female	7	0	0	7	100	13	0	0	13	100

Category	FY '22					FY '21				
	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)
WORKERS										
Permanent	1557	0	0	1557	100	1812	0	0	1812	100
Male	1556	0	0	1556	100	1811	0	0	1811	100
Female	1	0	0	1	100	1	0	0	1	100
Other than permanent	0	0	0	0	0	0	0	0	0	0
Male	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0

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	440.63	Nil	NA
Key Managerial Personnel (other than BoD)	12	94.20	1	37.65
Employees other than BoD and KMP*	2328	8.45	25	8.19
Workers	1556	7.79	1	7.29

^Remuneration mentioned above is in lakhs per annum
* Key Managerial Personnel includes Sr. Vice President and above.

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 Resource department or to 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 Organization'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 Resource 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 identify any shortcomings.

6. Number of Complaints on the following made by employees and workers:

	FY '22			FY '21		
	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	NIL			NIL		
Discrimination at workplace						
Child labour						
Forced labour / Involuntary labour						
Wages						
Other human rights related issues						

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

While dealing with the complaints as a part of 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 to 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 Organization's 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 Bharat Forge Supplier Code of Conduct. Suppliers are urged to respect internationally recognized 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.

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 there 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 the society.
2. Wages and Hours: Working hours, wages and overtime pay must comply with all applicable laws. Workers must be paid at least the minimum legal wage or a wage that meets local industry standards. Workers should be paid annual leave and holidays as per the applicable laws.
3. Equal Opportunities / Anti-Discrimination: Suppliers are obliged to refrain from any discrimination and to ensure equal employment. Supplier shall not discriminate 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.

The Company's Supplier Code of Conduct can be viewed on the following link:

https://www.bharatforge-gh.com/fileadmin/mediamanager/cdp/Downloads/Bharat-Forge-Supplier-Code-Of-Conduct-rev-01072017.pdf

9. Assessments for the year:

Bharat Forge has assessed 100% of its plants and offices by external auditors 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 having no negative impacts 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 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	56%
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.**

   In compliance with Bharat Forge's Supplier Code of Conduct, suppliers are audited and monitored on a variety of sustainability topics. 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 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 '22	FY '21
Total electricity consumption (A)	GJ	11,16,684	8,53598
Total fuel consumption (B)	GJ	11,82,321	9,71440
Energy consumption through other sources (C)	NA	NA	NA
Total energy consumption (A+B+C)	GJ	22,99,005	18,25038
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	GJ/₹ millions	36.75	48.12

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 '22	FY '21
Water Withdrawal by the Source in Kilolitres (KLs)		
(i) Surface Water	5,50,452	4,98,867
(ii) Ground Water	2,09,914	1,42,576
(iii) Third Party Water	8,667	1,628
(iv Sea Water/Desalinated Water	0	0
(v) Others- Recycled Water (ETP)	2,96,595	2,81,116
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv)	**7,69,033**	**6,43,071**
Total volume of water consumption (in kilolitres) (i + ii + iii + iv + v)	**10,65,628**	**9,24,187**
Water intensity per rupee of turnover (Water consumed / turnover)	**17.03 (KL/₹ millions)**	**24.37 (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 the 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 maximize the recovery of freshwater and minimize 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 '22	FY '21
NOx	Mg/Nm3	14.6	15.6
SOx	Mg/Nm3	11.62	12.5
Particulate matter (PM) (Less than 2.5 Micron)	Mg/Nm3	22.6	20.3
Persistent organic pollutants (POP)	-	0	0
Volatile organic compounds (VOC)	-	0	0
Hazardous air pollutants (HAP)	-	0	0

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 '22	FY '21
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	70,304	62,569
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	1,68,568	1,53,954
Total Scope 1 and Scope 2 emissions	tCO_2e	2,38,872	2,16,523
Total Scope 1 and Scope 2 emission (per million rupee of turnover)	tCO_2e/₹ millions	3.82	5.71

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 as an effort to reduce Green House Gas (GHG) emissions:

a. To reduce GHG emission, the Company has utilized 64,061.27 MWh of solar electricity and 32,164.83 MWh of electricity from wind-based turbines. It is working on the decarbonization plan which includes the improvement of the energy mix towards the adoption of renewable energy and the replacement of fossil dense fuels with those with comparatively lesser emissions.

b. PNG and LPG-powered systems are both more environmentally friendly and less expensive than the ones powered by diesel. The Company has installed conversion kits in its forging and heat treatment furnace pipelines to replace furnace oil with natural gas, which serves as a cleaner option with a higher energy saving potential and can reduce GHG emissions. Natural gas emits 50 to 60 percent less carbon dioxide (CO2) when combusted in a new system.

c. The Company uses an induction heater instead of an electric furnace to heat die parts in a coating process before casting. This can effectively reduce power consumption.

d. Use of micro-alloy steel which improves engine performance and can increase driving safety.

e. LED lighting provides high luminous efficiency and increased safety. Fuel consumption by LED lights reduces the CO2 emission to a greater extent as compared to conventional lights.

Bharat Forge has begun a programme to retrofit existing machinery and fuel systems in order to use less carbon-intensive fuels. As a result of these measures, LDO consumption has been reduced to the greatest extent possible, and equivalent energy has been replaced to a greater extent by the increased use of CNG, which is a less energy-intensive fuel which results in a reduction in carbon emissions from manufacturing.

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY '22	FY '21
Total Waste Generated (in metric tonnes)		
Plastic waste **(A)**	113.52	73.47
E-waste **(B)**	5.55	4.1
Bio-medical waste **(C)**	0.016	0.017
MS Scrap/Scale/Bur/Flash (Solid)	81,240	65,743

Parameter	FY '22	FY '21
Total Waste Generated (in metric tonnes)		
Used/Spent Oil (Liquid)-HW	196.22	233.52
Discarded Containers/Barrels (Solid)-HW	17,207	12,711
Waste & Residues Containing Oil (Liquid)-HW	387.29	160.13
Construction and demolition waste **(D)**	0	0
Battery waste **(E)**	3	3.4
Radioactive waste **(F)**	0	0
Other Hazardous waste. Please specify, if any. **(G)** (Cotton Waste (Qty.) kg Chemical Sludge from ETP, Paint Sludge/ Residues, Spent Bath Sludge)	230.38	158.68
Other Non-hazardous waste generated **(H)**. Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector)	0	0
Total (A+B + C + D + E + F + G + H)	82,175.9 Tons and 17207 Nos	66,376.3 Tons and 12711 Nos
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Total Waste Generated in Metric Tonnes		
Category of Waste		
(i) Recycled	705.50	474.63
(ii) Re-used	81,240	65,743
(iii) Other recovery operations	0	0
Total	81,945.50	66,217.63
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of Waste		
(i) Incineration	230.38	158.68
(ii) Landfilling	0	0
(iii) Other disposal operations	0	0
Total	230.38	158.68

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 and 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 '22	FY '21
From renewable sources (GJ)		
Total electricity consumption (A)-Solar + Wind	3,48,530	1,77,291
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
Total energy consumed from renewable sources (A+B+C)	3,48,530	1,77,291
From non-renewable sources (GJ)		
Total electricity consumption(D)	7,68,153	6,76,564
Total fuel consumption (E)	11,82,321	10,40,154
Energy consumption through other sources (F)	0	0
Total energy consumed from non-renewable sources (D+E+F)	19,50,474	17,16,718

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 not considered in Bharat Forge emission calculations presently. We are in the process of doing the same in the coming year.

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 and 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	System will trigger 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.

   Policy is available in - 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 2021-22, the Company screened all of its critical suppliers (61 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 56% 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 affiliates 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.	Society of Indian Defence Manufacturers [SIDM]	National
4.	All India Management Association [AIMA]	National
5.	Association of Indian Forging Industry [AIFI]	National
6.	Indo German Chamber of Commerce [IGCC]	National
7.	Swedish Chamber of Commerce in India [SCCI]	National
8.	Indo American Chamber of Commerce [IACC]	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 (2021-22).

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
Village Development Project at Purandar- 6 villages from Purandar covering our initiatives in the area of Health, Internal Roads, Water Harvesting, livelihood and Education	-	-	Yes	Yes	https://www.bharatforge.com/sustainability/corporate-social-responsibility
Village Development Project at Satara - 8 Villages out of 29 from Satara covering Covid Initiatives under health indicators	-	-	Yes	Yes	

Corporate Overview
Statutory Reports
Financial Statements

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity in the following format:**

Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% Of PAFs covered by R&R	Amounts paid to PAFs in the FY (INR)
Covid -19 relief support to villages from Maharashtra - • During Covid - 19 pandemic, health support to the people from villages • Bharat Forge has done strengthening of infrastructure of 20 Primacy Health Care Centres (PHCs) as the existing PHCs were in bad conditions • BFL created 24 isolation wards for villages as there were no isolation wards available in the villages. • Provided ambulance and other medical equipment essential to handle patients at the health centers as they were not available	Maharashtra	Taluka Purandar, Ambegaon from Dist Pune & Taluka Madha from Dist Solapur, & Taluka Koregaon Maan & Khatav from Satara	1,28,219 villagers	65	₹ 1.96 Crores invested in Covid relief work in villages

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 timely addressed & resolved by the CSR Team.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers.**

	FY '22	FY '21
Directly sourced from MSMEs/ small producers	5.97%	6.49%
Sourced directly from within the district and neighbouring districts	66%	55%

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):**

Bharat Forge under CSR is developing 100 villages from Maharashtra on 5 major indicators of development – Water for agriculture & drinking, livelihood, internal roads, health & education.

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

We will be working with a few villages from Osmanabad (the aspirational district) in the FY 2022-23.

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 centers having approximate value of Rs. 0.7 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 100 villages in Maharashtra State.	More than 1,50,000 villagers	90
2.	Covid -19 relief to villages from Maharashtra	1,28,219 people from villages	90
3.	Health initiative - Cancer screening, No tobacco awareness, Telemedicine centres	• 750 women for cancer screening; • 1,587 students from Government schools and community people; • 8,673 people benefitted from 5 Telemedicine centers.	>90
4.	Education Project in collaboration with Pratham Pune Education Foundation	10,254 children (from 8 communities)	100
5.	Education Project vide Pradnya Vikas Programme	129 children (from 3 communities)	100
6.	Education Project - Anubhav Shala - Khelghar	145 children (from 3 communities)	100
7.	Skill Development Project - Development of Industrial Training Institutes (ITIs)	1,500 rural youths	>75
8.	Women empowerment project - establishing community centres, vocational training & income generating activities	950 women	>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 at various platforms to understand their expectations. The Company obtains customer feedback directly or referring to customer portal on 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 '22			FY '21		
	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	

	FY '22			FY '21		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Cyber-security	0	0		1	0	
Delivery of essential services	0	0		0	0	
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 FY22.

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.**

   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.**

   Not Applicable.

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 product 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 product includes details of manufacturer, heat code, process no., dispatch no., 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 at various platforms to understand their expectations.

   The Company obtains customer feedback directly or referring to customer portal on 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** -NIL

Financial Statements

Independent Auditor's Report

To the Members of Bharat Forge Limited

Report on the audit of the standalone Ind AS financial statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Bharat Forge Limited ("the Company"), which comprise the Balance sheet as at March 31 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS 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 Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's responsibilities for the audit of the standalone Ind AS financial statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS 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 Ind AS financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.

Independent Auditor's Report (Contd.):

Key audit matters	How our audit addressed the key audit matter
Completeness of revenue (as described in Note 2.2(e) (Summary of significant accounting policies) and note 24 of notes forming part of the standalone Ind AS financial statements)	
The Company has revenue from sale of products which includes finished goods and tooling income and sale of services in the form of job work charges. The Company manufactures highly specialized forged and machined finished goods as per specification provided by the customers and based on the schedules from the customers. The Company recognizes revenue from sale of finished goods at a point in time based on the terms of the contract with customers which varies for each customer. Determination of point in time includes assessment of timing of transfer of significant risk and rewards of ownership, establishing the present right to receive payment for the products, delivery specifications including inco terms, timing of transfer of legal title of the asset and determination of the point of acceptance of goods by customer. Further, the pricing of the products is dependent on metal indices and foreign exchange fluctuation making the price volatile including variable considerations. Due to judgments relating to determination of point in time in satisfaction of performance obligations with respect to sale of products, this matter has been considered as key audit matter.	Our audit procedures included the following: • We focused on our understanding of the Company's sales process, including design and implementation of controls and tested the operating effectiveness of these controls. • We read the Company's accounting policies pertaining to revenue recognition and assessed compliance with Ind AS 115 - Revenue from Contracts with Customers. • We obtained and read the terms of customer contracts on sample basis to assess various performance obligations in the contract, the point in time of transfer of control and pricing terms. • We tested on a sample basis sales invoices for identification of point in time for transfer of control and terms of contract with customers. Further, we performed procedures to test on a sample basis whether revenue was recognized in the appropriate period by testing shipping records, good inwards receipt of customer, sales invoice, etc. and testing the management assessment involved in the process, wherever applicable. • We assessed the disclosure is in accordance with applicable accounting standards. • We also performed various analytical procedures to identify any unusual sales trends for further testing.

Independent Auditor's Report (Contd.):

Key audit matters	How our audit addressed the key audit matter
Hedge accounting including valuations thereof (as described in Note 2.2(r) (Summary of significant accounting policies) and note 9 and 50 of notes forming part of the standalone Ind AS financial statements)	
The Company enters into derivative financial instruments which are mainly plain vanilla forward contracts and range forward contracts to manage its exposure of foreign currency risk of highly probable forecasted transactions which arise during the normal course of its business. These contracts are measured at fair values leading to derivative financial assets of INR 3,850.53 million as at March 31, 2022 and the net movement of cashflow hedge reserve for the year is INR 762.24 million net of taxes which is recorded in other comprehensive income. The gain / loss on maturity of such derivative instruments is recorded in the statement of profit and loss along with the relevant hedged item. 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, that the hedges are highly effective and maintain hedge documentation. A degree of subjectivity is also required to determine when hedge accounting is to be considered as ineffective. Fair value movements of the forward contracts are driven by movements in financial markets. Due to the outbreak of COVID 19, there are uncertainties involved in estimating the highly probable forecasted sales, estimating future foreign exchange rates and accordingly have an impact on hedge effectiveness and impact to statement of profit and loss account. These transactions may have a significant financial effect and have extensive accounting and reporting obligations and accordingly, this is considered as a key audit matter.	Our audit procedures included the following: • We obtained understanding of the Company's overall hedge accounting strategy, forward contract valuation and hedge accounting process from initiation to settlement of derivative financial instruments including assessment of the design and implementation of controls and tested the operating effectiveness of these controls. • We read Company's accounting policy for hedge accounting in accordance with relevant accounting standards. • We tested the existence of hedging contracts by tracing to the independent balance confirmations obtained from respective banks. • We tested management's hedge documentation and contracts, on a sample basis. • We tested on a sample basis the fair values of derivative financial instruments recorded by the Company with the independent balance confirmations obtained from banks. • We involved our valuation specialists in re-performing the year-end fair valuations including evaluation of hedge effectiveness of derivative financial instruments on a sample basis and compared these valuations with those recorded by the Company including assessing the valuation methodology and key assumptions used therein. • We have evaluated the revised estimates obtained from management with respect to highly probable forecasted sales due to COVID 19. • We assessed the disclosure of hedge transactions in the standalone Ind AS financial statements of the Company.

Independent Auditor's Report (Contd.):

Key audit matters	How our audit addressed the key audit matter
Impairment assessment of investments in subsidiaries, associates and joint ventures (as described in Note 2.2(q) (Summary of significant accounting policies) and note 6 of notes forming part of the standalone Ind AS financial statements)	
The Company has major investments in subsidiaries, associates and joint ventures as at March 31, 2022. The management assesses at least annually the existence of impairment indicators of each shareholdings in such subsidiaries, associates and joint ventures. The processes and methodologies for assessing and determining the recoverable amount of each investments are based on complex assumptions, that by their nature imply the use of the management's judgment, in particular with reference to identification of impairment indicators, forecast of future cash flows relating to the period covered by the Company's strategic business plan, normalized cash flows assumed as a basis for terminal value, as well as the long-term growth rates and discount rates applied to such forecasted cash flows Further considering the outbreak of COVID 19 and uncertainties involved regarding forecast of future cash flows the management performed detailed analysis to evaluate impairment for specific cases where there are impairment indicators and material investments. Considering the judgment required for estimating the cash flows and the complexity of the assumptions used, this is considered as a key audit matter.	Our audit procedures included the following: • We obtained understanding of the Company's policy on assessment of impairment of investment in subsidiaries, associates and joint ventures and assumptions used by the management including design and implementation of controls. We have tested the operating effectiveness of these controls. • We assessed the methodology used by management to estimate the recoverable value of each investment and consistency with accounting standards. • We compared the carrying values of the Company's investment in these subsidiaries, associates and joint ventures with their respective net worth as per audited financial statements. • We have seen valuation models prepared by the management on investments where investment amount is material and there are indicators of impairment. • We involved our valuation specialists to evaluate methodology, assumptions and estimates used in the calculations We discussed potential changes in key drivers as compared to previous year / actual performance with management to evaluate whether the inputs and assumptions used in the cash flow forecasts were suitable. We also evaluated the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates used. • We also assessed the recoverable value by performing sensitivity testing of key assumptions used. • Analysed and examined the business plans approved along with assumptions and estimates used by management. • We evaluated the accounting and disclosure of impairment of investment in the standalone Ind AS financial statements of the Company. • We tested the arithmetical accuracy of these models.

We have determined that there are no other key audit matters to communicate in our report.

Independent Auditor's Report (Contd.):

Other information

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

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

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

Responsibilities of management and those charged with governance for the standalone Ind AS financial statements

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

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

Those charged with governance are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the standalone Ind AS financial statements

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

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether

Independent Auditor's Report (Contd.):

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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
   (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
   (f) With respect to the adequacy of the internal financial controls of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
   (g) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the

Independent Auditor's Report (Contd.):

Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 38 to the standalone Ind AS financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 9 and 19(a) to the standalone Ind AS financial statements;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

iv. a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the Note 47 to the standalone Ind AS financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the Note 47 to the standalone Ind AS financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures performed 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 (a) and (b) contain any material misstatement.

v. 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.

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.

As stated in Note 17 to the standalone Ind AS 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.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Huzefa Ginwala**

Partner

Membership Number: 111757

UDIN: 22111757AJAULT3008

Place of Signature: Pune

Date: May 16, 2022

Independent Auditor's Report (Contd.):

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

Re: Bharat Forge Limited ('the Company')

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

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) All property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were identified on such verification.

(c) The title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in note 3 to the standalone Ind AS financial statements are held in the name of the Company except one immovable property aggregating gross block of INR 0.07 million and net block of INR 0.05 million as at March 31, 2022 for which title deeds were not available with the Company and hence we are unable to comment on the same.

(d) The Company has not revalued its property, plant and equipment (including right of use assets) or intangible assets during the year ended March 31, 2022.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The inventory has been physically verified by the management during the year except for inventories lying with third parties. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Inventories lying with third parties have been confirmed by them as at March 31, 2022. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed on such physical verification and confirmations for inventories lying with third parties.

(b) As disclosed in note 18 to the standalone Ind AS financial statements, the Company has been sanctioned working capital limits in excess of INR Five crores in aggregate from banks during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the standalone Ind AS financial statements, the quarterly returns/statements filed by the Company with such banks are in agreement with the books of accounts of the Company.

(iii) (a) During the year the Company has provided loans, advances in the nature of loans and stood guarantee to companies or any other parties as follows:

In ₹ Million

	Guarantees	Security	Loans	Advance in Nature of Loans
Aggregate amount granted/ provided during the year				
- Subsidiaries	3,766.97	-	993.22	-
- Joint Ventures	-	-	-	-
- Associates	-	-	8.00	-
- Others	-	-	121.74	-

Independent Auditor's Report (Contd.):

In ₹ Million

	Guarantees	Security	Loans	Advance in Nature of Loans
Balance outstanding as at balance sheet date in respect of above cases				
- Subsidiaries	6,635.64	-	544.57	-
- Joint Ventures	-	-	-	-
- Associates		-	8.00	-
- Others		-	92.64	1,350.00

(b) During the year the investments made, guarantees provided and the terms and conditions of the grant of all loans and advances in the nature of loans, investments and guarantees to companies or any other parties are not prejudicial to the Company's interest.

(c) In respect of loans granted to companies, the schedule of repayment of principal and payment of interest has been stipulated and the repayment or receipts are regular except in the following cases:

Name of the Entity	**Amount (INR in millions)**	**Due date**	**Extent of delay (in days)**	**Remarks, if any**
BF Elbit Advanced Systems Private Limited	13.42	March 31, 2022	Not applicable	Amount of such interest has been converted into loan as on March 31, 2022 net of withholding taxes.
Tork Motors Private Limited	2.00	May 12, 2021	79	Delay in receipt of principal.
	2.00	July 12, 2021	18	Delay in receipt of principal.
	1.00	August 12, 2021	7	Delay in receipt of principal.
	1.00	November 12, 2021	7	Delay in receipt of principal.
	0.49	April 12, 2021	91	Delay in receipt of interest.
	0.51	May 12, 2021	61	Delay in receipt of interest.
	0.47	July 12, 2021	38 - 63	Delay in receipt of interest.
	0.50	August 12, 2021	32 - 69	Delay in receipt of interest.
	0.51	October 12, 2021	8 - 69	Delay in receipt of interest.
	0.47	November 12, 2021	38 - 108	Delay in receipt of interest.
	0.44	January 12, 2022	47 - 67	Delay in receipt of interest.
	0.44	February 12, 2022	36 - 92	Delay in receipt of interest (partly collected in current year and partly subsequent to year end.)
BF Infrastructure Limited	0.90	June 02, 2021	12 - 99	Delay in receipt of interest.
	0.91	September 02, 2021	7	Delay in receipt of interest.

Independent Auditor's Report (Contd.):

(d) There are no amounts of loans and advances in the nature of loans granted to companies, firms, Limited Liability Partnerships or any other parties which are overdue for more than ninety days.

(e) During the year, the Company had extended loans to a company to settle the loan granted to this party which had fallen due during the year.

The aggregate amount of such dues extended and the percentage of the aggregate to the total loans or advances in the nature of loans granted during the year are as follows:

Name of Party	Aggregate amount of overdues of existing loans extended (INR in millions)	Percentage of the aggregate to the total loans or advances in the nature of loans granted during the
Aeron Systems Private Limited	8.00	0.71%

(f) As disclosed in note 42 to the standalone Ind AS financial statements, in earlier years the Company has granted loans repayable on demand to companies. Of these following are the details of the aggregate amount of loans or advances in the nature of loans granted to promoters or related parties as defined in clause (76) of section 2 of the Companies Act, 2013:

	All parties	Promotors	Related Parties
Aggregate amount of loans/ advances in nature of loans - Repayable on demand (INR in million)	225.01	-	225.01
Percentage of loans/ advances in nature of loans to the total loans	11.28%	-	11.28%

(iv) Loans, investments, guarantees and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable have been complied with by the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act, 2013 and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company. 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 INR 0.04 million including interest thereon which are subject to litigation.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to the manufacture of forged products and other products, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. According to the information and explanations given to us and based on audit procedures performed by us, undisputed dues in respect of provident fund, employees' state insurance, income tax, duty of custom, goods and service tax, cess and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:

Independent Auditor's Report (Contd.):

Statement of Arrears of Statuary dues outstanding for more than six months.

Name of the statute	Nature of the dues	Amount (INR in million)	Period to which the amount relates	Due date	Date of payment	Remarks, if any
Maharashtra Municipal Corporation Act, 1949 and Bombay Provincial Municipal Corporation (Local Body Tax) Rules, 2010 (LBT rules)	Local Body Tax (LBT)	39.80	FY 2015-16, 2016-17 & 2017-18	Various dates	Not paid	-

(b) The dues of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess, and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (INR in million)#	Period to which the amount relates	Forum where the dispute is pending
Property tax	Demand received for various cases (net of INR 221.49 million paid under protest)	173.29	AY 2005-06 to 2021-2022	High Court
Central Excise Act, 1944	Demand received for various cases (net of INR 5.50 million paid under protest)	16.40	FY 2002-03 to 2012-13	CESTAT, Mumbai
Customs Act, 1962	Demand received for wrong availment of duty drawback (net of INR 122.80 million paid under protest)	-	FY 2012-13 and 2013-14	Principal Commissioner (RA) and Ex-Officio Additional Secretary to the Government of India
Income Tax Act, 1961	Non deduction of withholding taxes u/s 195 (net of INR 54.92 million paid under protest)	-	AY 2014-15	ITAT, Pune

Excludes interest and penalty

Independent Auditor's Report (Contd.):

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion and according to the information and explanations given by the management and audit procedures performed by us, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised, though idle / surplus funds which were not required for immediate utilization have been gainfully invested in deposits with banks. The maximum amount of idle/surplus funds invested during the year was INR 1,048.33 million, of which INR Nil was outstanding at the end of the year.

(d) On an overall examination of the standalone Ind AS financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) On an overall examination of the standalone Ind AS financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause (ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No material fraud by the Company or no material fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), (b) and (c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone Ind AS financial statements, as required by the applicable accounting standards.

(xiv)(a) The Company has an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

Independent Auditor's Report (Contd.):

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause 3(xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in note 51 to the standalone Ind AS financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) In respect of other than ongoing projects, there are no unspent amounts that are required to be transferred to a fund specified in Schedule VII of the Companies Act, 2013, in compliance with second proviso to sub section 5 of section 135 of the Companies Act, 2013. This matter has been disclosed in note 45 to the standalone Ind AS financial statements.

(b) All amounts that are unspent under section (5) of section 135 of Companies Act, 2013 pursuant to any ongoing project, has been transferred to special account in compliance of with provisions of sub section (6) of section 135 of the said Act. This matter has been disclosed in note 45 to the standalone Ind AS financial statements.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Huzefa Ginwala
Partner

Membership Number: 111757
UDIN: 22111757AJAULT3008
Place of Signature: Pune
Date: May 16, 2022

Independent Auditor's Report (Contd.):

Annexure 2 referred to in paragraph 2(f) under the heading "Report on other legal and regulatory requirements" of our report of even date.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone Ind AS financial statements of Bharat Forge Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

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

Auditor's responsibility

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

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

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

Meaning of internal financial controls with reference to these standalone Ind AS financial statements

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

Independent Auditor's Report (Contd.):

Inherent limitations of internal financial controls with reference to standalone Ind AS financial statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone Ind AS financial statements and such internal financial controls with reference to standalone Ind AS financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Huzefa Ginwala**
Partner
Membership Number: 111757
UDIN: 22111757AJAULT3008

Place of Signature: Pune
Date: May 16, 2022

Balance Sheet

as at March 31, 2022

In ₹ Million

	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	3	30,722.47	32,413.02
(b) Capital work-in-progress	3	2,480.08	2,699.22
(c) Investment property	4	2.89	2.89
(d) Intangible assets	5	102.92	139.21
(e) Right-of-use asset	35	2,185.80	2,037.90
(f) Financial assets			
(i) Investment in subsidiaries, joint ventures and associates	6	14,291.19	10,968.62
(ii) Other investments	7	5,709.32	3,987.08
(iii) Loans	8	342.19	325.58
(iv) Trade receivables	12	113.25	101.36
(v) Derivative instruments	9	2,574.29	1,501.46
(vi) Other financial assets	10	630.44	1,082.66
(g) Income tax assets (net)		514.82	512.99
(h) Other assets	14	4,223.35	3,023.20
		63,893.01	**58,795.19**
II. Current assets			
(a) Inventories	11	11,110.58	8,748.57
(b) Financial assets			
(i) Investments	7	18,994.94	20,734.68
(ii) Loans	8	303.02	28.38
(iii) Trade receivables	12	24,810.48	15,803.76
(iv) Derivative instruments	9	1,361.34	1,288.58
(v) Cash and cash equivalent	13	3,777.68	2,759.12
(vi) Other bank balances	13	50.74	42.18
(vii) Other financial assets	10	1,603.54	953.89
(c) Other assets	14	2,503.19	1,991.11
		64,515.51	**52,350.27**
Total assets		**128,408.52**	**111,145.46**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	15	931.27	931.27
(b) Other equity	16	70,166.48	58,555.00
Total equity		**71,097.75**	**59,486.27**
Liabilities			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	13,006.52	17,609.25
(ii) Lease liabilities	35	2,152.21	1,767.67
(iii) Derivative instruments	19(a)	-	2.88
(iv) Other financial liabilities	19	247.65	1.28
(b) Provisions	20	313.07	465.76
(c) Deferred tax liabilities (net)	21	2,887.88	2,345.76
		18,607.33	**22,192.60**
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	25,985.37	18,508.05
(ii) Trade payables	22		
Dues to micro enterprises and small enterprises		69.06	32.35
Dues to other than micro enterprises and small enterprises		9,600.81	7,976.90
(iii) Lease liabilities	35	96.46	250.38
(iv) Derivative instruments	19(a)	-	1.23
(v) Other financial liabilities	19	948.68	866.77
(b) Provisions	20	465.72	481.07
(c) Other liabilities	23	1,190.79	861.53
(d) Current tax liabilities (net)		346.55	488.31
		38,703.44	**29,466.59**
Total liabilities		**57,310.77**	**51,659.19**
Total equity and liabilities		**128,408.52**	**111,145.46**

The accompanying notes form an integral part of the financial statements.
As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Huzefa Ginwala
Partner
Membership Number: 111757

Place: Pune
Date: May 16, 2022

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 & CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 16, 2022

Statement of profit and loss

for the year ended March 31, 2022

In ₹ Million

	Notes	Year ended March 31, 2022	Year ended March 31, 2021
Income			
Revenue from operations	24	62,546.12	36,515.12
Other income	25	1,675.02	1,404.57
Total income [i]		**64,221.14**	**37,919.69**
Expenses			
Cost of raw materials and components consumed	26	26,472.70	14,958.69
(Increase) in inventories of finished goods, work-in-progress, dies and scrap	27	(946.73)	(814.15)
Employee benefits expense	28	5,057.85	4,482.37
Depreciation and amortisation expenses	29	4,117.91	3,660.75
Finance costs	30	1,073.01	779.15
Other expenses	31	14,805.00	10,611.98
Total expenses [ii]		**50,579.74**	**33,678.79**
Profit before exceptional items and tax [i - ii]		**13,641.40**	**4,240.90**
Exceptional items gain/ (loss)	32	318.03	(91.83)
Profit before tax		**13,959.43**	**4,149.07**
Income tax expense/ (income)	21		
Current tax		3,328.22	882.21
Deferred tax		(146.82)	145.92
Income tax expense		**3,181.40**	**1,028.13**
Profit for the year		**10,778.03**	**3,120.94**
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	178.64	60.26
- Net gain on FVTOCI equity securities	33	1,965.22	152.75
		2,143.86	**213.01**
Income tax effect		(443.09)	(15.17)
[a]		**1,700.77**	**197.84**
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)			
- Net movement on cash flow hedges	33	1,008.09	3,472.82
- Foreign Currency Monetary Items Translation Difference Account	33	-	18.08
		1,008.09	3,490.90
Income tax effect		(245.85)	(874.04)
[b]		**762.24**	**2,616.86**
Other comprehensive income for the year (net of tax) [a+b]		**2,463.01**	**2,814.70**
Total comprehensive income for the year (net of tax)		**13,241.04**	**5,935.64**
Earnings per equity share [nominal value per share ₹ 2/- (March 31, 2021: ₹ 2/-)]	34		
Basic (in ₹)		23.15	6.70
Diluted (in ₹)		23.15	6.70

The accompanying notes form an integral part of the financial statements.
As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Huzefa Ginwala
Partner
Membership Number: 111757

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 & CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 16, 2022

Place: Pune
Date: May 16, 2022

Statement of changes in equity

for the year ended March 31, 2022

A. Equity share capital:

Equity shares of ₹ 2/- each issued, subscribed and fully paid

	No.	In ₹ Million
As at April 1, 2020	465,588,632	931.27
As at March 31, 2021	465,588,632	931.27
As at March 31, 2022	465,588,632	931.27

B. Other equity

In ₹ Million

	Security premium	Capital reserves	General reserve	Retained earnings	Equity Instruments through Other Compreh-ensive Income	Cash flow hedge reserve	Foreign Currency Monetary Item Tra-nslation Difference Account (FCMITDA)	Total
Balance as at April 1, 2020	**6,930.89**	**15.50**	**3,230.48**	**42,790.32**	**216.71**	**(546.46)**	**(18.08)**	**52,619.36**
- Profit for the year	-	-	-	3,120.94	-	-	-	3,120.94
- Other Comprehensive Income / (loss)	-	-	-	45.09	152.75	2,598.78	18.08	2,814.70
Total comprehensive income	**-**	**-**	**-**	**3,166.03**	**152.75**	**2,598.78**	**18.08**	**5,935.64**
Balance as at March 31, 2021	**6,930.89**	**15.50**	**3,230.48**	**45,956.35**	**369.46**	**2,052.32**	**-**	**58,555.00**
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								
- 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 S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Huzefa Ginwala
Partner
Membership Number: 111757

Place: Pune
Date: May 16, 2022

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 & CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 16, 2022

Cash flow statement

for the year ended March 31, 2022

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Operating activities		
Profit after exceptional items and before tax	**13,959.43**	**4,149.07**
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	4,117.91	3,660.75
Unrealised foreign exchange loss/(gain)/MTM (net),etc.	(405.94)	(238.07)
Interest income	(220.40)	(308.49)
Liabilities/provisions no longer required written back	(78.57)	(53.44)
Provision for doubtful debts and advances (includes expected credit loss) (net)	50.00	61.98
Bad debts/advances written off	0.08	0.14
Finance cost	1,073.01	779.15
(Gain) on sale/ discard of property, plant and equipment (net)	(288.78)	(15.15)
Dividend income from investment	(4.41)	(1.23)
Dividend income from subsidiary company	(94.50)	-
Net loss/ (gain) on sale of financial investments	(900.37)	(589.87)
Net loss/ (gain) on fair valuation of financial instruments (FVTPL)	129.10	(336.59)
Non-cash exceptional items	(654.88)	-
Operating profit before working capital changes	**16,681.68**	**7,108.25**
Working capital adjustments :		
(Increase)/decrease in trade receivables	(9,533.88)	389.97
(Increase)/decrease in inventories	(2,362.01)	(1,172.60)
(Increase) /decrease in other financial assets	(230.49)	428.60
(Increase)/decrease in other assets	(449.87)	(73.62)
Increase/(decrease) in provisions	(17.39)	35.16
Increase/(decrease) in trade payables	1,746.14	1,969.34
Increase/(decrease) in other financial liabilities	37.28	141.76
Increase/(decrease) in other liabilities	329.26	99.57
Cash generated from operations	**6,200.72**	**8,926.43**
Income taxes paid (net of refunds)	(3,446.26)	(789.06)
Net cash flows from operating activities (A)	**2,754.46**	**8,137.37**
Investing activities		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress, capital creditors and capital advances)	(3,783.65)	(3,339.14)
Proceeds from sale of property, plant and equipment and intangible assets	757.78	210.70
Investment in subsidiaries, associates and joint ventures	(3,684.63)	(2,008.77)
Loans given to subsidiaries and associates	(1,001.22)	(80.00)
Proceeds from loan given to subsidiaries and associates	800.00	152.00
Loans given to employees	(121.74)	(115.64)
Proceeds from loan given to employees	90.54	130.73
Investment in financial instruments including fixed deposits	(83,635.43)	(56,859.40)
Proceeds from sale of financial instruments including fixed deposits	87,847.05	50,295.60
Interest received	145.60	313.20
Dividends received	98.91	1.23
Net cash flows (used in) investing activities (B)	**(2,486.79)**	**(11,299.49)**
Financing activities		
Dividend paid on equity shares	(1,641.68)	-
Interest paid	(713.90)	(465.82)
Payment of principal portion of lease liabilities	(276.99)	(105.84)
Proceeds from borrowings including bill discounting	61,158.76	44,857.32
Repayment of borrowings including bill discounting	(57,778.86)	(40,552.95)
Debenture issue expenses	-	(47.81)
Net cash flows from financing activities (C)	**747.33**	**3,684.90**
Net increase in cash and cash equivalents (A + B + C)	**1,015.00**	**522.78**
Net foreign exchange difference	3.56	-
Cash and cash equivalents at the beginning of the year*	**2,759.12**	**2,236.34**
Cash and cash equivalents at the end of the year*	**3,777.68**	**2,759.12**

* Excluding earmarked balances (on unclaimed dividend accounts and unspent CSR account)

Cash flow statement

for the year ended March 31, 2022

Cash and Cash equivalents for the purpose of cash flow statement

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Balances with banks (Note 13):		
In cash credit and current accounts	3,277.28	2,758.53
Deposits with original maturity of less than three months	500.00	-
Cash on hand	0.40	0.59
Total	**3,777.68**	**2,759.12**

The accompanying notes form an integral part of the financial statements.
As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Huzefa Ginwala
Partner
Membership Number: 111757

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 & CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 16, 2022

Place: Pune
Date: May 16, 2022

Notes to financial statements

for the year ended March 31, 2022

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 auto and industrial sector. 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 authorized for issue in accordance with a resolution of the Board of Directors on May 16, 2022.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the financial statements of the Company.

The financial statements 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 amortized 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 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.

A liability is current when:

- it is expected to be settled in normal operating cycle

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

2.2 Summary of significant accounting policies

A. Current versus non-current classification (contd.)

- 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 differences 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 translation of long-term foreign currency monetary items recognised in the financial statements for the year 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 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.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

2.2 Summary of significant accounting policies (Contd.)

B. Foreign currencies (Contd.)

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 "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 to 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 interest.

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

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

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

- 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.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

2.2 Summary of significant accounting policies (Contd.)

D. Fair value measurement (Contd.)

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

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

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- disclosures for valuation methods, significant estimates and assumptions (note 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 amortized cost) (note 49)

E. Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The policy of recognizing the revenue is determined by the five-stage model proposed by Ind AS 115 “Revenue from contract with customers”.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 52(3).

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on date of 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.

Export incentives

Income from export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim are fulfilled.

Tooling income

Revenue from tooling income is recognised at the point in time when the control of the die is transferred,

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

2.2 Summary of significant accounting policies (Contd.)

E. Revenue from contracts with customers (Contd.)

which is generally on receipt of customer's approval (referred to as production parts approval process or PPAP) as per the terms of the contract.

Sale of services

Revenue from sale of services is in nature of job work on customer product which normally takes 1–4 days for completion and accordingly revenue is recognised when products are sent to customer on which job work is completed. The normal credit period is 60 days.

Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in “Other income” in the statement of profit and loss.

Dividends

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 2.2: Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration in form of advance from customer (or an amount of consideration is due). If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is 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. 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 statement of profit and loss over the periods and in the proportions in which depreciation on those assets is charged.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

2.2 Summary of significant accounting policies (Contd.)

F. Government grants (Contd.)

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.

G. Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income 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 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 utilized.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

2.2 Summary of significant accounting policies (Contd.)

G. Taxes (contd.)

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.

H. Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss (if any). Internally manufactured property, plant and equipment are capitalised at cost, including GST for which credit is not available, wherever applicable. All significant costs relating to the acquisition and installation of property, plant and equipment are capitalised. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

The identified components are depreciated over their useful lives, the remaining asset is depreciated over the life of the principal asset.

Depreciation for identified components is computed on straight line method based on useful lives, determined based on internal technical evaluation 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

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

2.2 Summary of significant accounting policies (Contd.)

H. Property, plant and equipment

Type of asset	Schedule II life (years)	Useful lives estimated by the management (years)
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 equipment	10	10
Furniture and fixtures	10	5 to 10
Vehicles	8	8
Aircraft	20	7 to 18

Expenditure on power line is amortized on a straight-line basis over a period of six years.

The Company, based on technical assessment made by a technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Freehold land is carried at cost.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

I. 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 valuation model.

The investment properties held by the Company are in the nature of freehold land, hence are not subject to depreciation.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

2.2 Summary of significant accounting policies (Contd.)

I. Investment properties (contd.)

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 statement of profit and loss in the period of derecognition.

In determining the amount of consideration from the derecognition of investment property the Company considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

J. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

The summary of amortization 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

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

2.2 Summary of significant accounting policies (Contd.)

J. Intangible assets (contd.)

development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

K. 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.

L. 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	99 years
Plant and machinery	15 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (n) Impairment of non-financial assets.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

2.2 Summary of significant accounting policies (Contd.)

L. Leases (contd.)

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 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 expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit and loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and 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.

M. Inventories

Cost of inventories have been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and components, stores and spares and loose tools are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Costs are determined on weighted average basis.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

2.2 Summary of significant accounting policies (Contd.)

M. Inventories (contd.)

Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of work-in-progress and finished goods are determined on a weighted average basis.

Scrap is valued at net realisable value.

Dies are valued at cost or net realisable value. 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 realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

N. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations including impairment on inventories, are recognised in the statement of profit and loss.

For the assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed either its recoverable amount, or 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.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

2.2 Summary of significant accounting policies (Contd.)

O. 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 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.

P. Post-employment and other employee benefits

Provident fund

The Company operates two plans for its employees to provide employee benefits in the nature of 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 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 additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Remeasurements, comprising 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 pension fund which is a defined contribution scheme.

The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

2.2 Summary of significant accounting policies (Contd.)

P. Post-employment and other employee benefits (contd.)

deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is 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 employee's 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. Separate actuarial valuation is carried out for each plan using the project unit credit method.

Remeasurements, comprising 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 into profit or loss in subsequent periods.

Past service costs are recognised in statement of profit and loss on the earlier of:

- the date of the plan amendment or curtailment
- the date that the Company 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

Superannuation

Retirement benefit in the form of superannuation plan is a defined contribution plan. Defined contributions to insurance Company for employees covered under 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 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 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.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

2.2 Summary of significant accounting policies (Contd.)

P. Post-employment and other employee benefits (contd.)

The Company treats accumulated leave expected to be carried forward beyond 12 months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

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 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.

Q. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into three categories:

- debt instruments at amortized cost
- debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortized cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

2.2 Summary of significant accounting policies (Contd.)

Q. Financial instruments (contd.)

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 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 SPPI test as per the requirements of Ind AS 109.

Debt instruments at FVTOCI

A 'debt instrument' 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.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company 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 debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as at FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or as at FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

2.2 Summary of significant accounting policies (Contd.)

Q. Financial instruments (contd.)

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:

- the rights to receive cash flows from the asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

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

b) Financial assets that are measured at FVTOCI

c) Lease receivables under Ind AS 116

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

2.2 Summary of significant accounting policies (Contd.)

Q. Financial instruments (contd.)

d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

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

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

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

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

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

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

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

ECL impairment loss allowance (or reversal) 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, ECL amount is presented as 'accumulated impairment amount' in the OCI.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

2.2 Summary of significant accounting policies (Contd.)

Q. Financial instruments (contd.)

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

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

Financial liabilities

Initial recognition and measurement

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

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

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts 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 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

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

2.2 Summary of significant accounting policies (Contd.)

Q. Financial instruments (contd.)

guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortization.

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 stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit 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.

R. 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 statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to statement of profit and loss when the hedge item affects statement of profit and loss or treated

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

2.2 Summary of significant accounting policies (Contd.)

R. Derivative financial instruments and hedge accounting (contd.)

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 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 hedge, the hedging / economic relationship, the hedged item or transaction, the nature of the risk being hedged, 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 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 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, 2022 (Contd.)

2.2 Summary of significant accounting policies (Contd.)

R. 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 to note 50).

Amounts recognised as OCI are transferred to 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.

S. 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, net of outstanding bank overdrafts and cash credit facilities as they are considered an integral part of the Company's cash management.

T. Dividend to equity holders of the Company

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

U. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

V. 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.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

2.2 Summary of significant accounting policies (Contd.)

V. Earnings per share (contd.)

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, 2021. The Company has not early adopted any other standard or amendment that has been issued but is not yet effective:

(i) Interest Rate Benchmark Reform – Phase 2: Amendments to Ind AS 109, Ind AS 107, Ind AS 104 and Ind AS 116

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the financial statements of the Company. The Company intends to use the practical expedients in future periods if they become applicable.

(ii) Conceptual framework for financial reporting under Ind AS issued by ICAI

The Framework is not a Standard and it does not override any specific standard. Therefore, this does not form part of a set of standards pronounced by the standard-setters. While, the Framework is primarily meant for the standard-setter for formulating the standards, it has relevance to the preparers in certain situations such as to develop consistent accounting policies for areas that are not covered by a standard or where there is choice of accounting policy, and to assist all parties to understand and interpret the Standards.

The amendments made in following standards due to Conceptual Framework for Financial Reporting under Ind AS. include amendment of the footnote to the definition of an equity instrument in Ind AS 102- Share Based Payments, footnote to be added for definition of liability i.e. definition of liability is not revised on account of revision of definition in conceptual framework in case of Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets etc.

The MCA has notified the Amendments to Ind AS consequential to Conceptual Framework under Ind AS vide notification dated June 18, 2021, applicable for annual periods beginning on or after April 1, 2021. Accordingly, the Conceptual Framework is applicable for preparers for accounting periods beginning on or after April 01, 2021.

These amendments had no impact on the financial statements of the Company.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

2.3 Changes in accounting policies and new and amended standards (contd.)

New and amended standards (contd.)

(iii) Ind AS 116: COVID-19 related rent concessions

MCA issued an amendment to Ind AS 116 Covid-19-Related Rent Concessions beyond June 30, 2021 to update the condition for lessees to apply the relief to a reduction in lease payments originally due on or before June 30, 2022 from June 30, 2021. The amendment applies to annual reporting periods beginning on or after April 01, 2021.

These amendments had no impact on the financial statements of the Company.

(iv) Amendment to Ind AS 105, Ind AS 16 and Ind AS 28

The definition of "Recoverable amount" is amended such that the words "the higher of an asset's fair value less costs to sell and its value in use" are replaced with "higher of an asset's fair value less costs of disposal and its value in use". The consequential amendments are made in Ind AS 105, Ind AS 16 and Ind AS 28.

These amendments had no impact on the financial statements of the Company.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

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 equipment	Furniture and fixtures	Vehicles and aircraft	Power line	Total	Capital work-in-progress (note e)
Cost												
at April 1, 2020	**410.92**	**5,556.34**	**32,593.86**	**101.26**	**0.02**	**180.51**	**793.64**	**269.77**	**3,065.26**	**6.17**	**42,977.75**	**8,945.25**
Additions		874.95	7,222.38	31.59	-	77.15	186.20	30.93	25.81	-	8,449.01	2,135.34
Disposals	-	-	(1,666.44)	-	-	-	-	(0.21)	(0.60)	-	(1,667.25)	(8,449.01)
Other adjustments												
- Borrowing costs (Refer to note c)	-	0.38	197.41	-	-	-	0.94	-	-	-	198.73	44.27
- Exchange differences	-	(4.00)	(7.05)	-	-	-	(0.46)	-	-	-	(11.51)	23.37
at March 31, 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 to 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**
Depreciation and impairment												
at April 1, 2020	-	689.60	13,359.10	48.32	-	129.58	257.92	73.78	971.64	6.17	15,536.11	-
Charge for the year	-	196.25	2,911.49	19.82	-	19.86	77.08	28.75	264.37	-	3,517.62	-
Disposals	-	-	(1,519.30)	-	-	-	-	(0.12)	(0.60)	-	(1,520.02)	-
at March 31, 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**	**-**
Net block												
at March 31, 2021	**410.92**	**5,541.82**	**23,588.87**	**64.71**	**0.02**	**108.22**	**645.32**	**198.08**	**1,855.06**	**-**	**32,413.02**	**2,699.22**
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**

(a) Buildings include cost of hangar jointly owned with other companies ₹ 0.07 million (March 31, 2021: ₹ 0.07 million).

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

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 for one immovable property (Hangar at Lohegaon) aggregating gross block of ₹ 0.07 million and net block of ₹ 0.05 million as at March 31, 2022 (March 31, 2021 : Two immovable properties aggregating gross block of ₹ 0.51 million and net block of ₹ 0.43 million) for which title deeds were not available with the Company. This property is jointly held by the Company with other companies.

(c) Capitalised borrowing costs :

The Company 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, 2022 was ₹ 16.96 million (March 31, 2021: ₹ 34.77 million).

(d) Assets include assets lying with third parties amounting to ₹ 156.40 million (March 31, 2021: ₹ 115.75 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, 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**
March 31, 2021					
Projects in progress	1,011.04	779.81	588.40	319.97	2,699.22
Projects temporarily suspended*	-	-	-	-	-
Total	**1,011.04**	**779.81**	**588.40**	**319.97**	**2,699.22**

There are no projects whose completion is overdue or have exceeded their cost compared to original plan.

* During the previous year, the company had temporarily suspended activities in the projects in progress from April 1, 2020 to June 30, 2021, due to COVID 19 related restrictions.

f) The Company has not revalued any property, plant and equipment during the year.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

In ₹ Million

4. Investment property

	Freehold land
Cost	
at April 1, 2020	**2.89**
Additions	-
Disposals	-
at March 31, 2021	**2.89**
Additions	-
Disposals	-
at March 31, 2022	**2.89**
Depreciation and impairment	
at April 1, 2020	-
Depreciation for the year	-
at March 31, 2021	-
Depreciation for the year	-
at March 31, 2022	-
Net block	
at March 31, 2021	**2.89**
at March 31, 2022	**2.89**

Information regarding income and expenditure of investment property

In ₹ Million

	March 31, 2022	March 31, 2021
Rental income derived from investment properties (included in Rent in note 25)	3.12	2.95
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	**2.09**	**1.92**
Less : Depreciation	-	-
Profit arising from investment properties before indirect expenses	**2.09**	**1.92**

The Company's investment properties consist of three parcels of land situated at Pune, Satara and Chakan.

As at March 31, 2022 and March 31, 2021, the fair values of the properties are ₹ 2,432.95 million and ₹2,432.95 million respectively. The Company 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 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 lease deed with related party for one of the said land.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

4. Investment property (contd.)

Reconciliation of fair value

In ₹ Million

Investment property	Free hold land
at April 1, 2020	2,426.11
Fair value difference	6.84
Purchases	-
at March 31, 2021	**2,432.95**
Fair value difference	-
Purchases	-
at March 31, 2022	**2,432.95**

In ₹ Million

5. Intangible assets	Computer software	Technology Licence	Total
Cost			
at April 1, 2020	287.62	193.72	481.34
Purchase	27.25	-	27.25
at March 31, 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**
Amortisation and impairment			
at April 1, 2020	233.46	60.00	293.46
Amortisation	37.17	38.75	75.92
at March 31, 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**
Net block			
at March 31, 2021	**44.24**	**94.97**	**139.21**
at March 31, 2022	**30.20**	**72.72**	**102.92**

The Company has not revalued any intangible assets during the year.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

In ₹ Million

6. Investment in subsidiaries, joint ventures and associates	As at March 31, 2022	As at March 31, 2021
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, 2021 : 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, 2021 : EUR 83,464,428)]		
	6,089.60	6,089.60
60 (March 31, 2021 : 60) Common stock of 1 cent each fully paid up in Bharat Forge America Inc. USD 59,396,597 (March 31, 2021 : USD 44,396,597) **[Refer note 6(b)]**	2,755.59	1,643.51
64,000 (March 31, 2021 : 64,000) equity shares of £ 1/- each fully paid up in Bharat Forge International Limited	304.78	304.78
202,152,744 (March 31, 2021 : 202,152,744) equity shares of ₹ 10/- each fully paid up in BF Infrastructure Limited **[Refer note 6(c)]**	1,641.55	1,641.55
Less : Provision for impairment in value of investments	1,355.60	1,355.60
	285.95	285.95
18,489,670 (March 31, 2021 : 18,489,670) equity shares of ₹ 10/- each fully paid up in Analogic Controls India Limited	20.15	20.15
Less : Provision for impairment in value of investments	16.55	16.55
	3.60	3.60
162,324,444 (March 31, 2021 : 1000) equity shares of ₹ 10/- each fully aid up in Kalyani Powertrain Limited **[Refer note 6(d)]**	1,623.24	0.01
69,088,330 (March 31, 2021 : 69,088,330) equity shares of ₹ 10/- each fully paid up in Kalyani Centre For Precision Technology Limited **[Refer note 6(g)]**	690.88	690.88
92,000,000 (March 31, 2021 : Nil) equity shares of ₹ 10/- each fully paid up in "BF Industrial Solutions Limited (formerly Nouveau Power and Infrastructure Private Limited) **[Refer note 6(e)]"**	920.00	-
36,113,684 (March 31, 2021 : Nil) equity shares of ₹ 10/- each fully paid up in Kalyani Strategic Systems Limited **[Refer note 6(f)]**	466.76	-
12,037,892 (March 31, 2021 : Nil) equity shares of ₹ 10/- each partly paid up in Kalyani Strategic Systems Limited **[Refer note 6(f)]**	77.80	-
- Other subsidiaries where Company holds 51% or more of the equity share capital		
1,010,000 (March 31, 2021 : 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, 2021 : 83,226) equity shares of ₹ 10/- each fully paid up in Eternus Performance Materials Private Limited	3.75	3.75

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

In ₹ Million

6. Investment in subsidiaries, joint ventures and associates (contd.)	As at March 31, 2022	As at March 31, 2021
Nil (March 31, 2021 : 18,417,678) equity shares of ₹ 10/- each fully paid up in Kalyani Strategic Systems Limited **[Refer note 6(f)]**	-	184.17
Nil (March 31, 2021 : 6,139,324) equity shares of ₹ 10/- each fully paid up in Kalyani Strategic Systems Limited **[Refer note 6(f)]**	-	30.70
- Investments in joint ventures		
7,128,219 (March 31, 2021 : 7,128,219) equity shares of ₹ 10/- each fully paid up in BF NTPC Energy Systems Limited **[Refer note 6(h)]**	33.64	33.64
Less : Provision for impairment in value of investments	33.64	33.64
	-	-
12,500 (March 31, 2021 : 12,500) shares of EUR 1/- each in REFU Drive GmbH		
EUR 11,350,000 (March 31, 2021: EUR 11,350,000) **[Refer note 6(i)]**	919.14	919.14
- Investments in associates		
Nil (March 31, 2021 : 14,208) equity shares of ₹ 10/- each in Tork Motors Private Limited **[Refer note 6(j)]**	-	300.37
Nil (March 31, 2021 : 777,840) ordinary shares of £ 0.00001 each in Tevva Motors (Jersey) Ltd [Nil (March 31, 2021 : 9,910,000)] **[Refer note 6(k)]**	-	892.93
Add: Conversion of Loan of GBP 3.50 million along with Interest accrued	-	359.13
Less : Provision for impairment in value of investments **[Refer note 32(b)]**	-	890.00
	-	362.06
1,36,500 (March 31, 2021 : 1,36,500) equity shares of ₹ 10/- each in		
Aeron Systems Private Limited	140.00	140.00
Total	**14,291.19**	**10,968.62**

(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, has been considered as an investment and is redeemable subject to provisions of the code.

During the previous year, a loan of Euro 7.00 million was granted by the Company which was subsequently converted into capital contribution to BFGH of ₹ 601.93 million.

(b) Bharat Forge America Inc

During the current year, the Company has invested an amount of ₹ 1,112.08 million by aquiring 15,000,000 shares (USD 15 million) for further investment by Bharat Forge America Inc into its subsidiary, Bharat Forge Aluminium USA, Inc.

During the previous year, a loan of USD 5.00 million was granted by the Company which was subsequently converted into capital contribution to BFA of ₹ 368.30 million.

(c) BF Infrastructure Limited (BFIL, India)

During the previous year, pursuant to Rights issue, the Company had made further investment in BFIL, India of ₹ 44.43 million by converting and acquiring 4,443,010 equity shares of ₹ 10/- each.

(d) Kalyani Powertrain Limited (KPL)

During the current year, the Company has made investment of ₹ 1,223.23 million by acquiring 122,324,444 equity shares of ₹ 10 each for further investment into Tork Motors Private Limited, acquisition of Kalyani Mobility Inc and other business activities.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

6. Investment in subsidiaries, joint ventures and associates (contd.)

During the current year, the Company has also invested in convertible debentures of ₹ 400 million in July 2021 which have been converted into 40,000,000 equity shares of ₹ 10 each on March 28, 2022.

During the previous year, the Company has made investment in KPL of ₹ 0.01 million by acquiring 1,000 equity shares of ₹10/- each. KPL to undertake various electric vehicle related activities by using advanced technology solutions.

(e) BF Industrial Solutions Limited (BFISL) (formerly Nouveau Power and Infrastructure Private Limited)

During the current year, the Company has made investment of ₹ 20.00 million by acquiring 2,000,000 equity shares of ₹ 10 each in BFISL.

During the current year, the Company has also invested in convertible debentures of ₹ 900 million in June 2021 which have been converted into 90,000,000 equity shares of ₹ 10 each on March 31, 2022.

The Company through its wholly owned subsidiary BFISL has acquired Sanghvi Forging & Engineering Limited (SFEL), (which was then renamed as 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 controlling stake in SFEL, pursuant to which, the Company has acquired SFEL through BFISL.

(f) Kalyani Strategic Systems Limited (KSSL)

During the current year, the Company has 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 has become a wholly owned subsidiary of the Company.

(g) Kalyani Centre for Precision Technology Limited (KCPTL)

During the previous year, the Company has made investment in KCPTL of ₹ 490.78 million by acquiring 49,078,330 equity shares of ₹10/- each.

(h) 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 liquidator to liquidate the Company under the provisions of Section 59 of Insolvency and Bankruptcy Code 2016.

(i) REFU Drive GmbH [REFU]

During the earlier year, the Company 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 previous year, the Company has made an investment of ₹ 892.34 million by acquiring 12,500 equity shares of ₹ 10/- each and balance portion pertains to transactions costs that are directly attributable to the investment.

(j) Tork Motors Private Limited (TMPL)

During the current year, the Company has transferred its entire investment in TMPL to KPL, carrying book value of ₹ 300.37 million (14,208 shares comprising 48.86% stake) at book value. Accordingly, it has ceased to be an associate of the Company.

(k) Tevva Motors (Jersey) Limited (TMJL)

The Company holds investments in Tevva Motors Limited (held through Tevva Motors (Jersey) Limited), collectively Refer to red to as Tevva. Tevva is a start-up engaged in modular electrification system for medium range of commercial vehicles 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 through fair value through other comprehensive income. Also Refer to note 7 and note 32.

(l) Compliance with 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, 2022 (Contd.)

In ₹ Million

7. Investments	As at March 31, 2022	As at March 31, 2021
Non-current investments		
(a) Investments designated at amortised cost		
Debt instruments (unquoted) (fully paid)		
24,644,121.159 (March 31, 2021: Nil) Units of ₹ 10 each of Aditya Birla Sun Life Nifty SDL Plus PSU Bond Sep 2026 60:40 Index Fund - Regular - Growth	250.11	-
24,658,220.043 (March 31, 2021: Nil) Units of ₹ 10 each of ICICI Prudential PSU Bond Plus SDL 40:60 Index Fund - Sep 2027 Growth	250.11	-
Total amortised cost investments (a)	**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, 2021 : 38,384,202) equity shares of ₹ 10/- each fully paid up in Khed Economic Infrastructure Private Limited **[Refer to note 48]**	825.26	589.58
14,245,000 (March 31, 2021 : 14,245,000) equity shares of ₹ 10/- each in Avaada SataraMH Private Limited **[Refer to note 7(e)]**	142.45	142.45
2,033,850 (March 31, 2021 : Nil) equity shares of ₹ 10/- each in Avaada MHBuldhana Private Limited **[Refer to note 7(f)]**	20.34	-
11,09,132 (March 31, 2021 : 777,840) ordinary shares of £ 0.00001 each in Tevva Motors (Jersey) Ltd **[Refer to note 6(k)]**	2,803.94	-
Equity instruments (quoted) (fully paid)		
- Investments in others		
613,000 (March 31, 2021 : 613,000) equity shares of ₹ 2/- each fully paid up in Birlasoft Limited (erstwhile KPIT Technologies Limited) **[Refer to note 7(b)]**	278.88	155.12
613,000 (March 31, 2021 : 613,000) equity shares of ₹ 10/- each fully paid up in KPIT Technologies Limited (erstwhile KPIT Engineering Limited) **[Refer to note 7(b)]**	368.44	108.84
Total FVTOCI investments (b)	**4,439.31**	**995.99**
(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, 2021 : 504,432) equity shares of ₹ 10/- each in Gupta Energy Private Limited **[Refer to note 7(a)]**	-	-
Investments in private equity fund (unquoted funds)		
1,740,954.27 (March 31, 2021: 1,823,082.56) Units of ₹ 100/- each of Paragon Partners Growth Fund - I	307.78	242.20
Total	**307.78**	**242.20**
Carried Over	307.78	242.20
Carried Over	5,247.31	1,238.19

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

In ₹ Million

7. Investments (contd.)	As at March 31, 2022	As at March 31, 2021
Brought Over	5,247.31	1,238.19
Brought Over	307.78	242.20
Nil (March 31, 2021: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series SJ (1135 days) - Direct Plan-Growth	-	24.14
Nil (March 31, 2021: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series SL (1120 days) - Direct Plan-Growth	-	23.94
28,195,019.307 (March 31, 2021: 28,195,019.307) Units of ₹ 10 each of Bharat Bond FOF - April 2030 - Regular Plan - Growth Option	338.52	319.43
Nil (March 31, 2021: 6,586,226.882) Units of ₹ 10 each of HDFC Corporate Bond Fund - Regular Plan - Growth	-	164.18
Nil (March 31, 2021: 13,466,320.732) Units of ₹ 10 each of HDFC Ultra Short Term Fund - Regular Plan - Growth	-	159.52
Nil (March 31, 2021: 2,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 85 - 1129 Days Plan P - Direct Plan - Cumulative Option	-	23.91
Nil (March 31, 2021: 2,000,000) Units of ₹ 10 each of Kotak FMP Series 252 - Direct - Growth	-	25.03
Nil (March 31, 2021: 2,000,000) Units of ₹ 10 each of Kotak FMP Series 267 - Direct - Growth	-	23.95
Nil (March 31, 2021: 2,000,000) Units of ₹ 10 each of SBI Debt Fund Series C - 48 (1177 Days) - Direct Growth	-	24.13
Nil (March 31, 2021: 2,000,000) Units of ₹ 10 each of SBI Debt Fund Series C - 50 (1177 Days) - Direct Growth	-	23.92
Total	**338.52**	**812.15**
- Investments in mutual funds (unquoted funds)		
Nil (March 31, 2021: 131,237.171) Units of ₹ 1,000 each of Axis Banking & PSU Debt Fund - Regular Plan - Growth	-	270.27
Nil (March 31, 2021: 560,606.412) Units of ₹ 100 each of Aditya Birla Sun Life Money Manager Fund- Regular- Growth	-	159.75
Nil (March 31, 2021: 55,938.953) Units of ₹ 1,000 each of DSP Liquidity Fund - Regular Plan - Growth	-	163.32
Carried Over	646.30	593.34
Carried Over	5,585.83	2,643.68

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

In ₹ Million

7. Investments (contd.)	As at March 31, 2022	As at March 31, 2021
Brought Over	5,585.83	2,643.68
Brought Over	646.30	593.34
Nil (March 31, 2021: 14,158,530.231) Units of ₹ 10 each of IDFC Banking & PSU Debt Fund - Regular Plan - Growth	-	272.34
Nil (March 31, 2021: 55,952.940) Units of ₹ 1,000 each of Kotak Corporate Bond Fund Standard Growth - Regular Plan	-	162.30
3,408,321.993 (March 31, 2021: 3,408,321.993) Units of ₹ 10 each of Nippon India Floating Rate Fund - Growth Plan	123.49	118.12
Nil (March 31, 2021: 4,862,835.617) Units of ₹ 10 each of SBI Savings Fund - Regular Plan - Growth	-	158.39
Nil (March 31, 2021: 40,591.648) Units of ₹ 1,000 each of Tata Liquid Fund-Regular Plan - Growth	-	130.90
Nil (March 31, 2021: 149,519.028) Units of ₹ 1,000 each of UTI Liquid Cash Plan - Regular - Growth Plan		501.35
	123.49	1,936.74
Total FVTPL investments (Non-current) (c)	769.79	2,991.09
Total [(a) + (b)+(c)]	5,709.32	3,987.08
Current investments		
Investments at fair value through profit or loss (FVTPL) (fully paid)		
- Investments in mutual funds (quoted funds)		
Nil (March 31, 2021: 3,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series OZ (1187 days) - Direct Plan-Growth	-	37.88
Nil (March 31, 2021: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series PA (1177 days) - Direct Plan-Growth	-	25.27
Nil (March 31, 2021: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series PB (1190 days) - Direct Plan-Growth	-	25.25
Nil (March 31, 2021: 3,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series PE (1159 days) - Direct Plan-Growth	-	37.77
Nil (March 31, 2021: 3,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series PG (1148 days) - Direct Plan-Growth	-	37.82
Nil (March 31, 2021: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series PH (1143 days) - Direct Plan-Growth	-	25.17
Nil (March 31, 2021: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series QG (1100 days) - Direct Plan-Growth	-	24.91
Carried Over	-	214.07

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

In ₹ Million

7. Investments (contd.)	As at March 31, 2022	As at March 31, 2021
Brought Over	-	214.07
2,000,000 (March 31, 2021: Nil) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series SJ (1135 days) - Direct Plan-Growth	25.17	-
2,000,000 (March 31, 2021: Nil) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series SL (1120 days) - Direct Plan-Growth	24.95	
Nil (March 31, 2021: 2,000,000) Units of ₹ 10 each of DSP FMP - Series 217 - 40M - Direct Plan - Growth	-	25.23
Nil (March 31, 2021: 2,000,000) Units of ₹ 10 each of DSP FMP - Series 219 - 40M - Direct Plan - Growth	-	25.10
Nil (March 31, 2021: 2,000,000) Units of ₹ 10 each of DSP FMP - Series 223 - 39M - Direct Plan - Growth	-	25.26
Nil (March 31, 2021: 3,000,000) Units of ₹ 10 each of Franklin India Fixed Maturity Plan - Series 2 - Plan A - Direct Plan - Growth	-	37.85
Nil (March 31, 2021: 2,000,000) Units of ₹ 10 each of Franklin India Fixed Maturity Plan - Series 2 - Plan B - Direct Plan - Growth	-	25.27
159,035.490 (March 31, 2021: 570,726.532) Units of ₹ 10 each of HDFC Liquid Fund - Regular Plan - Growth	660.28	2,293.00
26,053,398.004 (March 31, 2021: 26,053,398.004) Units of ₹ 10 each of HDFC Floating Rate Debt Fund - Wholesale Option - Growth Option	1,031.69	987.73
160,601.917 (March 31, 2021: Nil) Units of ₹ 1,000 each of HDFC Money Market Fund - Regular Plan - Growth	737.26	-
13,466,320.732 (March 31, 2021: Nil) Units of ₹ 10 each of HDFC Ultra Short Term Fund - Regular Plan - Growth	165.33	-
6,586,226,882 (March 31, 2021: Nil) Units of ₹ 10 each of HDFC Corporate Bond Fund - Regular Plan - Growth	172.12	-
Nil (March 31, 2021: 5,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 82 - 1225 Days Plan B - Direct Plan - Cumulative Option	-	63.33
Nil (March 31, 2021: 2,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 82 - 1217 Days Plan C - Direct Plan - Cumulative Option	-	25.29
Nil (March 31, 2021: 2,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 82 - 1223 Days Plan G - Direct Plan - Cumulative Option	-	25.28
Nil (March 31, 2021: 2,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 82 - 1203 Days Plan K - Direct Plan - Cumulative Option	-	25.27
2,000,000 (March 31, 2021: Nil) 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, 2021: 2,000,000) Units of ₹ 10 each of IDFC Fixed Term Plan Series 140 (1145 Days)- Direct Plan - Growth	-	25.17
Carried Over	2,841.72	3,797.85

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

In ₹ Million

7. Investments (contd.)

	As at March 31, 2022	As at March 31, 2021
Brought Over	2,841.72	3,797.85
Nil (March 31, 2021: 2,000,000) Units of ₹ 10 each of IDFC Fixed Term Plan Series 144 (1141 Days)- Direct Plan - Growth	-	25.06
Nil (March 31, 2021: 2,000,000) Units of ₹ 10 each of Kotak FMP Series 214 - Direct - Growth	-	25.34
Nil (March 31, 2021: 2,000,000) Units of ₹ 10 each of Kotak FMP Series 219 - Direct - Growth	-	25.15
2,000,000 (March 31, 2021: Nil) Units of ₹ 10 each of Kotak FMP Series 252 - Direct - Growth	26.11	-
2,000,000 (March 31, 2021: Nil) Units of ₹ 10 each of Kotak FMP Series 267 - Direct - Growth	24.96	-
Nil (March 31, 2021: 2,000,000) Units of ₹ 10 each of Nippon India Fixed Horizon Fund XXXV- Series 12 - Direct Growth Plan	-	25.41
Nil (March 31, 2021: 2,000,000) Units of ₹ 10 each of Nippon India Fixed Horizon Fund XXXVI- Series 1 - Direct Growth Plan	-	25.28
Nil (March 31, 2021: 2,000,000) Units of ₹ 10 each of Nippon India Fixed Horizon Fund XXXVI- Series 7 - Direct Growth Plan	-	25.16
Nil (March 31, 2021: 2,000,000) Units of ₹ 10 each of Nippon India Fixed Horizon Fund XXXVIII- Series 1 - Direct Growth Plan	-	25.13
Nil (March 31, 2021: 3,000,000) Units of ₹ 10 each of SBI Debt Fund Series C - 7 (1190 Days) - Direct Growth	-	37.81
Nil (March 31, 2021: 2,000,000) Units of ₹ 10 each of SBI Debt Fund Series C - 8 (1175 Days) - Direct Growth	-	25.18
Nil (March 31, 2021: 4,000,000) Units of ₹ 10 each of SBI Debt Fund Series C - 9 (1150 Days) - Direct Growth	-	50.33
Nil (March 31, 2021: 3,000,000) Units of ₹ 10 each of SBI Debt Fund Series C - 10 (1150 Days) - Direct Growth	-	37.78
Nil (March 31, 2021: 2,000,000) Units of ₹ 10 each of SBI Debt Fund Series C - 12 (1122 Days) - Direct Growth	-	24.58
2,000,000 (March 31, 2021: Nil) Units of ₹ 10 each of SBI Debt Fund Series C - 48 (1177 Days) - Direct Growth	25.22	-
2,000,000 (March 31, 2021: Nil) Units of ₹ 10 each of SBI Debt Fund Series C - 50 (1177 Days) - Direct Growth	24.96	-
Nil (March 31, 2021: 2,000,000) Units of ₹ 10 each of UTI Fixed Term Income Fund Series XXVIII-VI (1190 Days)- Direct Growth Plan	-	25.22
Carried Over	2,942.97	4,175.28

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

In ₹ Million

7. Investments (contd.)	As at March 31, 2022	As at March 31, 2021
Brought Over	2,942.97	4,175.28
Nil (March 31, 2021: 2,000,000) Units of ₹ 10 each of UTI Fixed Term Income Fund Series XXVIII-IX (1168 Days)- Direct Growth Plan	-	25.27
Nil (March 31, 2021: 2,000,000) Units of ₹ 10 each of UTI Fixed Term Income Fund Series XXVIII-XII (1154 Days)- Direct Growth Plan	-	25.15
Total	**2,942.97**	**4,225.70**
- Investments in mutual funds (unquoted funds)		
235,104.158 (March 31, 2021: 3,531,479.277) Units of ₹ 100 each of Aditya Birla Sun Life Liquid Fund - Growth - Regular Plan	80.04	1,162.95
2,303,031.715 (March 31, 2021: Nil) Units of ₹ 100 each of Aditya Birla Sun Life Money Manager Fund - Growth - Regular Plan	682.34	-
1,865,798.957 (March 31, 2021: 1,865,798.957) Units of ₹ 100 each of Aditya Birla Sun Life Savings Fund - Growth - Regular Plan	821.55	788.69
Nil (March 31, 2021: 236,778.737) Units of ₹ 1,000 each of Axis Liquid Fund - Growth	-	538.13
131,237.171 (March 31, 2021: Nil) Units of ₹ 1,000 each of Axis Banking & PSU Debt Fund - Regular Plan - Growth	280.94	-
494,011.321 (March 31, 2021: Nil) Units of ₹ 1,000 each of Axis Money Market Fund - Regular - Growth	566.76	-
56,145.154 (March 31, 2021: 141,714.320) Units of ₹ 1,000 each of DSP Liquidity Fund - Regular Plan - Growth	169.44	413.76
7,217,944.726 (March 31, 2021: Nil) Units of ₹ 10 each of DSP Savings Fund - Regular Plan - Growth	308.92	-
3,389,749.504 (March 31, 2021: Nil) Units of ₹ 100 each of ICICI Prudential Money Market Fund - Growth	1,031.28	-
14,158,530.231 (March 31, 2021: Nil) Units of ₹ 10 each of IDFC Banking & PSU Debt Fund - Regular Plan - Growth	283.40	-
16,679,872.267 (March 31, 2021: Nil) Units of ₹ 10 each of IDFC Ultra Short Term Fund - Regular Plan - Growth	205.75	-
10,387,261.324 (March 31, 2021: 10,387,261.324) Units of ₹ 10 each of ICICI Prudential Corporate Bond Fund - Growth	245.72	235.67
2,381,058.607 (March 31, 2021: 8,350,898.587) Units of ₹ 100 each of ICICI Prudential Liquid Fund - Growth	745.61	2,530.68
1,422,546.019 (March 31, 2021: 1,422,546.019) Units of ₹ 100 each of ICICI Prudential Savings Fund - Growth	616.48	591.78
Nil (March 31, 2021: 91,128.217) Units of ₹ 1,000 each of IDFC Cash Fund - Growth - (Regular Plan)	-	225.40
Carried Over	6,038.23	6,487.06
Carried Over	8,981.20	10,712.76

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

In ₹ Million

7. Investments (contd.)	As at March 31, 2022	As at March 31, 2021
Brought Over	8,981.20	10,712.76
Brought Over	6,038.23	6,487.06
7,724,376.96 (March 31, 2021: 7,724,376.96) Units of ₹ 10 each of IDFC Low Duration Fund - Growth - (Regular Plan)	242.22	233.62
77,649.317 (March 31, 2021: 77,649.317) Units of ₹ 1,000 each of Invesco India Liquid Fund - Growth	225.56	218.21
55,952.940 (March 31, 2021: Nil) Units of ₹ 1,000 each of Kotak Corporate Bond Fund Standard Growth - Regular Plan	169.75	-
233,037.311 (March 31, 2021: Nil) Units of ₹ 1,000 each of Kotak Money Market Fund - Growth (Regular Plan)	839.05	-
79,484.957 (March 31, 2021: 352,606.435) Units of ₹ 1,000 each of Kotak Liquid Regular Plan Growth	340.12	1,460.07
9,527,430.568 (March 31, 2021: 9,527,430.568) Units of ₹ 10 each of Kotak Savings Fund - Growth (Regular Plan)	332.41	321.37
152,758.763 (March 31, 2021: 194,637.656) Units of ₹ 1,000 each of L&T Liquid Fund Regular - Growth	443.03	546.20
35,516.374 (March 31, 2021: 35,516.374) Units of ₹ 1,000 each of LIC MF Liquid Fund-Regular Plan-Growth	135.89	131.51
24,236,087.005 (March 31, 2021: 24,236,087.005) Units of ₹ 10 each of Nippon India Banking and PSU Debt Fund - Growth Plan	408.49	390.56
14,224,483.194 (March 31, 2021: 14,224,483.194) Units of ₹ 10 each of Nippon India Floating Rate Fund -Growth Plan	515.35	492.99
135,676.575 (March 31, 2021: 111,959.671) Units of ₹ 1,000 each of Nippon India Money Market Fund-Growth Plan	450.65	357.83
Nil (March 31, 2021: 102,363.922) Units of ₹ 1,000 each of Nippon India Liquid Fund - Growth Plan (erstwhile Reliance Liquid Fund)	-	511.56
677,542.399 (March 31, 2021: 1,068,355.749) Units of ₹ 1,000 each of SBI Liquid Fund - Regular Plan - Growth	2,243.18	3,422.05
150,819.939 (March 31, 2021: 150,819.939) Units of ₹ 1,000 each of SBI Magnum Low Duration Fund-Regular Plan - Growth	429.40	414.81
35,382,420.348 (March 31, 2021: Nil) Units of ₹ 10 each of SBI Savings Fund - Regular Plan - Growth	1,192.13	-
Nil (March 31, 2021: 5,108,954.240) Units of ₹ 10 each of Sundaram Money Fund - Regular Growth	-	220.30
122,043.819 (March 31, 2021: Nil) Units of ₹ 1,000 each of Sundaram Liquid Fund - Regular Plan - Growth	227.76	-
Carried Over	14,233.22	15,208,14
Carried Over	17,176.19	19,433.84

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

In ₹ Million

7. Investments (contd.)	As at March 31, 2022	As at March 31, 2021
Brought Over	17,176.19	19,433.84
Brought Over	14,233.22	15,208.14
146,593.704 (March 31, 2021: 111,021.203) Units of ₹ 1,000 each of Tata Liquid Fund-Regular Plan - Growth	488.61	358.02
383,686.917 (March 31, 2021: 281,175.448) Units of ₹ 1,000 each of UTI Liquid Cash Plan - Regular - Growth Plan	1,330.14	942.82
Total	**16,051.97**	**16,508.98**
Total FVTPL investments (Current)	**18,994.94**	**20,734.68**
Non-current		
Aggregate book value of quoted investments	**309.98**	**850.22**
Aggregate market value of quoted investments	**985.84**	**1,076.11**
Aggregate value of unquoted investments	**4,723.48**	**2,910.97**
Current		
Aggregate book value of quoted investments	**2,562.30**	**3,713.11**
Aggregate market value of quoted investments	**2,942.97**	**4,225.70**
Aggregate value of unquoted investments	**16,051.97**	**16,508.98**

(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 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 SataraMH Private Limited [ASPL]

During the previous year, the Company has made further investment in Avaada SataraMH Private Limited (ASPL) of ₹ 142.44 million by acquiring 14,243,911 equity shares of ₹ 10/- each, as a pre-condition for seeking approval from MSEDCL for Open Access permission by ASPL. Hence, the said investment is made subject to, amongst other conditions, obtaining permission by ASPL from relevant government authorities for consumption of renewable energy by the Company under open access for solar plant of ASPL.

(f) Avaada MHBuldhana Private Limited [ABPL]

During the current year, the Company has made 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 consumption of renewable energy by the Company under open access for solar plant of ABPL.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

In ₹ Million

8. Loans	As at March 31, 2022	As at March 31, 2021
Non-current (Unsecured, considered good)		
Loans to related parties [Refer to note 42, 46]		
Loans to subsidiaries	282.51	254.52
Loans to an associate	-	30.00
Other loans		
Loans to employees	59.68	41.06
Total	**342.19**	**325.58**
Current (Unsecured, considered good)		
Loans to related parties [Refer to note 42, 46]		
Loans to subsidiaries	262.06	-
Loans to an associate	8.00	8.00
Other loans		
Loans to employees	32.96	20.38
Total	**303.02**	**28.38**

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

During the current year, the Company through its wholly owned subsidiary, Kalyani Powertain 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 them has been included as part of loans to subsidiaries (Current ₹ 10.50 million and non-current ₹ 17.50 million). The same was disclosed as part of loans to associate as at March 31, 2021.

In ₹ Million

9. Derivative instruments	As at March 31, 2022	As at March 31, 2021
Non-current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	2,525.66	1,501.46
Fair value hedges (FVTPL)		
Cross currency swap	48.63	-
Total	**2,574.29**	**1,501.46**
Current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	1,317.73	1,288.58
Fair value hedges (FVTPL)		
Foreign currency forward contracts	7.14	-
Cross currency swap	36.47	-
Total	**1,361.34**	**1,288.58**

Derivative instruments at 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).

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 USD loans into a Euro loan to avail the benefit of the negative EURIBOR interest rates. They also reflect positive changes in fair value of foreign currency forward contracts to hedge exposure to changes in fair value of underlying trade receivables.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

In ₹ Million

10. Other financial assets	As at March 31, 2022	As at March 31, 2021
Non-current		
Government grants*	350.05	735.41
Security deposits	280.39	347.25
Total	**630.44**	**1,082.66**
Current		
Government grants*	467.67	733.16
Energy credit receivable - windmills	10.56	8.37
Interest accrued on fixed deposits, loans to various parties and others	68.28	43.67
Recoverable from subsidiaries **[Refer to note 39]**	1,057.03	168.69
Total	**1,603.54**	**953.89**

* 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.

In ₹ Million

11. Inventories	As at March 31, 2022	As at March 31, 2021
Raw materials and components [includes items lying with third parties and items in transit]	3,810.45	2,391.76
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
Stores, spares and loose tools	996.42	999.83
Dies and dies under fabrication	166.88	145.73
Scrap	78.74	30.24
Total	**11,110.58**	**8,748.57**

During the year ended March 31, 2022: ₹ (14.59) million [March 31, 2021: (₹ 9.25 million)] was recognised as (reversal of expense) / expenses for inventories carried at net realisable value.

In ₹ Million

12. Trade receivables	As at March 31, 2022	As at March 31, 2021
Non-current		
Unsecured		
Considered good	117.36	101.36
Significant increase in credit risk	-	3.68
	117.36	**105.04**
Less :		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Unsecured (Considered good)	4.11	-
Significant increase in credit risk	-	3.68
	4.11	**3.68**
Total	**113.25**	**101.36**
Current		
Secured		
Considered good	83.33	82.44
	83.33	**82.44**

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

In ₹ Million

12. Trade receivables (cont.)	As at March 31, 2022	As at March 31, 2021
Unsecured		
Considered good (including related party receivables)	24,921.77	15,868.73
Significant increase in credit risk	-	-
Credit impaired	93.57	94.89
	25,015.34	**15,963.62**
Less :		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Credit impaired	93.57	94.89
Unsecured (Considered good)	194.62	147.41
	288.19	**242.30**
Total	**24,810.48**	**15,803.76**

No trade receivable 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.

Trade receivable ageing schedule

As at March 31, 2022

Particulars	Outstanding for following periods from due date of payment						
	Not yet due	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**	**154.76**	**208.85**	**22.78**	**103.62**	**25,216.03**

* Includes non current undisputed trade receivables considered good of ₹ 117.36 million

As at March 31, 2021

Particulars	Outstanding for following periods from due date of payment						
	Not yet due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues							
(a) Considered good	14,006.33	1,445.62	237.56*	88.35	167.70	106.97	16,052.53
(b) Which have significant increase in credit risk	-	-	3.68**	-	-	-	3.68
(c) Credit impaired	-	-	41.38	28.19	4.64	20.68	94.89
Unbilled revenue	-	-	-	-	-	-	-
Total	**14,006.33**	**1,445.62**	**282.62**	**116.54**	**172.34**	**127.65**	**16,151.10**

* Includes non current undisputed trade receivables considered good of ₹ 101.36 million

** Includes non current receivables which have significant increase in credit risk of ₹ 3.68 million

The amount repayable under the bill discounting arrangement is presented as borrowing. The relevant carrying amounts are as follows:

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

12. Trade receivables (contd.)

In ₹ Million

Particulars	As at March 31, 2022	As at March 31, 2021
Transferred receivables	16,607.13	10,576.00
Associated secured borrowing **[bank loans - Refer to note 18]**	16,609.20	10,577.37

In ₹ Million

13. Cash and bank balances	As at March 31, 2022	As at March 31, 2021
Cash and cash equivalent		
Balances with banks:		
In cash credit and current accounts	3,277.28	2,758.53
Deposits with original maturity of less than three months	500.00	-
Cash on hand	0.40	0.59
Remittance in transit		-
Total	**3,777.68**	**2,759.12**
Other bank balances		
Earmarked balances (on unclaimed dividend and unspent CSR accounts)	47.61	39.18
Deposits with original maturity of less than twelve months	3.13	3.00
Total	**50.74**	**42.18**

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.

In ₹ Million

14. Other assets	As at March 31, 2022	As at March 31, 2021
Non-current (Unsecured, considered good)		
Capital advances	2,651.86	1,406.71
Balances with government authorities	221.49	266.49
Advance to suppliers #	1,350.00	1,350.00
Total	**4,223.35**	**3,023.20**
Current (Unsecured, considered good)		
Balances with government authorities	1,383.32	1,174.49
Advance to suppliers	663.47	454.52
Others*	456.40	362.10
Total	**2,503.19**	**1,991.11**

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 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 to note 39.

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 to note 42.

In ₹ Million

Break up of financial assets carried at cost	As at March 31, 2022	As at March 31, 2021
Investment in subsidiaries, joint ventures and associates [Refer to note 6]	14,291.19	10,968.62
Total	**14,291.19**	**10,968.62**

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

14. Other assets (Contd.)

In ₹ Million

Break up of financial assets carried at amortised cost	As at March 31, 2022	As at March 31, 2021
Investments **[Refer note 7]**	500.22	-
Loans **[Refer note 8]**	645.21	353.96
Other financial assets **[Refer note 10]**	2,233.98	2,036.55
Trade receivables **[Refer note 12]**	24,923.73	15,905.12
Cash and cash equivalents **[Refer note 13]**	3,777.68	2,759.12
Other bank balances **[Refer note 13]**	50.74	42.18
Total	**32,131.56**	**21,096.93**

In ₹ Million

Break up of financial assets carried at fair value through OCI	As at March 31, 2022	As at March 31, 2021
Investments **[Refer to note 7]**	4,439.31	995.99
Derivative instruments **[Refer to note 9]**	3,843.39	2,790.04
Total	**8,282.70**	**3,786.03**

In ₹ Million

Break up of financial assets carried at fair value through profit and loss	As at March 31, 2022	As at March 31, 2021
Investments **[Refer to note 7]**	19,764.73	23,725.77
Derivative instruments **[Refer to note 9]**	92.24	-
Total	**19,856.97**	**23,725.77**

In ₹ Million

15. Equity share capital	As at March 31, 2022	As at March 31, 2021
Authorized shares (No.)		
975,000,000 (March 31, 2021: 975,000,000) equity shares of ₹ 2/- each	1,950.00	1,950.00
43,000,000 (March 31, 2021 : 43,000,000) cumulative non convertible preference shares of ₹ 10/- each	430.00	430.00
2,000,000 (March 31, 2021 : 2,000,000) unclassified shares of ₹ 10/- each	20.00	20.00
Issued (No.)		
465,768,492 (March 31, 2021: 465,768,492) equity shares of ₹ 2/- each	931.54	931.54

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

In ₹ Million

15. Equity share capital (contd.)	As at March 31, 2022	As at March 31, 2021
Subscribed and fully paid-up (No.)		
465,588,632 (March 31, 2021 : 465,588,632) equity shares of ₹ 2/- each	931.18	931.18
Add:		
172,840 (March 31, 2021 : 172,840) forfeited equity shares comprising 15,010 equity shares	0.09	0.09
(March 31, 2021: 15,010) of ₹ 2/- each (amount partly paid ₹ 1/- each) and 157,830 equity shares		
(March 31, 2021 : 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 Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

In ₹ Million

Equity Shares	As at March 31, 2022		As at March 31, 2021	
	No	₹ in Million	No	₹ in Million
At the beginning of the year	465,588,632	913.18	465,588,632	913.18
Issued during the year	-	-	-	-
Outstanding at the end of the year	465,588,632	913.18	465,588,632	913.18

(c) Disclosure of shareholding of promoters and promoter group

Name of the promoter / promoter group member	Number of shares 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%
Sulochana Neelkanth Kalyani*	-	0.00%	0.00%
Babasaheb Kalyani Family Trust*	-	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%

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

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 group			
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%

Name of the promoter / promoter group member	Number of share held at March 31, 2021	% 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%	(0.01%)
Deeksha Amit Kalyani	50	0.00%	100.00%
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%
Sulochana Neelkanth Kalyani *	-	0.00%	0.00%
Babasaheb Kalyani Family Trust*	-	0.00%	0.00%
KSL Holdings Private Limited	46,285,740	9.94%	0.00%
Ajinkya Investment & Trading Company	19,637,850	4.22%	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%
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 financial statements

for the year ended March 31, 2022 (Contd.)

15. Equity share capital (contd.)

* Sulochana Neelkanth Kalyani and Babasaheb Kalyani Family Trust are not holding any shares.

shareholding since corrected and filed settlement applications with SEBI for shares held by these entities which were inadvertently classified under "Public Shareholding" instead of as part of "Promoter Group"

(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 shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

In ₹ Million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
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, 2022		As at March 31, 2021	
	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, 2022	As at March 31, 2021
	No	No
4,680 (March 31, 2021 : 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, 2021 : 234) detachable warrants entitled to subscription of 2,340 (March 31, 2021 : 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, 2021 : 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, 2022 (Contd.)

In ₹ Million

16. Other equity	As at March 31, 2022	As at March 31, 2021
Capital reserves		
Special capital incentive [Refer to note 16(a)]		
Balance as per the last financial statements	2.50	2.50
Closing balance	**2.50**	**2.50**
Warrants subscription money [Refer to 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 to note 16(c)]		
Balance as per the last financial statements	6,930.89	6,930.89
Closing balance	**6,930.89**	**6,930.89**
Foreign Currency Monetary Item Translation Difference Account (FCMITDA) [Refer to note 2.2(b)]		
Balance as per the last financial statements	-	(18.08)
Add: Arising during the year (loss)	-	8.43
Less: Adjusted during the year	-	(9.65)
Closing balance	**-**	**-**
Hedge reserve [Refer to note 2.2(r)]		
Balance as per the last financial statements	2,052.32	(546.46)
Add: Arising during the year	1,772.42	2,207.11
Less: Adjusted during the year	1,010.18	(391.67)
Closing balance	**2,814.56**	**2,052.32**
General reserve		
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**
Surplus in the statement of profit and loss		
Balance as per the last financial statements	**46,325.81**	**43,007.03**
Add:		
- Net profit for the year	10,778.03	3,120.94
- Items of OCI :		
(1) Re-measurement of defined benefit obligations	133.68	45.09
(2) Equity instruments through other comprehensive income	1,567.09	152.75
	12,478.80	**3,318.78**
Less:		
- Final equity dividend of previous year	931.18	-
- Interim equity dividend for current financial year	698.38	-
	1,629.56	**-**
Closing balance	**57,175.05**	**46,325.81**
Total	**70,166.48**	**58,555.00**

Notes to financial statements

for the year ended March 31, 2022 (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 the three years term, the subscription money received on issue of warrants was credited to 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 issue of shares. The reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

In ₹ Million

17. Distribution made and proposed to be made	Year ended March 31, 2022	Year ended March 31, 2021
Cash dividends on equity shares declared and paid :		
Final dividend		
For the year ended on March 31, 2021 : ₹ 2 per share (March 31, 2020 : ₹ Nil per share)	931.18	-
Interim dividend		
For the year ended on March 31, 2022: ₹ 1.5 per share (March 31, 2021: ₹ Nil per share)	698.38	-
Proposed dividend on equity shares :		
Final dividend		
For the year ended on March 31, 2022 : ₹ 5.5 (March 31, 2021 : ₹ 2/- per share)	2,560.74	931.18

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.

In ₹ Million

18. Borrowings	As at March 31, 2022	As at March 31, 2021
Non-current borrowings		
- Debentures		
5.97% Rated Unsecured Non-Convertible Debentures **[Refer to Note 18 (a)(i)]**	4,969.27	4,958.77
- Term loans from banks		
Foreign currency term loans (unsecured)		
On syndication basis **[Refer to note 18(a)]**	909.57	1,535.40
On bilateral basis **[Refer to note 18(a)]**	7,127.68	11,108.38
- Other loans (secured)		
GITA R&D project loan **[Refer to note 18(b)]**	-	6.70
Total	13,006.52	**17,609.25**

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

In ₹ Million

18. Borrowings	As at March 31, 2022	As at March 31, 2021
Current borrowings		
- Current maturity of term loans from banks		
Foreign currency term loans (unsecured)		
On syndication basis **[Refer note 18(a)]**	682.18	658.00
On bilateral basis **[Refer note 18(a)]**	4,087.71	2,289.84
- Current maturity of other loans (secured)		
- From banks		
Foreign currency loans		
Preshipment packing credit (secured) **[Refer note 18(c)]**	4,606.28	4,613.27
Preshipment packing credit (unsecured) **[Refer note 18(c)]**	-	369.57
Bill discounting with banks (secured) **[Refer note 18(d)]**	12,461.28	8,657.96
Bill discounting with banks (unsecured) **[Refer note 18(d)]**	3,795.61	1,812.58
Rupee loans		
Bill discounting with banks (unsecured) **[Refer note 18(d)]**	352.31	106.83
Total	**25,985.37**	**18,508.05**
Total secured loans	17,067.56	13,277.93
Total unsecured loans	21,924.33	22,839.37
	38,991.89	**36,117.30**

In ₹ Million

Changes in liabilities arising from financing activities *	Current borrowings	Non-current borrowings
Balance as on April 1, 2020	**16,745.34**	**15,625.57**
Net cash flows	(695.67)	5,000.00
Foreign exchange differences	(510.37)	(25.56)
Regroup from non-current to current	2,970.72	(2970.72)
Others	(1.97)	(20.04)
Balance as on March 31, 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	4741.51	(4741.51)
Others	(13.52)	33.46
Balance as on March 31, 2022	**25,985.37**	**13,006.52**

*For details relating to lease liabilities refer to note 35(a).

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

18. Borrowings (contd.)

(a) Foreign currency term loans

Foreign currency term loans on syndicated and bilateral basis (Unsecured)

Repayable in half yearly / yearly instalments along with interest ranging from LIBOR + 65 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, 2022		As at March 31, 2021	
	USD in Million	In ₹ Million	USD in Million	In ₹ Million
From				
- August 2021 (Yearly installment over 3 years)	21.00	1,591.75	30.00	2,193.45
- October 2021 (Yearly installment over 3 years)	35.00	2,652.91	50.00	3,655.75
- December 2022 (18 months installment over 4.5 years)	40.00	3,031.90	40.00	2,924.60
	EUR in Million	In ₹ Million	EUR in Million	In ₹ Million
- August 2020 (Yearly installment over 3 years)	8.00	673.68	14.00	1,200.92
- May 2022 (Yearly installment over 3 years)	40.00	3,368.40	40.00	3,431.20
- February 2020 (Yearly installment over 5 years)	18.00	1,515.78	26.00	2,230.28
Total		**12,834.42**		**15,636.20**

(a) (i) Unsecured Non-convertible debentures (NCDs) Repayable in yearly instalments along with interest of 5.97% p.a.

During the previous year, the Company 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, 2022	As at March 31, 2021
	In ₹ Million	In ₹ Million
From		
- August 2023 (Yearly installment over 3 years)	5,000.00	5,000.00

(b) GITA R&D project loan (Secured)

The loan was secured by bank guarantee executed by the Company in favour of Global Innovation & Technology Alliance (GITA) which was repayable in 5 yearly instalments, along with interest @ 12.00% p.a. only on 67% of the principal amount and balance amount was interest free. The entire loan has been repaid during the year.

(c) Preshipment packing credit

The loan is secured against hypothecation of inventories (refer to note 11) and trade receivables (refer to note 12).

Preshipment packing credit - Rupee (secured and unsecured) is repayable within 30 days to 180 days and carries interest @ 7.50% to 8.50% p.a.

Preshipment packing credit - foreign currency (secured and unsecured) is repayable within 30 days to 180 days and carries interest @ LIBOR + 60 bps to LIBOR/SOFR + 125 bps p.a. and EURIBOR + 45 bps to EURIBOR + 70 bps p.a. respectively.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

18. Borrowings (contd.)

(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 interest @ 7.50% p.a. to 8.50% p.a. and LIBOR + 60 bps to LIBOR + 125 bps p.a. & EURIBOR + 45 bps to EURIBOR + 95 bps p.a. respectively.

(e) Loans availed for specific purpose and their utilisation for specified purpose:

During the year ended March 31, 2022, the Company has not availed any fresh term loans. In earlier years, the Company had raised term loans in the form of external commercial borrowings. The unutilised balance from proceeds of these term loans were temporarily parked in term deposits with bankers till the time they were used for their intended purpose. The balance of such deposits as at March 31, 2022 is ₹ Nil (March 31, 2021 : ₹ 1,048.33 Million).

During the previous year, the Company issued listed, rated, unsecured, redeemable, non-convertible debentures on private placement basis. Proceeds from these 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 form of packing credit, bill discounting and cash credit. The Company 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 Company. Till the previous financial year, the Company used to report this information based on monthly information system.

The Company has been sanctioned a fund based limit of ₹ 34,080 million and non-fund based limit of ₹ 7,250 million in respect of working capital facilities by its bankers as at March 31, 2022 and March 31, 2021.

(g) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

In ₹ Million

19. Other financial liabilities	As at March 31, 2022	As at March 31, 2021
Other non-current financial liabilities		
Voluntary retirement scheme compensation (at amortised cost)	227.31	1.28
Security deposits	20.34	-
Total	**247.65**	**1.28**
Other current financial liabilities at amortised cost		
Interest accrued but not due on borrowings	203.12	206.34
Payables for capital goods	301.16	358.06
Security deposits	226.87	226.28
Directors commission	6.95	6.80
Investor Education and Protection Fund (as and when due) #		
- Unpaid dividend	35.14	38.83
- Unpaid matured deposits	0.04	0.04
Voluntary retirement scheme compensation	175.40	30.42
Total	**948.68**	**866.77**

Includes unpaid due to litigation

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

In ₹ Million

19 (a). Derivative instruments	As at March 31, 2022	As at March 31, 2021
Non-current		
Fair value hedges (FVTPL)		
Cross currency swap	-	2.88
Total	**-**	**2.88**
Current		
Fair value hedges (FVTPL)		
Cross currency swap	-	1.23
Total	**-**	**1.23**

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.

In ₹ Million

20. Provisions	As at March 31, 2022	As at March 31, 2021
Non-current		
Provision for gratuity [Refer note 37(a)]	113.92	171.63
Provision for special gratuity [Refer note 37(b)]	169.57	174.13
Provision for employees' provident fund [Refer note 37(c)]	29.58	120.00
Total	**313.07**	**465.76**
Current		
Provision for gratuity [Refer note 37(a)]	110.00	110.00
Provision for special gratuity [Refer note 37(b)]	11.33	11.24
Provision for leave benefits	344.39	359.83
Total	**465.72**	**481.07**

21. Income and deferred taxes

The major components of income tax expense for the years ended March 31, 2022 and March 31, 2021 are :

Statement of profit and loss :

In ₹ Million

Profit and loss section	Year ended March 31, 2022	Year ended March 31, 2021
Current income tax :		
Current income tax charge	3,328.22	882.21
Deferred tax :		
Relating to origination and reversal of temporary differences	(146.82)	145.92
Income tax expense reported in the statement of profit and loss	**3,181.40**	**1,028.13**

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

21. Income and deferred taxes (Contd.)

In ₹ Million

OCI section	Year ended March 31, 2022	Year ended March 31, 2021
Deferred tax related to items recognised in OCI:		
Net loss/(gain) on revaluation of cash flow hedges	245.85	874.04
Net loss/(gain) on re-measurement of defined benefit plans	44.96	15.17
Net loss/(gain) on FVTOCI equity securities	398.13	-
Income tax charged to OCI	**688.94**	**889.21**

In ₹ Million

Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate for year ended March 31, 2022 and March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2021
Accounting profit before tax from operations	13,959.43	4,149.07
Applicable income tax rate of 25.168% (March 31, 2021: 25.168%)	3,513.31	1,044.24
Exceptional items	(224.00)	-
Other disallowances	43.87	86.81
Adjustment in respect of reversal of income tax expense of earlier years	(151.78)	(102.92)
At the effective income tax rate of 22.79% (March 31, 2021: 24.78%)	**3,181.40**	**1,028.13**
Income tax expense reported in the statement of profit and loss	**3,181.40**	**1,028.13**

Major components of deferred tax as at March 31, 2022 and March 31, 2021:

In ₹ Million

Deferred tax liability (net)	Balance Sheet	
	As at March 31, 2022	As at March 31, 2021
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	1,963.37	2,012.12
Fair valuation of cash flow hedges	946.61	700.76
Fair valuation of FVTOCI equity securities	434.64	-
Other deductible temporary differences	(456.74)	(367.12)
Net deferred tax liabilities	**2,887.88**	**2,345.76**

Major components of deferred tax for the year ended March 31, 2022 and March 31, 2021:

In ₹ Million

Deferred tax expense/(income)	Statement of Profit and Loss	
	Year ended March 31, 2022	Year ended March 31, 2021
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	(48.75)	88.74
Other deductible temporary differences	(98.07)	57.18
Deferred tax expense	**(146.82)**	**145.92**

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

21. Income and deferred taxes (Contd.)

In ₹ Million

Reflected in the balance sheet as follows	As at March 31, 2022	As at March 31, 2021
Deferred tax assets	(1,254.24)	(1,126.30)
Deferred tax liabilities	4,142.12	3,472.06
Deferred tax liabilities (net)	**2,887.88**	**2,345.76**

In ₹ Million

Reconciliation of deferred tax liabilities (net)	Year ended March 31, 2022	Year ended March 31, 2021
Opening balance	2,345.76	1,310.63
Tax expense/(income) during the period recognised in profit or loss	(146.82)	145.92
Tax expense/(income) during the period recognised in OCI	688.94	889.21
Closing balance	**2,887.88**	**2,345.76**

During the years ended March 31, 2022 and March 31, 2021, the Company 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).

In ₹ Million

22. Trade payables

	As at March 31, 2022	As at March 31, 2021
Trade payables		
Dues to micro enterprises and small enterprises **[Refer note 43]**	69.06	32.35
Dues to other than micro enterprises and small enterprises (including related parties payables)	9,600.81	7,976.90
Total	**9,669.87**	**8,009.25**

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 to note 39.

Trade payable includes acceptances given by the Company 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, 2021 : ₹ 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 to note 53.

Trade payables ageing schedule

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

* Unbilled represents accrual for expenses.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

22. Trade payables (Contd.)

Trade payables ageing schedule

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 (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.

As at March 31, 2021

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)	-	30.44	1.91	-	-	-	32.35
Total outstanding dues of creditors other than micro enterprises and small enterprises (Undisputed)	1,980.25	4,610.11	1,012.48	153.99	94.02	126.05	7,976.90
Total outstanding dues of micro enterprises and small enterprises (Disputed)	-	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises (Disputed)	-	-	-	-	-	-	-
Total	**1,980.25**	**4,640.55**	**1,014.39**	**153.99**	**94.02**	**126.05**	**8,009.25**

* Unbilled represents accrual for expenses.

In ₹ Million

23. Other liabilities

	As at March 31, 2022	As at March 31, 2021
Current		
Contract liabilities (advances from customers) $	920.27	634.35
Employee contributions and recoveries payable	93.05	84.57
Statutory dues payable including tax deducted at source #	166.70	131.36
Others*	10.77	11.25
Total	**1,190.79**	**861.53**

$ The contract liabilities primarily relate to the advance consideration received on contracts entered with customers for which performance obligations are yet to be performed, therefore, revenue will be recognized when the goods are passed on to the customers.

Includes payable with respect to Good and Services Tax, Local Body Tax, Gram Panchayat Tax, With holding taxes, provident fund, etc.

* Others includes rent received in advance and miscellaneous liabilities.

In ₹ Million

Break up of the financial liabilities at amortized cost	As at March 31, 2022	As at March 31, 2021
Borrowings **[Refer note 18]**	38,991.89	36,117.30
Lease liabilities **[Refer note 35]**	2,248.67	2,018.05
Other financial liabilities **[Refer note 19]**	1,196.33	868.05
Trade payables **[Refer note 22]**	9,669.87	8,009.25
Total financial liabilities carried at amortised cost	**52,106.76**	**47,012.65**

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

23. Other liabilities (Contd.)

In ₹ Million

Break up of the financial liabilities at fair value through profit or loss	As at March 31, 2022	As at March 31, 2021
Derivative instruments **[Refer note 19(a)]**	-	4.11

In ₹ Million

24. Revenue from operations	Year ended March 31, 2022	Year ended March 31, 2021
Sale of products		
- Sale of goods*	58,488.03	34,255.06
- Tooling income	154.57	127.38
Total sale of products	**58,642.60**	**34,382.44**
Sale of services		
- Job work charges	246.42	166.89
Other operating revenues		
- Manufacturing scrap	2,755.01	1,450.68
- Government grants - export incentives [Refer note 10]	847.23	485.46
- Sale of electricity/REC - Windmills	54.86	29.65
Total	**62,546.12**	**36,515.12**
- Within India	25,925.47	16,956.46
- Outside India	36,620.65	19,558.66
Total Revenue from operations	**62,546.12**	**36,515.12**

* Sale of goods includes F.O.B. value of export of ₹ 36,265.37 million (March 31, 2021: ₹ 19,097.99 million).

Set out below is the amount of revenue recognised from

In ₹ Million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Amounts included in contract liabilities at the beginning of the year	229.37	238.09
Performance obligations satisfied in previous year	-	-

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

In ₹ Million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from operations	62,546.12	36,515.12
Less: Adjustments		
- Government grants - export incentives	847.23	485.46
	61,698.89	**36,029.66**
Add: Adjustments		
- Miscellaneous income	85.35	64.64
- Sale of property, plant and equipment	741.57	162.38
	826.92	**227.02**
Revenue from contract with customers	**62,525.81**	**36,256.68**

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

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, 2022	Year ended March 31, 2021
Add/(less): Adjustments (sales returns, discounts, etc.)	(777.84)	812.52
Revenue as per contracted price	**61,747.97**	**37,069.20**

In ₹ Million

25. Other income	Year ended March 31, 2022	Year ended March 31, 2021
Dividend income from investments	4.41	1.23
Dividend income from subsidiary company	94.50	-
Net (loss) / gain on fair valuation of financial instruments (FVTPL)	(129.10)	336.62
Net gain on sale of financial instruments	900.37	589.87
Government grants *	22.73	-
Liabilities / provisions no longer required written back	78.57	53.44
Interest income on		
- Fixed deposits and others**	194.95	252.87
- Loans to subsidiaries/associates	25.45	55.62
Rent (Refer note 35(b))	21.08	8.51
Gain on sale/discard of property, plant and equipment (net)	288.78	15.15
Miscellaneous income ***	173.28	91.26
Total	**1,675.02**	**1,404.57**

* Includes Government grants received as part of the Packaged Scheme of Incentives for the purpose of capital investment in designated areas, 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 30. There are no unfulfilled conditions or contingencies attached to these grants.

** Includes interest on account of unwinding of security deposits.

*** Miscellaneous income includes sundry sale, discount received, miscellaneous recoveries, etc.

In ₹ Million

26. Cost of raw materials and components consumed		Year ended March 31, 2022	Year ended March 31, 2021
Inventory at the beginning of the year **[Refer note 11]**		2,391.76	1,987.91
Add: Purchases		27,891.39	15,362.54
Less: Inventory as at end of the year **[Refer note 11]**		3,810.45	2,391.76
Cost of raw materials and components consumed	**Total**	**26,472.70**	**14,958.69**

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

In ₹ Million

27. (Increase) in inventories of finished goods, work-in-progress, dies and scrap	Year ended March 31, 2022	Year ended March 31, 2021
Inventories at the end 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**
Inventories at the beginning of the year [Refer note 11]		
Work-in-progress [includes items lying with third parties]	3,711.96	3,567.18
Finished goods [includes items lying with third parties and items in transit]	1,469.05	675.94
Dies and dies under fabrication	145.73	241.16
Scrap	30.24	58.55
	5,356.98	**4,542.83**
Total	**(946.73)**	**(814.15)**

In ₹ Million

28. Employee benefits expense	Year ended March 31, 2022	Year ended March 31, 2021
Salaries, wages and bonus (including managing and whole time director's remuneration)	4,298.42	3,879.00
Contributions to provident and other funds / scheme #	201.63	205.31
Gratuity expense **[Refer note 37(a)]**	80.17	79.90
Special gratuity expense **[Refer note 37(b)]**	20.87	17.87
Staff welfare expenses	456.76	300.29
Total	**5,057.85**	**4,482.37**

Other funds / scheme includes 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 and the final rules/interpretation have not yet been issued. 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.

In ₹ Million

29. Depreciation and amortisation expense	Year ended March 31, 2022	Year ended March 31, 2021
Depreciation on property, plant and equipment [Refer note 3]	3,879.51	3,517.62
Amortisation on intangible assets [Refer note 5]	74.55	75.92
Depreciation on right-of-use assets [Refer note 35]	163.85	67.21
Total	**4,117.91**	**3,660.75**

In ₹ Million

30. Finance costs	Year ended March 31, 2022	Year ended March 31, 2021
Interest on bank facilities *	666.77	581.50
Exchange differences regarded as an adjustment to borrowing costs **	181.75	45.30
Interest on lease liabilities [Refer note 35]	195.86	84.35
Others #	28.63	68.00
Total	**1,073.01**	**779.15**

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

30. Finance costs (Contd.)

* 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 37], etc.

In ₹ Million

31. Other expenses

		Year ended March 31, 2022	Year ended March 31, 2021
Consumption of stores, spares and tools		3,035.61	2,087.95
Machining / subcontracting charges		2,033.40	946.99
Power, fuel and water	3,541.57		2,711.33
Less: Credit for energy generated	62.33		60.09
		3,479.24	**2,651.24**
Repairs and maintenance			
- Building repairs and road maintenance		92.14	52.52
- Plant and machinery		572.31	414.91
Contract labour charges		718.77	328.32
Rent [Refer note 35]		23.58	20.31
Rates and taxes		46.33	57.41
Insurance		124.36	129.21
CSR expenditure [Refer note 45]		169.36	225.30
Legal and professional fees		884.99	768.46
Commission		3.15	12.45
Donations		28.28	25.88
Packing material		1,015.55	673.34
Freight forwarding charges		1,276.38	693.93
Directors' fees and travelling expenses		3.38	4.70
Commission to directors other than managing and whole time directors		6.95	6.80
Provision for doubtful debts and advances (including expected credit losses)		50.00	61.98
Bad debts / advances written off		0.08	0.14
Exchange difference (net) *		(352.81)	71.58
Payment to auditors [Refer note 31(a)]		21.54	19.66
Miscellaneous expenses **		1,572.41	1,358.90
Total		**14,805.00**	**10,611.98**

* Includes MTM (gain)/loss on derivatives amounting to ₹ (89.21) million (March 31, 2021 : ₹ 149.61 million) and foreign exchange (gain)/loss amounting to ₹ (38.94) million (March 31, 2021 : ₹ 35.21 million) on account of differential reinstatement of foreign exchange loans. It also includes credit valuation adjustment on derivative contracts of ₹ 6.36 million (March 31, 2021: ₹ Nil)

** Miscellaneous expenses includes travelling expenses, printing, stationery, postage, telephone, etc.

In ₹ Million

(a) Payment to auditors	Year ended March 31, 2022	Year ended March 31, 2021
As auditor:		
- Audit fee	12.23	11.23
- Limited review	5.60	5.60
- Others (including certification fees)	3.35	2.63
Reimbursement of expenses	0.36	0.20
Total	**21.54**	**19.66**

(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.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

In ₹ Million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Interest on bank facilities	16.96	34.77
Salaries, wages and bonus	26.40	29.38
Consumption of stores and spares and loose	1.29	1.88
Others	6.28	7.14
Total	**50.93**	**73.17**

(c) Expenditure on research and development

In ₹ Million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Cost of raw materials and components consumed	9.80	3.89
Employee benefits expense	310.31	201.13
Other expenses	257.88	242.44
Total	**577.99**	**447.46**

In ₹ Million

32. Exceptional items	Year ended March 31, 2022	Year ended March 31, 2021
Voluntary retirement scheme compensation **(Refer note 32(a))**	(739.56)	(91.83)
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	-
Total	**318.03**	**(91.83)**

During the year, the Company has 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 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 exceptional item.

During the year ended March 31, 2021, the Company had announced Voluntary Retirement Schemes (VRS) on March 12, 2020, July 4, 2020 and November 11, 2020 for its eligible employees who have completed 10 years of service with the Company. The amount of expenditure under said scheme is disclosed as an exceptional item for the comparative period.

(b) Reversal of impairment and gain on fair valuation on loss of significant influence in Tevva Motors (Jersey) Ltd.

During the year, the Company's associate viz. Tevva Motors Limited (held through Tevva Motors (Jersey) Limited), collectively refer tored to as "Tevva", a start-up engaged in modular electrification system for 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 Company. The Company's equity investment in 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 fair valuation on loss of significant influence as an associate of ₹ 1,057.59 million has been recorded as a part of "Exceptional items" for the year ended March 31, 2022.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

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, 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)
Effect of deferred tax of hedge reserve	-	-	-	-	-	-
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**

In ₹ Million

During the year ended March 31, 2021	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	-	-	18.08	-	-	18.08
Currency forward contracts	2,949.42	-	-	-	(742.31)	2,207.11
Reclassified to statement of (profit) or loss	523.40	-	-	-	(131.73)	391.67
Gain / (Loss) on FVTOCI financial assets	-	152.75	-	-	-	152.75
Re-measurement gains / (losses) on defined benefit plans	-	-	-	60.26	(15.17)	45.09
Total	**3,472.82**	**152.75**	**18.08**	**60.26**	**(889.21)**	**2,814.70**

34. Earnings per equity share (EPS)

		Year ended March 31, 2022	Year ended March 31, 2021
Numerator for basic and diluted EPS			
Net profit after tax attributable to shareholders (in ₹ million)	(A)	10,778.03	3,120.94
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)	23.15	6.70
Diluted earnings per share of face value of ₹ 2/- each (in ₹)	(A/C)	23.15	6.70

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

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.

Below are the carrying amounts of right-of-use assets recognised and the movements during the year:

In ₹ Million

	Leasehold land	Plant & Machinery	Buildings	Total
As at April 1, 2020	66.86	-	381.31	448.17
Additions	-	1,613.77	43.17	1,656.94
Depreciation	(0.79)	(38.42)	(28.00)	(67.21)
As at March 31, 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**

Below are the carrying amounts of lease liabilities and the movements during the year:

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Opening Balance	2,018.05	383.53
Additions	311.75	1,656.00
Accretion of Interest	195.86	84.35
Payments	(276.99)	(105.83)
Closing Balance	**2,248.67**	**2,018.05**
Current	96.46	250.38
Non Current	2,152.21	1,767.67

The maturity analysis of lease liabilities are disclosed in Note 53.

The effective interest rate for lease liabilities is between 8.40% to 9.35% p.a. (March 31, 2021 : 8.40% to 9.35% p.a.)

The following are the amounts recognised in statement of profit and loss:

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Depreciation expense of right-of-use assets	163.85	67.21
Interest expense on lease liabilities	195.86	84.35
Expense relating to short-term leases (included in other expenses)	23.58	20.31
Total amount recognised in profit or loss	**383.29**	**171.87**

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

The Company had total cash outflows for leases of ₹ 276.99 million (March 31, 2021: ₹ 105.83 million). The Company also had non-cash additions to right-of-use assets and lease liabilities of ₹ 311.75 million (March 31, 2021: 1,656.94) and ₹ 311.75 million (March 31, 2021: ₹ 1,656.00) respectively.

The Company 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 Company's business needs. Management exercises significant judgment in determining whether these 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 terminationoptions that are not included in the lease term:

In ₹ Million

	Within five years	More than five years	Total
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**
Year ended March 31, 2021			
Extension options expected not to be exercised	-	-	-
Termination options expected to be exercised	-	-	-
Obligations under leases not yet commenced *	137.87	297.52	**435.39**

* Refer note 7(f) for further details.

(b) Company as lessor

The Company has entered into agreements / arrangements 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 lease. Period of agreements / arrangements is generally 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

	Year ended March 31, 2022	Year ended March 31, 2021
Within one year	14.37	3.12
After one year but not more than five years	11.73	1.44
Total	**26.10**	**4.56**

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, 2022 (Contd.)

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 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 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 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 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 to neutralize valuation swings caused by interest rate movements.

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz. LIC of India 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 Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Company has no control over the management of funds but this option provides a high level of safety for the total corpus. 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 plans.

The principal assumptions used in determining gratuity for the Company's plan is shown below:

	Year ended March 31, 2022	Year ended March 31, 2021
Mortality table	(IALM(2012-14) ult)	(IALM(2012-14) ult)
Discount rate	7.20%	6.90%
Expected rate of return on plan assets	6.90%	6.80%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)*	11.14	11.37
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 actuarially calculated term of the plan using probabilities of death, withdrawal and retirement.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

37. Gratuity and other post-employment benefit plans (contd.):

(a) Gratuity plan (Contd.):

Changes in the present value of the defined benefit obligation recognised in the balance sheet are as follows:

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Present value of obligation as at the beginning of the period	1,214.15	1,151.42
Interest expense	79.52	75.63
Current service cost	80.17	79.90
Benefits paid	(123.65)	(78.32)
Remeasurements on obligation [actuarial (gain) / loss]	(33.88)	(14.48)
Closing defined benefit obligation	**1,216.31**	**1,214.15**

Changes in the fair value of plan assets recognised in the balance sheet are as follows:

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Opening fair value of plan assets	932.52	866.70
Interest income	63.87	57.85
Contributions	110.00	101.43
Benefits paid	(123.65)	(78.32)
Remeasurements- Return on plan assets, excluding amount included in Interest Income	9.65	(15.14)
Closing fair value of plan assets	**992.39**	**932.52**

Net interest expense/ (income)

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Interest expense on defined benefit obligation	79.51	75.63
Interest (income) on plan assets	(63.87)	(57.85)
Net interest expense for the period	**15.64**	**17.78**

Remeasurements for the period [actuarial (gain)/loss]

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Experience (gain) on plan liabilities	(4.42)	(4.57)
Financial (gain) on plan liabilities	(29.46)	(9.92)
Experience (gain)/ loss on plan assets	(8.73)	7.32
Financial (gain)/ loss on plan assets	(0.92)	7.82

Amount recognised in statement of other comprehensive income (OCI)

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Remeasurement (gain) for the period on defined benefit obligation	(33.88)	(14.48)
Remeasurement (gain)/ loss for the period on plan asset	(9.65)	15.14
Total remeasurement cost for the period recognised in OCI	**(43.53)**	**0.66**

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

37. Gratuity and other post-employment benefit plans Leases (contd.):

(a) Gratuity plan (Contd.):

The amounts to be recognised in the balance sheet

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Present value of obligation	(1,216.31)	(1,214.15)
Fair value of plan assets	992.39	932.52
Net asset / (liability) to be recognised in the balance sheet	**(223.92)**	**(281.63)**

Expense recognised in the statement of profit and loss

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Current service cost **(refer note 28)**	80.17	79.90
Net interest expense **(refer note 30)**	15.64	17.78
Net periodic benefit cost recognised in the statement of profit and loss	**95.81**	**97.68**

Reconciliation of net asset/(liability) recognised:

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Net asset/ (liability) recognised at the beginning of the period	(281.64)	(284.72)
Company's contributions	110.00	101.42
Expense recognised for the year	(95.81)	(97.68)
Amount recognised in OCI	43.53	(0.66)
Net asset / (liability) recognised at the end of the period	**(223.92)**	**(281.64)**

The Company expects to contribute ₹110.00 million to gratuity fund in the next year (March 31, 2021 : ₹110.00 million)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2022	As at March 31, 2021
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, 2022	As at March 31, 2021
Decrease by 1%	1,317.80	1,317.52
Increase by 1%	1,124.69	1,119.64

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, 2022	As at March 31, 2021
Decrease by 1%	1,133.28	1,128.49
Increase by 1%	1,305.84	1,305.13

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

37. Gratuity and other post-employment benefit plans Leases (contd.):

(a) Gratuity plan (Contd.):

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, 2022	As at March 31, 2021
Decrease by 1%	1,220.31	1,218.17
Increase by 1%	1,209.82	1,206.12

The estimates of future compensation level 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

	As at March 31, 2022	As at March 31, 2021
Within one year	195.45	185.12
After one year but not more than five years	370.72	354.53
After five years but not more than ten years	625.00	644.13

Weighted average duration of the defined benefit plan obligation (based on discounted cash flows using mortality, withdrawal and interest rate) is 10.83 years (March 31, 2021: 10.93 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 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 able to neutralise valuation swings caused by interest rate movements.

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Unfunded plan risk

This represents unmanaged risk and a growing liability. There is an inherent risk here that the Company may default on paying the benefits in adverse circumstances. Funding the plan removes volatility in the Company's financial statements and also benefit risk through return on the funds made available for the plan.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

37. Gratuity and other post-employment benefit plans Leases (contd.):

(b) Special gratuity (Contd.):

The principal assumptions used in determining special gratuity for the Company's plan is shown below:

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	7.20%	6.90%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)*	11.70	11.90
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 plan 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

	As at March 31, 2022	As at March 31, 2021
Present value of obligation as at the beginning of the period	185.37	142.02
Interest expense	12.54	9.69
Past service cost	-	0.72
Current service cost	20.87	17.87
Benefits paid	(7.24)	(3.15)
Remeasurements on obligation [actuarial (gain) / loss]	(30.64)	18.22
Closing defined benefit obligation	**180.90**	**185.37**

Net Interest Expense/ (Income)

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Interest expense on defined benefit obligation	12.54	9.69
Interest (income) / expense on plan assets	-	-
Net interest expense for the period	**12.54**	**9.69**

Remeasurements for the period

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Experience (gain) / loss on plan liabilities	(24.73)	18.22
Financial (gain) /loss on plan liabilities	(5.91)	-

Amount recognised in statement of other comprehensive Income (OCI)

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Remeasurement (gain)/loss for ther period on defined benefit obligation	(30.64)	18.22
Total remeasurement (gain)/ loss for the period recognised in OCI	**(30.64)**	**18.22**

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

37. Gratuity and other post-employment benefit plans Leases (contd.):

(b) Special gratuity (Contd.):

The amounts to be recognised in the balance sheet

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Present value of obligation as at the end of the period	(180.90)	(185.37)
Net asset / (liability) to be recognised in the balance sheet	**(180.90)**	**(185.37)**

Expense recognised in the statement of profit and loss

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Current service cost **(Refer note 28)**	20.87	17.87
Past service cost	-	0.72
Net interest expense **(Refer note 30)**	12.54	9.69
Net periodic benefit cost recognised in the statement of profit and loss	**33.41**	**28.28**

Reconciliation of net asset/(liability) recognised:

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Net asset / (liability) recognised at the beginning of the period	(185.37)	(142.02)
Benefits directly paid by Company	7.24	3.15
Expense recognised for the year	(33.41)	(28.28)
Amount recognised in OCI	30.64	(18.22)
Net asset / (liability) recognised at the end of the period	**(180.90)**	**(185.37)**

The following are the expected benefit payments to the defined benefit plan in future years :

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Within one year	11.33	11.24
After one year but not more than five years	59.12	47.53
After five years but not more than ten years	102.88	89.01

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 12.46 years (March 31, 2021 : 11.07 years)

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, 2022	Year ended March 31, 2021
Decrease by 1%	201.77	207.42
Increase by 1%	163.15	166.66

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

37. Gratuity and other post-employment benefit plans Leases (contd.):

B) Impact of change in rate of increase in compensation levels on defined benefit obligation

In ₹ Million

Rate of increase in compensation levels	Year ended March 31, 2022	Year ended March 31, 2021
Decrease by 1%	164.49	168.08
Increase by 1%	199.74	205.32

C) Impact of change in withdrawal rate when base assumption is decreased / increased on defined benefit obligation

In ₹ Million

Withdrawal rate	Year ended March 31, 2022	Year ended March 31, 2021
Decrease by 1%	180.60	185.71
Increase by 1%	181.16	185.06

(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 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 Company has no obligation, other than the contribution payable to the provident fund.

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 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 is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset risks:

All plan assets are maintained in a Trust fund managed by a public sector insurer viz. LIC of India 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 Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Company has no control over the management of funds but this option provides a high level of safety for the total corpus. 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.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

37. Gratuity and other post-employment benefit plans Leases (contd.):

(c) Provident fund (Contd.)

The principal assumptions used in determining provident fund liability / shortfall for the Company's plan is shown below:

	Year ended March 31, 2022	Year ended March 31, 2021
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	7.20%	6.90%
Interest rate declared by Employees' Provident Fund Organisation for the year	8.10%	8.50%
Yield spread	0.50%	0.50%
Expected rate of return on plan assets	6.90%	6.80%
Expected average remaining working lives of employees (in years)	11.36*	11.61*
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 actuarially calculated term of the plan using probabilities of death, withdrawal and retirement.

Table showing changes in present value of defined benefit obligations:

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Present value of defined benefit obligation at the beginning of the period	3,261.33	2,962.68
Interest cost	219.22	195.53
Current service cost	105.95	102.08
Employee contribution	153.57	151.08
Benefits paid	(168.40)	(174.41)
Remeasurements on obligation [acturial (gain) / loss]	(111.23)	24.37
Present value of defined benefit obligation as at the end of the period	**3,460.44**	**3,261.33**

Table showing changes in fair value of plan assets (surplus account)

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Fair value of plan assets as at the beginning of the period (surplus account)	3,141.33	2,793.65
Interest income	219.40	192.01
Employers contribution	91.72	83.48
Employee contribution	153.56	151.08
Benefits paid	(168.39)	(174.41)
Remeasurement - return on plan assets excluding amount included in interest income	(6.76)	95.52
Fair value of plan assets as at the end of the period (surplus account)	**3,430.86**	**3,141.33**

Net interest expense/ (income)

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Interest expense on defined benefit obligation	219.22	195.53
Interest (income) on plan assets	219.40	192.01
Net Interest Expense / (Income) for the period	(0.18)	3.52

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

37. Gratuity and other post-employment benefit plans Leases (contd.):

(c) Provident fund (Contd.)

The amounts to be recognised in the balance sheet:

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Present value of expected interest rate shortfall as at the end of the period	3,460.44	3,261.33
Fair value of the plan assets as at the end of the period (surplus account)	3,430.86	3,141.33
(Deficit)	**(29.58)**	**(120.00)**
Net (liability) recognised in the balance sheet	(29.58)	(120.00)

Amount recognised in statement of other comprehensive income (OCI):

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Remeasurement (gain)/ loss for the period on defined benefit obligation	(111.23)	24.37
Remeasurement (gain)/ loss for the period on plan assets	6.76	(95.52)
Total remeasurement (gain)/ loss for the period recognised in OCI	**(104.47)**	**(71.15)**

Expense recognised in the statement of profit and loss:

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Current service cost (refer note 28)	105.95	102.08
Net interest expense (refer note 30)	(0.18)	3.52
Net periodic benefit cost recognised in the statement of profit and loss	**105.77**	**105.60**

Sensitivity analysis

A) Impact of change in discount rate when base assumption is decreased/increased by 50 basis point - present value of obligation

In ₹ Million

Discount rate	Year ended March 31, 2022	Year ended March 31, 2021
Decrease by 0.50%	3,519.09	3,322.75
Increase by 0.50%	3,405.09	3,203.43

B) Impact of change in expected future interest rate on PF when base assumption is decreased/increased by 50 basis point - present value of obligation

In ₹ Million

PF interest rate	Year ended March 31, 2022	Year ended March 31, 2021
Decrease by 0.50%	3,403.99	3,205.23
Increase by 0.50%	3,516.89	3,317.42

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

38. Contingent liabilities

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Guarantees given by the Company on behalf of other companies [(Refer note 38(a)]		
Balance outstanding	6,137.83	5,081.46
(Maximum amount)	(6,137.83)	(5,718.07)
Claims against the Company not acknowledged as Debts - to the extent ascertained	344.18	361.85
[(Refer note 38(b)]		
Excise/Service tax demands - matters under dispute* [(Refer note 38(c)]	130.10	130.10
Customs demands - matters under dispute* [(Refer note 38(d)]	50.97	50.97
Sales tax demands - matters under dispute [(Refer note 38(e)]	-	36.56
Income tax demands - matter under dispute [(Refer note 38(f)]	54.92	-

* **Excludes interest and penatly**

(a) The Company has issued various financial guarantees/support letter for working capital requirement of the subsidiary companies. The management has considered the probability for outflow of the same to be remote.

(b) The Company is contesting the demands raised pertaining to property tax. It also includes claim against the Company comprising of dues in respect to personnel claims (amount unascertainable), local taxes, etc.

(c) Includes amount pertaining to incentive received under Government schemes, etc. This amount does not include penalty and interest.

(d) Includes amount pertaining to classification differences of products, etc.

(e) Includes amount pertaining to duty demand for non-receipt of various statutory forms, etc.

(f) Includes amount pertaining to matter relating to 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 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.

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 ₹ 45.12 million (March 31, 2021: ₹ 45.12 million).

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

39. Related Party disclosures

(i) Names of the related parties and related party relationship

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
	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)
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 Hong Kong Limited (upto July 10, 2020)
	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)
	Lycan Electric Private Limited (w.e.f. November 22, 2021)
	BF Industrial Technology and 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 venture	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 (Upto November 21, 2021)
	Tevva Motors (Jersey) Limited (Upto November 8, 2021)
	Tevva Motors Limited (Upto November 8, 2021)
	Hospet Bellary Highways Private Limited (upto January 12, 2021)
	Lycan Electric Private Limited (Upto November 21, 2021)
	Talbahn GmbH
	Aeron Systems Private Limited
	Ferrovia Transrail Solutions Private Limited

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

39. Related Party disclosures (contd.):

(i) Names of the related parties and related party relationship (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 Additives Private Limited
	Kalyani Strategic Management Services Limited (formerly Kalyani Technologies Limited)
	KTMS Properties Private Limited
	Inmet Technology Solutions Private Limited
	Govalkonda Trading Company Private Limited
	Purandhar Trading Company Private Limited
	Rayagad Trading Company Private Limited
	Vishalgad Trading Company Private Limited
	Akutai Kalyani Charitable Trust
	SBK Charitable Trust
	Elbit Systems Land And C4I Limited
	Radium Merchandise Private Limited
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 (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)
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
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, 2022 (Contd.)

39. Related Party disclosures (contd.):

(ii) Related party transactions

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2022	Year ended March 31, 2021
1	**Purchase of raw materials, components, stores, spares**	**Subsidiaries**		
		Kalyani Powertrain Limited	1.03	-
		Analogic Controls India Limited	4.63	-
		BF Infrastructure Limited	4.52	-
			10.18	**-**
		Step down subsidiaries		
		Bharat Forge Kilsta AB	52.21	-
		Kalyani Rafael Advanced Systems Private Limited	37.50	-
		Bharat Forge Daun GmbH	0.40	0.32
		Tork Motors Private Limited (w.e.f. November 22, 2021)	0.33	-
			90.44	**0.32**
		Joint venture		
		Refu Drive GMBH	2.84	-
			2.84	**-**
		Other related parties		
		Kalyani Steels Limited	5,132.78	3,369.57
		Saarloha Advance Material Private Limited	11,803.44	7,608.82
		Others	389.80	205.98
			17,326.02	**11,184.37**
			17,429.48	**11,184.69**
2	**Other expenses - Machining / subcontracting charges**	**Subsidiaries**		
		Kalyani Centre for Precision Technology Limited	279.56	118.74
		Others	5.38	1.37
			284.94	**120.11**
		Step down subsidiaries		
		BF Industrial Technology & Solutions Limited	100.11	-
			100.11	**-**
		Subsidiary of a Joint venture		
		Refu Drive India Private Limited	2.50	-
			2.50	**-**
		Other related parties		
		Kalyani Technoforge Limited	82.49	152.74
		Kalyani Transmission Technologies Private Limited	68.40	27.16
		Others	9.30	6.27
			160.19	**186.17**
			547.74	**306.28**
	- Power, fuel and water	**Other related parties**		
		BF Utilities Limited	143.47	134.31
			143.47	**134.31**

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

39. Related Party disclosures (contd.):

(ii) Related party transactions (contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2022	Year ended March 31, 2021
	- 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*	**Other related parties**		
		United Metachem Private Limited	9.60	8.24
		KTMS Properties Private Limited	20.07	15.46
		Others	3.84	3.79
			33.51	**27.49**
		Relatives of key management personnel		
		Mrs. S. S. Tandale	-	0.18
			-	**0.18**
	- Legal and professional fees	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	85.71	57.20
		Bharat Forge America Inc.	82.94	62.84
		Bharat Forge International Limited	64.11	108.74
			232.76	228.78
		Step down subsidiaries		
		Bharat Forge Kilsta AB	2.92	7.79
			2.92	7.79
		Other related parties		
		Kalyani Strategic Management Services Limited (erstwhile Kalyani Technologies Limited)	162.59	80.00
			162.59	80.00
	- Donations	**Other related parties**		
		SBK Charitable Trust	25.00	-
		Akutai Kalyani Charitable Trust	-	6.50
			25.00	**6.50**
	- Directors' fees and travelling expenses	**Key management personnel**		
		Mr. P. G. Pawar	0.70	0.88
		Mr. S. M. Thakore	0.41	0.78
		Mrs. L. D. Gupte	0.28	0.38
		Mr. P. H. Ravikumar	0.56	0.70
		Mr. P. C. Bhalerao	0.48	0.85
		Mr. V. R. Bhandari	0.41	0.43
		Mr. Dipak Mane	0.28	0.35
		Mr. Murali Sivaraman	0.28	0.35
			3.40	**4.72**
	- Commission to directors other than managing and whole time directors	**Key management personnel**		
		Mr. P. G. Pawar	1.40	1.22
		Mr. S. M. Thakore	0.60	1.12
		Mrs. L. D. Gupte	0.55	0.55
		Mr. P. H. Ravikumar	1.10	1.05
		Mr. P. C. Bhalerao	0.70	1.20
		Mr. V. R. Bhandari	0.80	0.60
		Mr. Dipak Mane	1.00	0.53
		Mr. Murali Sivaraman	0.80	0.53
			6.95	**6.80**

*The lease agreements which have been considered for Ind AS 116 disclosers in note no. 35and taken to right-of-use assets has been considered in rent expenses for disclosing actual transactions with related parties.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

39. Related Party disclosures (contd.):

(ii) Related party transactions (contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2022	Year ended March 31, 2021
	- Miscellaneous expenses	**Subsidiaries**		
		Analogic Controls India Limited	-	2.84
		BF Industrial Solutions Private Limited	0.25	-
			0.25	**2.84**
		Other related parties		
		Kalyani Strategic Management Services Limited (formerly Kalyani Technologies Limited)	116.26	51.61
			116.26	**51.61**
	- Repairs and maintenance	**Subsidiaries**		
		Kalyani Powertrain Limited	0.04	-
			0.04	**-**
		Other related parties		
		Kalyani Technoforge Limited	21.17	17.74
		KTMS Properties Private Limited	9.51	7.82
			30.68	**25.56**
			1,306.46	**882.86**
3	Sale of goods, manufacturing scrap and (net of returns, rebate etc.)	**Subsidiaries**		
		Bharat Forge International Limited	26,405.00	12,490.78
		Others	19.16	-
			26,424.16	**12,490.78**
		Step down Subsidiary		
		BF Industrial & Technology Solutions Limited	41.74	-
		Tork Motors Private Limited (w.e.f. November 22, 2021)	3.36	-
		Bharat Forge Aluminiumtechnik GmbH	1.20	-
			46.30	**-**
		Associates		
		Tork Motors Private Limited	-	0.48
			-	**0.48**
		Other related parties		
		Automotive Axles Limited	281.27	202.33
		Saarloha Advanced Materials Private Limited	2,564.61	1,410.34
		Others	31.99	13.92
			2,877.87	**1,626.59**
			29,348.22	**14,117.85**
4	Sale of Services	**Step down subsidiaries**		
		BF Industrial & Technology Solutions Limited	0.01	-
			0.01	-
		Other related parties		
		Automotive Axles Limited	114.02	97.28
		Saarloha Advanced Materials Private Limited	57.71	46.98
		Others	2.07	2.57
			173.80	**146.83**
			173.81	**146.83**
5	Sale of stores, spares and raw materials	**Subsidiaries**		
		Kalyani Centre for Precision Technology Limited	10.22	63.46
			10.22	**63.46**

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

39. Related Party disclosures (contd.):

(ii) Related party transactions (contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2022	Year ended March 31, 2021
		Other related parties		
		Kalyani Technoforge Limited	2.03	-
			2.03	**-**
			12.25	**63.46**
6	**Other income- Dividend income**	**Subsidiaries**		
		Bharat Forge International Limited	94.50	-
			94.50	**-**
	- Rent*	**Subsidiaries**		
		BF Elbit Advanced Systems Private Limited	0.48	0.48
		Kalyani Centre for Precision Technology Limited	0.02	0.03
			0.50	**0.51**
		Other related parties		
		Kalyani Additives Private Limited	12.33	-
		Kalyani Maxion Wheels Private Limited	0.05	0.05
		Nandi Economic Corridor Enterprises	2.49	2.49
		Baramati Speciality Steels Limited	3.15	2.90
			18.02	**5.44**
	- Miscellaneous income	**Subsidiaries**		
		Bharat Forge America Inc.	19.23	7.87
			19.23	**7.87**
		Step down subsidiaries		
		Bharat Forge Kilsta AB	7.58	7.72
		Others	0.30	0.52
			7.88	**8.24**
		Other related parties		
		Kalyani Steels Limited	1.41	-
			1.41	**-**
	- Sale / discard of property, plant and equipments	**Subsidiaries**		
		Kalyani Centre For Precision Technology Limited	32.48	135.87
		Others	-	7.16
			32.48	**143.03**
			174.02	**165.09**
7	**Purchase of property, plant and equipments, intangible assets (including CWIP)**	**Step-down Subsidiaries**		
		Kalyani Rafael Advanced Systems Private Limited	3.85	-
			3.85	**-**
		Other related parties		
		KGEPL Engineering Solutions Private Limited	-	33.77
		Kalyani Technoforge Limited	48.77	38.92
		Kalyani Strategic Management Services Limited	22.44	3.84
		Kalyani Cleantech Private Limited	1.11	-
			72.32	**76.53**
			76.17	**76.53**

* The lease agreements which have been considered for Ind AS 116 disclosers in note no. 35and taken to right-of-use assets has been considered in rent expenses for disclosing actual transactions with related parties.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

39. Related Party disclosures (contd.):

(ii) Related party transactions (contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2022	Year ended March 31, 2021
8	**Finance provided:**	**Subsidiaries**		
	- Investment	Bharat Forge Global Holding GmbH	-	601.93
		Bharat Forge America Inc.	1,112.08	811.60
		Kalyani Centre For Precision Technology Limited	-	490.78
		Kalyani Powertrain Private Limited $	1,623.23	0.01
		BF Industrial Solutions Limited @	920.00	-
		Others	329.68	44.45
			3,984.99	**1,948.77**
		Associates		
		Aeron Systems Private Limited	-	60.00
			-	60.00
		Other related parties		
		Khed Economic Infrastructure Private Limited (Includes fair valuation impact)	235.68	(52.20)
			235.68	**(52.20)**
	- Loans given	**Subsidiaries**		
		Bharat Forge Global Holding GmbH [includes exchange (loss)/gain]	-	576.27
		Bharat Forge America Inc. [includes exchange (loss)/gain]	153.22	375.20
		BF Elbit Advanced Systems Private Limited	-	11.30
		BF Industrial Solutions Limited,	750.00	-
		BF Infrastructure Limited	40.00	40.00
		Kalyani Strategic Systems Limited **	50.00	-
		Kalyani Centre for Precision Technology Ltd	50.00	-
			1,043.22	**1,002.77**
		Associates and subsidiaries of associates		
		Aeron Systems Private Limited	8.00	-
		Tork Motors Private Limited (upto November 21, 2021)	-	40.00
			8.00	**40.00**
			5,271.89	**2,999.34**
9	**Sale of investment**	**Subsidiaries**		
		Kalyani Powertrain Private Limited (investment in Tork Motors)	300.37	-
			300.37	**-**
10	**Recovery of loans given**	**Subsidiaries**		
		Kalyani Strategic Systems Limited	-	150.00
		BF Industrial Solutions Limited, India	750.00	-
		Others	40.00	-
			790.00	**150.00**
		Step down subsidiaries		
		Tork Motors Private Limited (upto November 21, 2021)	4.00	-
			4.00	-
			794.00	150.00
		Associates and subsidiaries of associates		
		Tork Motors Private Limited (upto November 21, 2021)	6.00	2.00
			6.00	2.00
			800.00	152.00

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

39. Related Party disclosures (contd.):

(ii) Related party transactions (contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2022	Year ended March 31, 2021
11	**Recovery of security deposits**	**Relatives of key management personnel**		
		Mrs. S. S. Tandale	-	0.15
			-	**0.15**
12	**Advance given**	**Subsidiaries**		
		Kalyani Centre for Precision Technology Limited	173.58	-
		BF Infrastructure Limited	2.20	-
			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	**-**
			246.15	**-**
13	**Capital advance given**	**Associate**		
		Aeron Systems Private Limited	0.47	-
			0.47	**-**
		Other related parties		
		Khed Economic Infrastructure Private Limited	1,235.27	1,200.00
		Others	17.42	-
			1,252.69	**1,200.00**
			1,253.16	**1,200.00**
14	**Interest income**	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	3.04	21.33
		BF Elbit Advanced Systems Private Limited	13.42	12.25
		Bharat Forge America Inc.	0.54	11.33
		BF Infrastructure Limited	3.81	0.31
		Kalyani Strategic Systems Limited	0.33	10.40
		Others	0.01	-
			21.15	**55.62**
		Step down subsidiaries		
		Tork Motors Private Limited (w.e.f. November 22, 2021)	0.80	-
			0.80	**-**
		Associates and subsidiaries of associates		
		Tevva Motors (Jersey) Limited ##	38.12	36.82
		Others	3.51	1.30
			41.63	**38.12**
		Other related parties		
		Saarloha Advance Material Private Limited	111.38	111.45
			111.38	**111.45**
			174.96	**205.19**

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

39. Related Party disclosures (contd.):

(ii) Related party transactions (contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2022	Year ended March 31, 2021
15	**Managerial remuneration**	**Key management personnel**		
		Mr. B. N. Kalyani	147.38	152.57
		Mr. A. B. Kalyani	41.46	41.61
		Mr. G. K. Agarwal	43.25	41.98
		Mr. S. E. Tandale	28.91	38.78
		Mr. B. P. Kalyani	27.05	36.93
		Mr. K. M. Saletore	23.35	32.28
		Ms. T. R. Chaudhari	3.76	2.60
			315.16	**346.75**
16	**Dividend paid**	**Key management personnel**		
		Mr. B. N. Kalyani	0.25	-
		Mr. A. B. Kalyani	2.21	-
		Mr. G. K. Agarwal	0.02	-
		Mr. B. P. Kalyani	0.02	-
		Mr. S. M. Thakore	0.09	-
		Mr. P. H. Ravikumar	0.02	-
		Mr. K. M. Saletore #	0.00	-
			2.61	**-**
		Relatives of key management personnel		
		Mr. G. N. Kalyani	2.17	-
		Mrs. A. G. Agarwal	0.01	-
		Mrs. S. J. Hiremath	0.01	-
		Mrs. A. P. Kore	0.04	-
		Others	0.01	-
			2.24	**-**
			4.85	
				-
17	**Reversal of provision for diminution in value of investment**	**Associates and subsidiaries of associates**		
		Tevva Motors (Jersey) Limited	890.00	-
			890.00	**-**
18	**Contributions paid ***	**Post employment benefit trusts**		
		Provident fund		
		Bharat Forge Company Limited Staff Provident Fund	245.28	234.55
			245.28	**234.55**
		Gratuity fund		
		Bharat Forge Company Limited Employees Group Gratuity fund	43.10	35.21
		Bharat Forge Company Limited Officer's Group Gratuity fund	68.90	68.43
			112.00	**103.64**
		Superannuation fund		
		Bharat Forge Company Limited Officer's Superannuation scheme	17.80	20.76
			17.80	**20.76**
			375.08	**358.95**

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

39. Related Party disclosures (contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2022	Year ended March 31, 2021
19	Guarantees given	**Subsidiaries**		
		Bharat Forge America Inc.	1,136.96	1,096.73
			1,136.96	**1,096.73**
		Step down subsidiaries		
		Bharat Forge Kilsta AB	1,515.78	-
		Bharat Forge Aluminium USA, Inc	1,114.22	2,284.84
			2,630.00	**2,284.84**
			3,766.96	**3,381.57**

* The above disclosure does not include on behalf payment done by any related parties to each other. For closing balances of above employee benefits trusts, refer to note no.37.

During the year, the Company has acquired 331,292 shares of Tevva Motors (Jersey) Ltd, pursuant to the conversion of the Convertible Loan Note ("CLN"). CLN was classified as an equity instrument in prior years and hence there is no impact of this conversion on the financial statements.

$ During the year, the Company has subscribed Zero Coupon Convertible Debentures of ₹ 400 Million and the same were converted into equity shares on March 31, 2022.

@ During the year the Company has subscribed Zero Coupon Convertible Debentures of ₹ 900 Million and the same were converted into equity shares on March 31, 2022

** During the year the company has converted reimbursements receivable for expenses incurred into loan.

less than 0.01 million

(iii) Balance outstanding as at the year end

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2022	Year ended March 31, 2021
1	Trade payables	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	36.96	48.31
		Bharat Forge International Limited	81.09	52.88
		Kalyani Centre For Precision Technology Limited	67.88	46.77
		Bharat Forge America Inc.	22.82	11.75
		Others	6.78	3.80
			215.53	**163.51**
		Step down subsidiaries		
		BF Industrial Technology & Solutions Limited	25.82	-
		Bharat Forge CDP GmbH	45.54	-
		Bharat Forge Kilsta AB	9.47	2.23
		Bharat Forge Daun GmbH	0.40	0.32
			81.23	**2.55**
		Subsidiary of a Joint venture		
		Refu Drive India Private Limited	0.97	-
			0.97	-
		Other related parties		
		Kalyani Steels Limited *	1,112.28	639.28
		Saarloha Advance Material Private Limited **	2,221.81	1,803.02
		Others	213.79	135.34
			3,547.87	**2,577.64**
			3,845.60	**2,743.70**

* Net of advance given amount into ₹ 470.00 million (March 31, 2021 : ₹ 470.00 million)[Refer Note 22]

** Net of advance given amount into ₹ 250.00 million (March 31, 2021 : ₹ 250.00 million)[Refer Note 22]

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

39. Related Party disclosures (contd.):

(iii) Balance outstanding as at the year end

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2022	Year ended March 31, 2021
2	**Trade receivables**	**Subsidiaries**		
		Bharat Forge International Limited	14,484.67	8,578.91
		Others	1.72	1.48
			14,486.39	**8,580.39**
		Step down subsidiaries		
		BF Industrial Technology & Solutions Limited	7.92	-
		Tork Motors Private Limited (w.e.f. November 22, 2021)	6.35	-
		Bharat Forge Aluminiumtechnik GmbH	1.20	-
			15.47	-
		Associates and subsidiaries of associates		
		Tork Motors Private Limited (upto November 21, 2021)	-	2.05
			-	**2.05**
		Other related parties		
		Automotive Axles Limited	155.05	137.80
		Saarloha Advanced Materials Private Limited	771.10	723.79
		Others	44.23	10.13
			970.38	**871.72**
			15,472.24	**9,454.16**
3	**Receivable for sale of property, plant and equipment**	**Subsidiaries**		
		Kalyani Powertrain Limited	0.07	-
			0.07	-
4	**Payables for capital goods**	**Step down subsidiaries**		
		Kalyani Rafael Advanced Systems Private Limited	6.75	-
			6.75	-
		Other related parties		
		Kalyani Technoforge Limited	-	27.15
		Kalyani Strategic Management Services Limited (formerly Kalyani Technologies Limited)	-	0.06
		Kalyani Cleantech Private Limited	2.63	-
			2.63	**27.21**
			9.38	**27.21**
5	**Non-current investments**	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	6,089.60	6,089.60
		Bharat Forge America Inc.	2,755.59	1,643.51
		BF Infrastructure Limited	1,641.55	1,641.55
		Kalyani Powertrain Limited	1,623.24	-
		Others	2,494.21	1,244.53
			14,604.19	**10,619.19**
		Joint ventures		
		BF NTPC Energy Systems Limited	33.64	33.64
		REFU Drive GmbH	919.14	919.14
			952.78	952.78
		Associates		
		Tork Motors Private Limited (upto November 21, 2021)	-	300.37
		Tevva Motors (Jersey) Limited	-	1,252.06
		Aeron Systems Private Limited	140.00	140.00
			140.00	**1,692.43**

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

39. Related Party disclosures (contd.):

(iii) Balance outstanding as at the year end

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2022	Year ended March 31, 2021
		Other related parties (including fair value)		
		Khed Economic Infrastructure Private Limited	825.26	589.58
			825.26	**589.58**
			16,522.23	**13,853.98**
6	**Loans given**	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	84.19	85.77
		BF Elbit Advanced Systems Private Limited	140.82	128.75
		Bharat Forge America Inc.	151.56	-
		Others	140.00	40.00
			516.57	**254.52**
		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	-
		Tork Motors Private Limited (upto November 21, 2021)	-	38.00
			8.00	**38.00**
			552.57	**292.52**
7	**Recoverable from subsidiaries (net of provision)**	**Subsidiaries**		
		Bharat Forge International Limited	933.34	128.76
		Others	66.72	13.18
			1,000.06	141.94
		Step down subsidiaries		
		Bharat Forge Kilsta AB	16.54	8.92
		Bharat Forge Aluminiumtechnik GmbH	24.44	-
		Bharat Forge CDP GmbH	15.44	15.84
		Others	-	2.79
			56.42	27.55
			1,056.48	169.49
8	**Security deposits given**	**Other related parties**		
		BF Utilities Limited	210.00	210.00
		Kalyani Strategic Management Services Ltd (erstwhile Kalyani Technologies Ltd)	89.40	89.40
		Others	39.71	39.71
			339.11	339.11
9	**Advance to suppliers**	**Subsidiaries**		
		Kalyani Strategic Systems Limited	-	30.55
		BF Infrastructure Limited	2.62	2.27
			2.62	32.82
		Other related parties		
		Saarloha Advanced Materials Private Limited	1,350.00	1,350.00
			1,350.00	1,350.00
			1,352.62	1,382.82

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

39. Related Party disclosures (contd.):

(iii) Balance outstanding as at the year end

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2022	Year ended March 31, 2021
10	**Interest accrued**	**Subsidiaries**		
		Bharat Forge America Inc.	0.54	11.33
		Kalyani Strategic Systems Limited	0.30	-
		Others	0.01	1.31
			0.85	12.64
		Step down subsidiaries		
		Tork Motors Private Limited (w.e.f. November 22, 2021)	0.24	-
			0.24	-
		Associates and subsidiaries of associates		
		Tork Motors Private Limited (upto November 21, 2021)	-	0.69
			-	0.69
			1.09	13.33
11	**Advance from customers**	**Other related parties**		
		Automotive Axles Limited	5.54	3.44
			5.54	**3.44**
12	**Capital advances**	**Associates and subsidiaries of associates**		
		Aeron Systems Private Limited	0.47	-
			0.47	**-**
		Other related parties		
		Khed Economic Infrastructure Pvt. Ltd.	2,435.27	1,200.00
		Others	21.48	44.07
			2,456.75	**1,244.07**
			2,457.22	**1,244.07**
13	**Managerial remuneration payable ***	**Key management personnel**		
		Mr. B. N. Kalyani	31.20	39.00
		Mr. A. B. Kalyani	2.40	3.00
		Mr. G. K. Agarwal	2.40	3.00
		Mr. S. E. Tandale	12.98	14.75
		Mr. B. P. Kalyani	10.03	14.75
		Mr. K. M. Saletore	8.84	13.00
			67.85	**87.50**
14	**Commission to directors other than managing and whole time directors**	**Other Directors and Relatives**		
		Mr. P. G. Pawar	1.40	1.22
		Mr. S. M. Thakore	0.60	1.12
		Mrs. L. D. Gupte	0.55	0.55
		Mr. P. H. Ravikumar	1.10	1.05
		Mr. P. C. Bhalerao	0.70	1.20
		Mr. V. R. Bhandari	0.80	0.60
		Mr. Dipak Mane	1.00	0.53
		Mr. Murali Sivaraman	0.80	0.53
			6.95	**6.80**

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

39. Related Party disclosures (contd.):

(iii) Balance outstanding as at the year end

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2022	Year ended March 31, 2021
15	**Provision for diminution in value of investment**	**Subsidiaries**		
		BF Infrastructure Limited	1,355.60	1,355.60
		Analogic Controls India Limited	16.55	16.55
			1,372.15	**1,372.15**
		Joint Ventures		
		BF NTPC Energy Systems Limited	33.64	33.64
			33.64	33.64
		Associates and subsidiaries of associates		
		Tevva Motors (Jersey) Limited	-	890.00
			-	890.00
			1,405.79	**2,295.79**
16	**Guarantee given**	**Subsidiaries**		
		Kalyani Strategic Systems Limited	500.00	500.00
		Bharat Forge America Inc.	1,136.96	1,389.19
			1,636.96	**1,889.19**
		Step down subsidiaries		
		Bharat Forge Kilsta AB	1,515.78	1,544.04
		Bharat Forge Aluminium USA, Inc	3,482.90	2,248.29
			4,998.68	**3,792.33**
			6,635.64	**5,681.52**

* Does not include gratuity and leave encashment since the same is considered for all employees of the Company as a whole.

(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. settlement occurs in cash. For the year ended March 31, 2022 the Company has not recorded any impairment of receivables relating to amount owed by related parties other than those disclosed separately above (March 31, 2021: ₹ 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 are at market rates.

(3) The Company has various other welfare trusts to administer the long term benefits for its employees for which no contribution is made in the previous year.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

40. Capital and other commitments

In ₹ Million

		As at March 31, 2022	As at March 31, 2021
(a)	Guarantees given by Company's Bankers on behalf of the Company, against sanctioned guarantee limit of ₹ 7,250 million (March 31, 2021: ₹ 7,250 million) for contracts undertaken by the Company and other matters are secured by extension of charge by way of joint hypothecation of stock-in-trade, stores and spares, book debts, etc. subject to prior charge in their favour.	3,372.64	2,583.51
(b)	Estimated value of contracts remaining to be executed on capital accounts and not provided for, net of advances	1,271.45	653.73
(c)	Commitments relating to further investment in private equity fund of Paragon Partners Growth Fund - I	-	0.36
(d)	Commitment for investment in Avaada MHVidarbha Private Limited	113.75	-
(e)	For commitments relating to lease agreements, please refer to note 35		

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 9.82 million (Rs. 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. Deferral/Capitalisation of exchange differences

On the date of transition to Ind AS, the Company had availed the option under Ind AS 101 para D13AA for borrowings availed before April 1, 2016, continuing the policy adopted for accounting for exchange differences arising from translation of foreign currency monetary items recognised in financial statements.

Accordingly foreign exchange gain/(loss) is adjusted against:

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Cost of the assets / capital work in progress	-	30.75
FCMITDA	-	8.43
Amortised in the current year	-	9.65

42. Loans and advances in the nature of loans given to subsidiaries / associates and firms / companies in which directors are interested

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Bharat Forge Global Holding Gmbh* ^		
Balance outstanding	84.19	85.77
Maximum amount outstanding during the year	85.77	710.24
BF Infrastructure Limited (advance) !		
Balance outstanding	40.00	40.00
Maximum amount outstanding during the year	80.00	40.00
BF Elbit Advanced Systems Private Limited *		
Balance outstanding	140.82	128.75
Maximum amount outstanding during the year	140.82	128.75
Kalyani Strategic Systems Limited #		
Balance outstanding	50.00	-
Maximum amount outstanding during the year	50.00	150.00

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

42. Loans and advances in the nature of loans given to subsidiaries / associates and firms / companies in which directors are interested

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Tevva Motors (Jersey) Limited $		
Balance outstanding	-	-
Maximum amount outstanding during the year	-	303.87
Tork Motors Private Limited @		
Balance outstanding	28.00	38.00
Maximum amount outstanding during the year	38.00	40.00
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	151.56	375.20
Kalyani Centre for Precision Technology Limited**		
Balance outstanding	50.00	-
Maximum amount outstanding during the year	50.00	-
Aeron Systems Private Limited **		
Balance outstanding	8.00	-
Maximum amount outstanding during the year	8.00	-
BF Industrial Solutions Limited (formerly Nouveau Power and Infrastructure Private Limited)		
Balance outstanding	-	-
Maximum amount outstanding during the year	750.00	-

* Receivable on demand.

! Receivable after 2 years from the date of disbursement of 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 loan.

$ Considered as a part of investment in previous year. Refer to note 6.

Short term advance converted into a long term advance for a period of 4 years.

@ Loan tenure is 3 years from the date of disbursement of loan. Quarterly repayment is ₹ 2 million, ₹ 3 million, ₹ 5 million for year 1, 2 and 3 respectively.

** Receivable after 1 year from the date of disbursement of loan. It can be repaid earlier than the maturity, based on mutual understanding.

Loans and advances in the nature of loans granted to promoters, directors, key managerial personnel (KMP's) 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, 2022		March 31, 2021	
	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
Loan to Promoters	-	0%	-	0%
Loans to Directors	-	0%	-	0%
Loan to KMP's	-	-	-	-
Loans to subsidiaries	225.01	11%	214.52	13%
Loans to associate	-	0%	-	0%
Advance given to other related party	-	0%	-	0%

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

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

	Year ended March 31, 2022	Year ended March 31, 2021
Principal amount due to suppliers under MSMED Act, 2006 * [Includes dues to payable for capital goods amounting to ₹ 11.16 million (March 31, 2021: ₹ 1.63 million)]	80.22	32.35
Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	0.36	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	75.16	250.38
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	0.40	0.17
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	4.97	4.61

* Amount includes due and unpaid of Nil (March 31, 2021: 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.

44. Effect of global health pandemic relating to COVID-19

The ongoing spread of COVID-19 has impacted business in various countries including India and there have been disruptions to regular business operations due to COVID response measures undertaken in certain geographies. The Company has made assessment of liquidity, recoverable values of its financial and non-financial assets, financial and non-financial liabilities, carrying value of its subsidiaries including possible obligations arising from any ongoing negotiations with customers, vendors and regulatory exposures across businesses and geographies and has concluded that there are no material adjustments required in the financial statements. The management believes that it has assessed and taken all the possible impacts known from these events wherever the possible outcome is known. However, given the effect of these on the overall economic activity and in particular in the industry in which the Company operates, the impact assessment of COVID-19 is a continuous process, given the significant estimation and uncertainties associated with its nature, duration and outcome of any negotiations. The impact of global health pandemic might be different from that estimated as at the date of approval of these financial statements. The Company will continue to closely monitor any material changes to future economic conditions and its consequential impact on its financial statements.

45. CSR expenditure

In ₹ Million

Discount rate	Year ended March 31, 2022	Year ended March 31, 2021
(a) Gross amount required to be spent by the Company during the year	169.36	225.25

(b) An amount of ₹ 169.36 million (March 31, 2021: ₹ 225.25 million) was approved by the board towards CSR activities.

In ₹ Million

c) Amount spent during the year ended on	Year ended March 31, 2022	Year ended March 31, 2021
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	169.36	225.25
	169.36	**225.25**

(d) For details of CSR expenditure incurred toward related parties refer to note 39.

(e) Details of ongoing projects and other than ongoing projects

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

45. CSR expenditure

Details to be disclosed under Sec 135 (6) (Ongoing Projects)

In ₹ Million

Financial year	Opening Balance: With Company	Opening Balance: In Separate CSR Unspent A/c	Amount transferred to Separate Unspent A/c during the year	Amount Required to be spent during the year	Amount Spent during the year: From Company's Bank A/c	Amount Spent during the year: From Separate CSR Unspent A/c	Closing Balance: With Company	Closing Balance: In Separate CSR Unspent A/c
2021-22	26.85	-	26.85	158.68	132.88	14.73	25.80	12.12
2020-21	-	-	-	136.92	110.07	-	26.85	-

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
2021-22	14.60	14.60	10.68	10.68	-
2020-21	-	-	88.33	73.73	14.60

* Includes administrative overheads of ₹ 5.90 Million (March 31, 2021 : ₹ 3.98 Million)

(f) Details of shortfall, cumulative shoftfall and reasons for shortfall

During the year ended March 31, 2022, as against required expenditure of ₹ 169.36 million (March 31, 2021 : ₹ 225.25 million), the Company has incurred expenditure of ₹ 169.36 million (March 31, 2021 : ₹ 210.66 million). Due to the unprecedented pandemic of COVID-19 which resulted in persistant lockdowns and restrictions on mobility, the Company was unable to execute certain projects. Hence, the unspent amount of ₹ 25.80 million (March 31, 2021: 26.85 million) pertaining to ongoing projects has been transferred to Unspent CSR Account and the differential amount of ₹ Nil (March 31, 2021: ₹ 14.60 Million) will be transferred to such fund as specified under Schedule VII of the Act in pursuance of the CSR Amendment Rules, 2021.

(g) Nature of activities

Ongoing projects

As part of ongoing project for CSR, the Company has undertaken village development activities (water, internal roads, livelihood, health & education), COVID 19 prevention & cure, projects associated with community development & woman empowerment and education activities.

Other than ongoing projects

These include activities related to educational sponsorship, health and wellness activities and various educational initiatives.

46. Disclosures required under Sec 186(4) of the Companies Act 2013

In ₹ Million

Name of the borrowing entity	Purpose	Rate of Interest (p.a.)	Year ended March 31, 2022	Year ended March 31, 2021
Bharat Forge Global Holding GmbH	General corporate purpose *	3.50%	84.19	85.77
BF Infrastructure Limited	General corporate purpose !	9.00%	40.00	40.00
BF Elbit Advanced Systems Private Limited	Working Capital *	10.00%	140.82	128.75
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	38.00
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	-

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

* Receivable on demand.

! Receivable after 2 years from the date of disbursement of loan. It can be repaid earlier than the maturity, based on mutual understanding.

Short term advance converted into a long term advance for a period of 4 years.

^ Loan Tenure is 3 years from the date of disbursement of loan. Quarterly repayment is ₹ 2 million, ₹ 3 million, ₹ 5 million for year 1, 2 and 3 respectively.

** Receivable after 1 year, one bullet payment along with interest at the end of the term.

$ Receivable after 1 year, one bullet payment along with interest at the end of the term.

- All loans are unsecured
- Details of investments made are given in note 6 and note 7
- Guarantee given on behalf of
- Bharat Forge Kilsta AB, step down subsidiary company, of ₹ 1,515.78 million (March 31, 2021: ₹ 1,544.04 million) for working capital requirement which was renewed during the current year.
- Bharat Forge America Inc., wholly owned subsidiary company, of ₹ 4,581.96 million (March 31, 2021: ₹ 3,387.42 million) for term loan or loans towards investment in stepdown subsidiaries.
- Kalyani Strategic Systems Limited , subsidiary company, of ₹ 500.00 million (March 31, 2020: ₹ 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, 2022

Investments

The Company has investments in following subsidiaries for being further invested in step-down subsidiaries of the Company

Sl. No.	Name of the subsidiary	Date of investment into subsidiary	Amount invested in subsidiary (in ₹ millions)	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary (in ₹ millions)
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, India *	September 07, 2021	750.00	BF Industrial Technology and Solutions Limited	September 07, 2021	750.00

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

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.)

For year ended March 31, 2022

Investments (Contd.)

Sl. No.	Name of the subsidiary	Date of investment into subsidiary	Amount invested in subsidiary (in ₹ millions)	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary (in ₹ millions)
4	BF Industrial Solutions Limited, India	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

\# Investment in optionally convertible Debentures

* Amount repaid on the same date

Loans

The Company has given loans to following subsidiaries for being further invested in step-down subsidiaries of the Company

Sl. No.	Name of the subsidiary	Date of investment into subsidiary	Amount invested in subsidiary (in ₹ millions)	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary (in ₹ millions)
1	Bharat Forge America Inc.	March 14, 2022	153.22	Bharat Forge Aluminium USA, Inc.	March 14, 2022	153.22

For year ended March 31, 2021

Investments

The Company has investments in following subsidiaries for being further invested in step-down subsidiaries of the Company

Sl. No.	Name of the subsidiary	Date of investment into subsidiary	Amount invested in subsidiary (in ₹ millions)	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary (in ₹ millions)
1	Bharat Forge America Inc.	December 03, 2020	443.31	Bharat Forge Aluminium USA, Inc.	December 03, 2020	443.31

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

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

Sl. No.	Name of the subsidiary	Date on which loan was given to subsidiary	Amount invested in subsidiary (in ₹ millions)	Name of the beneficiary	Date on which loan was given by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary (in ₹ millions)
1	Bharat Forge Global Holding GmbH #	May 15, 2020	572.81	Bharat Forge CDP GmbH, Germany	May 15, 2020	319.14
				Bharat Forge Aluminiumtechnik GmbH (BFAT), Germany	May 15, 2020	253.67
2	Bharat Forge America Inc. $	July 08, 2020	375.20	Bharat Forge Aluminium USA, Inc.	July 08, 2020	375.20

\# Loan converted into equity on May 18, 2020

$ Loan converted into equity on July 8, 2020

Statement of compliance

With regard to the investments made, loan 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**
Registered office : Mittelstrasse 64, 58256 Ennepetal, Germany
Relationship with the beneficiary : Step-down Subsidiary

4 **Bharat Forge Aluminiumtechnik GmbH (BFAT)**
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 contonment Pune 411036
Relationship with the beneficiary : Wholly owned subsidiary

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

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.)

Statement of compliance (contd.)

8 **BF Industrial Solutions Limited**
Registered office : S No 49, Industry House, Opposite Kalyani Steel Limited, Mundhwa, Pune 411036
Relationship with the beneficiary : Wholly owned subsidiary

9 **Tork Motors Pvt Ltd.**
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 : 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,

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

48. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

In ₹ Million

Quantitative disclosure of fair value measurement hierarchy for assets as at March 31, 2022:	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	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	-
Unuoted 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	-	-

In ₹ Million

Quantitative disclosure of fair value measurement hierarchy for assets as at March 31, 2021 :	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	-	-	589.58
Avaada SataraMH Private Limited	-	-	142.45
Quoted equity instruments			
Birlasoft Limited (erstwhile KPIT Technologies Limited)	155.12	-	-
KPIT Technologies Limited [refer note 48(b)]	108.84	-	-

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

48. Fair value hierarchy (contd.)

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

In ₹ Million

Quantitative disclosure of fair value measurement hierarchy for assets as at March 31, 2021 :	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Derivative instruments at fair value through OCI			
Cash flow hedges	-	2,790.04	-
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	-	-	-
Unquoted funds			
Investments in private equity fund	-	242.20	-
Investments in mutual funds	-	18,445.72	-
Quoted funds/bonds			
Investments in mutual funds	5,037.85	-	-
Financial liability at FVTOCI			
Cash flow hedges	-	-	-
Financial liability at FVTPL			
Fair value hedges	-	4.11	-

There have been no transfers between Level 1 and Level 2 during the year ended March 31, 2022 and March 31, 2021.

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, 2022 and March 31, 2021 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, 2022: ₹ 10.50 million to ₹12.60 million / acre (March 31, 2021: ₹ 10.40 million to ₹12.60 million/acre)	5% increase / (decrease) in realization rate would result in increase / (decrease) in fair value per share by ₹ 55.27 (March 31, 2021: ₹ 1.54)
		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, 2022: 18.80% (March 31, 2021 : Not applicable)	1% (March 31, 2021: Not Applicable) increase (decrease) in the WACC would result in decrease (increase) in fair value by ₹ 6.15 million (31 March 2021: ₹ Nil)

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

48. Fair value hierarchy (contd.)

(a) Gupta Energy Private Limited (GEPL)

The Company has an investment in 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 Company has made attempts to obtain latest information for the purpose of valuation. However, such information is not available as GEPL has not filed the financial statements with Ministry Of Corporate Affaires (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 31,2022 and March 31, 2021.

(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 overall intention of the management in relation to the equity shares, the fair value of such shares for the Company is same as it cost i.e. the face value.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

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, 2022; other than those with carrying amounts that are reasonable approximates of fair values:

In ₹ Million

	Carrying value		Fair value	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Investments *	5,709.32	3,987.08	5,709.32	3,987.08
Loans	342.19	325.58	342.19	325.58
Trade receivables	113.25	101.36	113.25	101.36
Derivative instruments	2,574.29	1,501.46	2,574.29	1,501.46
Other non-current financial assets	673.86	1,082.66	673.86	1,082.66
Total financial assets	**9,412.91**	**6,998.14**	**9,412.91**	**6,998.14**
Borrowings	13,006.52	17,609.25	13,006.52	17,609.25
Derivative instruments	-	2.88	-	2.88
Other non-current financial liabilities	247.65	1.28	247.65	1.28
Total financial liabilities	**13,254.17**	**17,613.41**	**13,254.17**	**17,613.41**

* 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 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 Company based on parameters such as 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). 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 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 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 and forward rate curves of the underlying. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty and the Company's own non-

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

49. Financial instruments by category (contd.)

performance risk. As at March 31, 2022 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, 2022 and March 31, 2021 was assessed to be insignificant.

Reconciliation of fair value measurement of unquoted equity instruments classified as FVTOCI assets:

In ₹ Million

	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, 2020	**0.01**	**641.78**	**-**	**-**
Remeasurement recognised in OCI	-	(52.20)	-	-
Remeasurement recognised in Statement of profit and loss	-	-	-	-
Purchases	142.44	-	-	-
Sales	-	-	-	-
As at March 31, 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				1,457.77
[Refer note 6 (k) and 32(b)]				
Sales	-	-	-	-
As at March 31, 2022	**142.45**	**825.26**	**20.34**	**2,803.94**

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, 2022		As at March 31, 2021	
	Assets	Liabilities	Assets	Liabilities
Fair value of foreign currency forward contracts	3,843.39	-	2,790.04	-

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:

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

50. Hedging activities and derivatives (contd.)

			March 31, 2022		March 31, 2021	
Nature of instrument	Currency	Purpose	Foreign Currency In Million	In ₹ Million	Foreign Currency In Million	In ₹ Million
Forward Contracts	USD	Hedging of highly probable forecast sales	628.22	53,217.25	540.98	45,046.31
Forward Contracts	EUR	Hedging of highly probable forecast sales	189.02	18,825.75	145.37	14,434.34
Range forward contracts	USD	Hedging of highly probable forecast sales	-	-	20.25	1,577.80
Range forward contracts	EUR	Hedging of highly probable forecast sales	-	-	6.00	526.99

The cash flow hedges of the expected future sales during the year ended March 31, 2022 were assessed to be highly effective and a net unrealised (loss) / gain of ₹ 3,761.17 million (March 31, 2021: ₹ 2,784.32 million), with a deferred tax liability of ₹ 946.61 million (March 31, 2021 ₹ 700.76 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, 2022 as detailed in note 33, totaling ₹ 1,349.93 million (gross of deferred tax) (March 31, 2021: ₹ (523.40) million). The amounts retained in OCI at March 31, 2022 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, 2022 and March 31, 2021, the Company has a cross currency swap agreement in place. Through this arrangement, during the previous year, the Company has converted one of its USD loans into a Euro loan to avail the benefit of the negative EURIBOR. 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, 2022 the Company had certain forward contracts outstanding, which are being used to hedge the exposure to changes in fair value of its underlying trade receivables.

The impact of the derivative instrument on the balance sheet as at March 31, 2022 is as follows:

Fair value hedge	Nominal amount (In Million)	Carrying amount of the asset/ (liability) (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 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 derivative instrument on the balance sheet as at March 31, 2021 is as follows:

Fair value hedge	Nominal amount (In Million)	Carrying amount of the asset/ (liability) (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 25.52	(4.11)	Derivative instruments	NIL

The impact of the hedged item on the balance sheet as at March 31, 2022 is as follows:

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, 2022 (Contd.)

50. Hedging activities and derivatives (contd.)

The impact of the hedged item on the balance sheet as at March 31, 2021 is as follows:

Fair value hedge	Nominal amount (In Million)	Changes in fair value for calculating hedge ineffectiveness for March 2021
Non-current borrowings	USD 30.00	NIL

Derivatives not designated as hedging instruments

The Company 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.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

51. Ratio analysis and its elements

Ratio	Numerator	Denominator	March 31, 2022	March 31, 2021	% change	Note reference for reasons for variance
(a) Current ratio	Current Assets	Current Liabilities	1.67	1.78	-6%	
(b) Debt- Equity Ratio	Total Debt	Shareholder's Equity	0.55	0.61	-10%	
(c) Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	3.83	2.20	74%	(1)
(d) Return on Equity ratio (%)	Net Profits after taxes - Preference Dividend	Average Shareholder's Equity	17%	6%	199%	(2)
(e) Inventory Turnover ratio	Cost of goods sold	Average Inventory	2.57	1.73	48%	(3)
(f) Trade Receivable Turnover Ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	3.06	2.25	36%	(4)
(g) Trade Payable Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	4.92	3.70	33%	(5)
(h) Net Capital Turnover Ratio	Net sales = Total sales - sales return	Working capital = Current assets - Current liabilities	2.42	1.60	52%	(6)
(i) Net Profit ratio (%)	Net Profit	Net sales = Total sales - sales return	17.23%	8.55%	102%	(2)
(j) Return on Capital Employed (%)	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax	13.04%	5.13%	154%	(2)
(k) Return on Investment (%)	Earning before interest and taxes (EBIT)	Average equity	5.84%	2.22%	163%	(2)

Notes for movement in ratios

(1) Movement in ratio is attributable to increase in revenue from operations which has been partially offset by increase in the current maturities of term loans

(2) Improvement in this ratio is attributable to increase in revenue from operations with stable operating margin

(3) Improvement in this ratio is attributable to quicker churn of the inventory due to increase in revenue from operations

(4) Though the revenue from operations has increased significantly, due to efficient working capital management, most of the trade receivables are collected. Hence this ratio has improved compared to previous year.

(5) Due to increase in operations, material cost and expenses have increased significantly. As dues to most of the trade payable have been paid in time, this ratio has improved compared to previous year.

(6) 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 previous year.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

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, 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 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.

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

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

52. Significant accounting judgements, estimates and assumptions (Contd.)

The Company enters into 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 is 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 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 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 are 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 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. Further some orders have variable considerations (including LME adjustments) for the review of prices under negotiation which are estimated based on the expected probability method and, where appropriate, they would be limited to the amount that is highly unlikely to be reversed in the future.

(2) Tooling income

Tools are manufactured as per the design specified by the customer which is approved on the basis of the customer acceptance. Management has used judgement in identification of the point in time where the tools are deemed to have been accepted by the customers.

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

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

52. Significant accounting judgements, estimates and assumptions (Contd.)

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.

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 plan and other post-employment plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, expected returns on plan assets and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases, discount rate and return on planned assets are based on expected future inflation rates for India. Further details about defined benefit plans are given in note 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 note 48 and 49 for further disclosures.

5) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Further, the Company also evaluates risk with respect to expected loss on account of loss in time value of money which is calculated using average cost of capital for relevant financial assets.

6) Provision for inventories

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

52. Significant accounting judgements, estimates and assumptions (Contd.)

carrying value of the aged inventory items with the respective net realizable 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. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

7) Current / non-current classification of investments in mutual funds

The Company evaluates funds requirement on the basis of internal budgets and forecasts and believes that on the basis of current scale of operations and cash realisation cycle, it would be able to generate sufficient funds from operations in order to meet such requirement in the foreseeable future of up to one year. Accordingly, the Company has classified major portion of its investment in mutual funds as non-current.

8) Litigations

The Company has various ongoing litigations, the outcome of which may have a material effect on the financial position, results of operations or cashflows. 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 expense 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 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 the Company foresees a remote risk of any material claim arising from claims against the Company. The Management has exercised significant judgement in assessing the impact, if any, on the disclosures in respect of litigations in relation to the Company.

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 from 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 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 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

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

53. Financial risk management objectives and policies (Contd.)

borrowings, deposits, investments in mutual funds, FVTOCI investments and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at March 31, 2022 and March 31, 2021.

The 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, 2022 and comparatively as at March 31, 2021. The analysis excludes the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations and provisions.

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 as at March 31, 2022 and March 31, 2021 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 which have a fixed interest rate.

The Company generally borrows in foreign currency, considering natural hedge it has against its export. Long-term and short-term foreign currency debt obligations carry floating interest rates.

Financial risk management objectives and policies (Contd:)

The Company avails short term debt in foreign currency up to tenor 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 of the LIBOR or EURIBOR resetting options and accordingly decides. The Company also has an 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 refer toence to an agreed-upon notional principal amount.

As at March 31 2022, the Company's 72.05 % of total long-term borrowings are covered under floating rate of interest (March 31 2021: 75.85%).

Interest rate sensitivity

The Company's total interest cost for the year ended March 31, 2022 was ₹ 1,073.01 million (March 31, 2021: ₹ 779.15 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:

Particulars	Change in basis points	Effect on profit before tax and equity	
		March 31, 2022	March 31, 2021
USD	+/- 50	28.42	32.90
EUR*	+50	32.71	40.62
EUR*	-50	(9.31)	(11.23)

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

53. Financial risk management objectives and policies (Contd.)

* During current as well as 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 include 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 a 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 an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's export revenue and 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 rolling basis and the Company keeps its long-term foreign currency borrowings un-hedged which will be natural hedge against its un-hedged exports. The Company may hedge its long term borrowing near to the repayment date to avoid rupee volatility in 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 fair value of the outstanding forward contracts as follows:

Change in rate	Effect on OCI (in ₹ million)		Effect on net profit (in ₹ million)	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
USR/INR -1	628.22	561.23	7.03	Nil
EUR/INR -1	189.02	151.37	3.03	Nil
EUR/USD -0.01	Nil	Nil	13.54	18.66

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.

Change in FC / INR rate	Effect on net profit (in ₹ million)	
	March 31, 2022	March 31, 2021
USD 1	79.02	138.10
EUR 1	84.87	106.58

Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require on-going purchase of steel. Due to significant volatility of the price of steel, the Company has agreed with its customers for

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

53. Financial risk management objectives and policies (Contd.)

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 few cases there may be lag effect in 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 ₹ 4,099.77 million (March 31, 2021: ₹ 974.23 million). Sensitivity analysis of major investments have been provided in Note 48.

At the reporting date, the exposure to listed equity securities at fair value was ₹ 647.32 million (March 31, 2021: ₹ 263.96 million). An increase/decrease of 10% on the NSE market index could have an impact of approximately ₹ 64.73 million (March 31, 2021: ₹ 26.40 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 and zero-coupon bonds 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 and zero-coupon bonds, the Company diversifies its portfolio. Diversification and investments in the portfolio are done in accordance with the Company's investment policy approved by the Board of Directors. Accordingly, an increase/decrease in interest rates by 0.25% will have an impact of ₹ 48.64 million (March 31, 2021: ₹ 58.71 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, 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. At March 31, 2022, receivable from Company's top 5 customers accounted for approximately 35.19% (March 31, 2021: 31.75%) of all the receivables outstanding. An 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 in to homogeneous groups and assessed for impairment collectively. The calculation is based on historical data and subsequent expectation 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 case of 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

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

53. Financial risk management objectives and policies (Contd.)

independent markets.

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 regular basis and the said limits gets revised as and when appropriate. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2022 and March 31, 2021 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 the 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 ₹ 19,957.17 million (March 31, 2021: ₹ 23,483.57 million) and other liquid assets of ₹ 3,780.81 million (March 31, 2021: ₹ 2,762.12 million) that are expected to readily generate cash inflows for managing liquidity risk.

As per the Company's policy, there should not be concentration of repayment of loans in a particular financial year. In case of such concentration of repayment, the Company evaluates the option of refinancing 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.

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, 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**
March 31, 2021				
Borrowings	18,508.05	17,609.25	-	36,117.30
Trade and other payables	8,009.25	-	-	8,009.25
Lease liabilities	250.38	1,272.85	494.82	2,018.05
Other financial liabilities	866.77	1.28	-	868.05
Total	**27,634.45**	**18,883.38**	**494.82**	**47,012.65**

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

53. Financial risk management objectives and policies (Contd.)

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. Capital Management

For the purpose of the Company's capital management, capital includes issued equity share capital, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. 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 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, 2022	As at March 31, 2021
Borrowings	38,991.89	36,117.30
Less: Cash and other liquid assets	23,737.98	26,245.69
Net debt	**15,253.91**	**9,871.61**
Equity	**71,097.75**	**59,486.27**
Net debt /equity Ratio	**0.21**	**0.17**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call back loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period and in the year ended March 31, 2022 and March 31, 2021.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2022 and March 31, 2021.

55. 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 23, 2022, MCA notified the Companies (Indian Accounting Standards) Amendment Rules, 2022 which are applicable for annual periods beginning on or after April 01, 2022. Details of changes and preliminary analysis of its expected impact are as follows:

(a) Amendments to 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) Amendments to Ind-AS 103: Business Combinations

The amendment specifies that while applying acquisition method identifiable assets and liabilities should meet the definition of assets and liabilities as specified in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

55. Standards issued but not yet effective (contd.)

the acquisition date and future costs cannot be included as part of liabilities. The Company has evaluated the amendment and there is no impact on its standalone financial statements.

(c) Amendments to Ind-AS 109: Financial Instruments

This amendment clarifies the meaning of the term "substantially different", in case of repurchase of debt instrument by the issuer even when issuer in market maker and the related accounting treatment in case of extinguishment of debt or continuation of debt. The Company has evaluated the impact of amendment on its standalone financial statements and the impact is not expected to be material.

(d) Amendments to Ind-AS 16: Property, plant and equipment

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The Company has evaluated the amendment and there is no impact on its standalone financial statements.

(e) Amendments to Ind-AS 37: Provisions, Contingent liabilities and contingent assets

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The Company has evaluated the amendment and there is no impact on its standalone financial statements.

56. Other statutory information

56.1 Relationship 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	Balance outstanding	Nature of transaction	Relationship with the struck off company
March 31, 2022			
Havinhomes Reality & Consulting Services Private Limited	0.01	Payables	Vendor*
Wisdom Solutions Private Limited	-	Payables	Vendor*
March 31, 2021			
Havinhomes Reality & Consulting Services Private Limited	0.01	Payables	Vendor*
PALS Specalised Tooling System Private Limited	-	Payables	Vendor*
Wisdom Solutions Private Limited	-	Payables	Vendor*

* These vendors are not related parties as per the definition of 'related party' under section 2(76) of the Companies Act 2013.

56.2 There is no proceeding initiated or pending against the Company for holding any Benami property under Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

56.3 The Company does not have any charge which is yet to be registered with Registrar of Companies beyond the statutory period. With regard to satisfaction of charges, few cases of the company is outstanding with ROC due to technical reasons and 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.

56.4 The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.

Notes to financial statements

for the year ended March 31, 2022 (Contd.)

56. Other statutory information (contd.)

56.5 During the year ended March 31, 2022, the Company was not party to any approved scheme which needs approval from competent authority in terms of sections 230 to 237 of the Companies Act, 2013.

57. The Company, through its wholly-owned subsidiary - BF Industrial Solutions Limited ("BFISL"), has entered into a Share Purchase Agreement ("SPA") for potential acquisition of 100% shareholding of JS Auto Cast Foundry India Private Limited ("JS Auto"), a Coimbatore based casting and machining company. The completion of acquisition shall be subject to fulfilment of conditions precedent and in accordance with the terms agreed upon in the SPA.

58. Previous year figures have been regrouped/ reclassified as considered necessary pursuant to amendments in Schedule III of the Companies Act, 2013, to conform with current period presentation wherever applicable.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number:
324982E/E300003

per Huzefa Ginwala
Partner
Membership Number: 111757

Place: Pune
Date: May 16, 2022

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 & CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 16, 2022

Independent Auditor's Report

To the Members of Bharat Forge Limited
Report on the audit of the consolidated Ind AS financial statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Bharat Forge Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and joint ventures comprising the consolidated Balance sheet as at March 31, 2022, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS 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 other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint ventures, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint ventures as at March 31, 2022, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis For Opinion

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

Emphasis of Matter

We draw attention to note 60 of the consolidated Ind AS financial statement which describes the impact of change in accounting year of certain foreign components from December 31 to March 31, resulting in consolidation of financial information of those components for 15 months period ended March 31, 2022.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial

Independent Auditor's Report (Contd.):

statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Completeness of revenue (as described in Note 2.3(f) (Summary of significant accounting policies) and note 24 of notes forming part of the consolidated Ind AS financial statements)	
The Group has revenue from sale of products which includes finished goods and tooling income and sale of services in the form of job work charges. The Group manufactures highly specialized forged and machined finished goods as per specification provided by the customers and based on the schedules from the customers. The Group recognizes revenue from sale of finished goods at a point in time based on the terms of the contract with customers which varies for each customer. Determination of point in time includes assessment of timing of transfer of significant risk and rewards of ownership, establishing the present right to receive payment for the products, delivery specifications including inco terms, timing of transfer of legal title of the asset and determination of the point of acceptance of goods by customer. Further, the pricing of the products is dependent on metal indices and foreign exchange fluctuation making the price volatile including variable considerations. Due to judgments relating to determination of point in time in satisfaction of performance obligations with respect to sale of products, this matter has been considered as key audit matter.	Our audit procedures included the following: • We and other auditors focused on our understanding of the Group's sales process, including design and implementation of controls and tested the operating effectiveness of these controls. • We and other auditors read the Group's accounting policies pertaining to revenue recognition and assessed compliance with Ind AS 115 - Revenue from Contracts with Customers. • We and other auditors obtained and read the terms of customer contracts on sample basis to assess various performance obligations in the contract, the point in time of transfer of control and pricing terms. • We and other auditors tested on a sample basis sales invoices for identification of point in time for transfer of control and terms of contract with customers. Further, we and other auditors have performed procedures to test on a sample basis whether revenue was recognized in the appropriate period by testing shipping records, good inwards receipt of customer, sales invoice, etc. and testing the management assessment involved in the process, wherever applicable. • We assessed the disclosure of revenue in the Consolidated Ind AS financial statements of the Group. • We and other auditors also performed various analytical procedures to identify any unusual sales trends for further testing.

Independent Auditor's Report (Contd.):

Key audit matters	How our audit addressed the key audit matter
Hedge accounting including valuations thereof (as described in Note 2.3(s) (Summary of significant accounting policies) and note 9 and 33 of notes forming part of the consolidated Ind AS financial statements)	
The Holding Company enters into derivative financial instruments which are mainly plain vanilla forward contracts and range forward contracts to manage its exposure of foreign currency risk of highly probable forecasted transactions which arise during the normal course of its business. These contracts are measured at fair values leading to derivative financial assets of INR 3,850.53 million as at March 31, 2022 and the net movement of cashflow hedge reserve for the year is INR 762.24 million net of taxes which is recorded in other comprehensive income. The gain / loss on maturity of such derivative instruments is recorded in the statement of profit and loss along with the relevant hedged item. 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, that the hedges are highly effective and maintain hedge documentation. A degree of subjectivity is also required to determine when hedge accounting is to be considered as ineffective. Fair value movements of the forward contracts are driven by movements in financial markets. Due to the outbreak of COVID 19, there are uncertainties involved in estimating the highly probable forecasted sales, estimating future foreign exchange rates and these accordingly have an impact on hedge effectiveness and statement of profit and loss account. These transactions may have a significant financial effect and have extensive accounting and reporting obligations and accordingly, this is considered as a key audit matter.	Our audit procedures included the following: • We obtained understanding of the Holding Company's overall hedge accounting strategy, forward contract valuation and hedge accounting process from initiation to settlement of derivative financial instruments including assessment of the design and implementation of controls and tested the operating effectiveness of these controls. • We assessed the Holding Company's accounting policy for hedge accounting in accordance with relevant accounting standards. • We tested the existence of hedging contracts by tracing to the independent balance confirmations obtained from respective banks. • We tested management's hedge documentation and contracts, on a sample basis. • We tested on a sample basis the fair values of derivative financial instruments recorded by the Holding Company with the independent balance confirmations obtained from banks. • We involved our valuation specialists in re-performing the year-end fair valuations including evaluation of hedge effectiveness of derivative financial instruments on a sample basis and compared these valuations with those recorded by the Holding Company including assessing the valuation methodology and key assumptions used therein. • We assessed the disclosure of hedge transactions in the Consolidated Ind AS financial statements of the Group.

Independent Auditor's Report (Contd.):

Key audit matters	How our audit addressed the key audit matter
Impairment assessment of investments in associates and joint ventures (as described in Note 2.3(o) (Summary of significant accounting policies) and note 6 of notes forming part of the standalone Ind AS financial statements)	
The Holding Company has major investments in joint ventures and associates as at March 31, 2022. The management assesses at least annually the existence of impairment indicators of each shareholdings in such associates and joint ventures. The processes and methodologies for assessing and determining the recoverable amount of each investments are based on complex assumptions, that by their nature imply the use of the management's judgment, in particular with reference to identification of impairment indicators, forecast of future cash flows relating to the period covered by the Holding Company's strategic business plan, normalized cash flows assumed as a basis for terminal value, as well as the long-term growth rates and discount rates applied to such forecasted cash flows. Considering the judgment required for estimating the cash flows and the complexity of the assumptions used, this is considered as a key audit matter.	Our audit procedures included the following: • We obtained understanding of the Holding Company's policy on assessment of impairment of investment in associates and joint ventures and assumptions used by the management including design and implementation of controls. We have tested the operating effectiveness of these controls. • We assessed the methodology used by Holding Company's management to estimate the recoverable value of each investment and consistency with accounting standards. • We compared the carrying values of the Holding Company's investment in these associates and joint ventures with their respective net worth as per audited financial statements • We have seen valuation model prepared by the Holding Company's management on investments where investment amount is material and there are indicators of impairment. • We involved our valuation specialist to evaluate methodology, assumptions and estimates used in the calculations. We discussed potential changes in key drivers as compared to previous year / actual performance with Holding Company's management to evaluate whether the inputs and assumptions used in the cash flow forecasts were suitable. We also evaluated the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates used. • We also assessed the recoverable value by performing sensitivity testing of key assumptions used. • Analysed and examined the business plans approved along with assumptions and estimates used by management. • We evaluated the accounting and disclosure of impairment of investment in the Consolidated Ind AS financial statements of the Group. • We tested the arithmetical accuracy of these models.

Independent Auditor's Report (Contd.):

Key audit matters	How our audit addressed the key audit matter
Impairment assessment of Property, Plant and Equipment (PPE) in relation to wholly owned step down subsidiaries in Germany and Sweden (as described in Note 2.3(O) (Summary of significant accounting policies) and note 35)	
As at March 31, 2022, the carrying value of Property, Plant and Equipment ("PPE") of the Group is INR 55,212.21 million out of which INR 12,160.13 million relates to certain specific wholly owned step-down subsidiaries ("subsidiaries") in Germany and Sweden. Considering the outbreak of COVID 19 and uncertainties involved regarding forecast of future cash flows the management performed detailed analysis considering impairment indicators. The processes and methodologies for assessing and determining the recoverable amount of the concerned PPE balances are based on complex assumptions, that by their nature imply the use of the management's judgment, in particular with reference to identification of impairment indicators, forecast of future cash flows relating to the period covered by the Company's strategic business plan, as well as the growth rates and discount rates applied to such forecasted cash flows. Considering the judgment required for estimating the cash flows and the complexity of the assumptions used, this is considered as a key audit matter.	Our audit procedures included the following: • We and other auditors obtained understanding of the Group's policy on assessment of impairment of PPE and assumptions used by the management including design and implementation of controls. We have tested the operating effectiveness of these controls. • We instructed and supervised the work of the other auditors related to the impairment assessment. • We and other auditors assessed the methodology used by management to calculate discounted future cashflows and assess the recoverable value of PPE and consistency with relevant accounting standards. • We and other auditors have obtained valuation models prepared by the management to evaluate the assumptions and estimates used in the calculations including sensitivity analysis of key assumptions used. • We and other auditors involved valuation specialists to evaluate methodology, assumptions and estimates used in the calculations. • We and other auditors tested the arithmetical accuracy of these models. • We assessed the disclosure of impairment of PPE in the Consolidated Ind AS financial statements of the Group.

Other information

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

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

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

Responsibilities of management and those charged with governance for the consolidated Ind AS financial statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates and joint ventures in accordance with the

Independent Auditor's Report (Contd.):

accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective 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 of the assets of the Group and of its associates and joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the Group and of its associates and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are also responsible for overseeing the financial reporting process of the Group and of its associates and joint ventures.

Auditor's responsibilities for the audit of the consolidated Ind AS financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions

Independent Auditor's Report (Contd.):

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 Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and joint ventures of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS 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.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS 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 Ind AS financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matter

(a) We did not audit the Ind AS financial statements and other financial information, in respect of twenty one subsidiaries, whose Ind AS financial statements include total assets of INR 41,802.71 million as at March 31, 2022, and total revenues of INR 42,191.51 million and net cash (inflows) of INR 310.87 million for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net loss of INR 436.81 million for the year ended March 31, 2022, as considered in the consolidated Ind AS financial statements, in respect of six associates and three joint ventures, whose Ind AS financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated Ind AS 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 joint operations and associates, is based solely on the report(s) of such other auditors.

(b) The accompanying consolidated Ind AS financial statements include unaudited Ind AS financial statements and other unaudited financial information in respect of two subsidiaries, whose Ind AS financial statements and other financial information reflect total assets of INR 0.26 million as at March 31, 2022, and total revenues of INR nil and net cash outflows of INR 0.16 million for the year ended on that date. These unaudited Ind AS financial statements and other

Independent Auditor's Report (Contd.):

unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries, 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, is based solely on such unaudited Ind AS financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these Ind AS financial statements and other financial information are not material to the Group.

Our opinion above on the consolidated Ind AS 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 and the Ind AS financial statements and other 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 sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate Ind AS financial statements and the other financial information of the subsidiary companies, associate companies and joint ventures companies, incorporated in India, there are no qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the companies included in the consolidated Ind AS financial statements. Accordingly, the requirement to report on clause 3(xxi) of the order is not applicable to the Holding Company.

2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate Ind AS financial statements and the other financial information of subsidiaries, associates and joint ventures, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

   (a) We/the other auditors whose report we have relied upon 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 Ind AS financial statements;

   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the Ind AS financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of accounts maintained for the purpose of preparation of the consolidated Ind AS financial statements;

   (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) The matter described in Emphasis of Matter paragraph above, in our opinion, may not have an adverse effect on the functioning of the Group;

   (f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, associate companies and joint ventures, none of the directors of the Group's companies, its associates and joint ventures, incorporated in India, is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

   (g) With respect to the adequacy of the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, associate companies and joint ventures, incorporated in India, refer to our separate Report in "Annexure 1" to this report;

Independent Auditor's Report (Contd.):

(h) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Holding Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate Ind AS financial statements as also the other financial information of the subsidiaries, associates and joint ventures, as noted in the 'Other matter' paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates and joint ventures in its consolidated Ind AS financial statements – Refer to note 38, 39 and note 41 to the consolidated Ind AS financial statements;

ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer to note 9 to the consolidated Ind AS financial statements;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, associates and joint ventures, incorporated in India during the year ended March 31, 2022.

iv. a) The respective managements of the Holding Company and its subsidiaries, associate and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associate and joint ventures respectively that, to the best of its knowledge and belief, other than as disclosed in the note 54 to the consolidated Ind AS financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries, associate and joint ventures to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries, associate and joint ventures ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The respective managements of the Holding Company and its subsidiaries, associate and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associate and joint ventures respectively that, to the best of its knowledge and belief, other than as disclosed in the note 54 to the consolidated Ind AS financial statements, no funds have been received by the respective Holding Company or any of such subsidiaries, associate and joint ventures 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 subsidiaries, associate and joint ventures shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries, associate and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

Independent Auditor's Report (Contd.):

v) The final dividend paid by the Holding Company, its subsidiaries, associate and joint venture companies incorporated in India 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.

The interim dividend declared and paid during the year by the Holding Company, its subsidiaries, associate and joint venture companies incorporated in India and until the date of the respective audit reports of such Holding Company, subsidiaries, associate and joint ventures is in accordance with section 123 of the Act.

As stated in note 17 to the consolidated Ind AS financial statements, the respective Board of Directors of the Holding Company, its subsidiaries, associate and joint venture companies, incorporated in India have proposed final dividend for the year which is subject to the approval of the members of the respective companies at the respective 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

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Huzefa Ginwala**

Partner

Membership Number: 111757

UDIN: 22111757AJATXH2664

Place of Signature: Pune

Date: May 16, 2022

Independent Auditor's Report (Contd.):

Annexure 1 referred to in paragraph (g) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of Bharat Forge Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") , its associates and joint ventures, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated Ind AS financial statements included obtaining an understanding of internal financial controls with reference to consolidated 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 financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated Ind AS financial statements.

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

A company's internal financial control with reference to consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the

Independent Auditor's Report (Contd.):

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

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

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

Opinion

In our opinion, the Group, its associates and joint ventures, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to consolidated Ind AS financial statements and such internal financial controls with reference to consolidated Ind AS financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company, in so far as it relates to these Twelve subsidiaries and two associates, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries, associates and joint ventures incorporated in India.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Huzefa Ginwala**
Partner
Membership Number: 111757
UDIN: 22111757AJATXH2664

Place of Signature: Pune
Date: May 16, 2022

Consolidated Balance Sheet

as at March 31, 2022

In ₹ Million

	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	3	43,964.66	44,136.82
(b) Capital work-in-progress	3	11,247.55	9,001.14
(c) Investment property	4	2.89	2.89
(d) Goodwill	5	506.43	323.33
(e) Other intangible assets	5	690.35	175.50
(f) Right-of-use asset	43	3,535.54	2,861.11
(g) Investment in associates and joint ventures	6	805.22	1,308.72
(h) Financial assets			
(i) Investments	7	6,152.10	3,987.08
(ii) Loans	8	169.61	252.77
(iii) Trade receivables	12	113.25	101.36
(iv) Derivative instruments	9	2,662.32	1,501.46
(v) Other financial assets	10	677.79	1,147.40
(i) Deferred tax assets (net)	21	1,171.07	900.66
(j) Income tax assets (net)		550.24	536.68
(k) Other assets	14	4,530.74	3,397.10
		76,779.76	69,634.02
II. Current assets			
(a) Inventories	11	27,104.57	17,939.38
(b) Financial assets			
(i) Investments	7	19,080.24	20,771.79
(ii) Loans	8	166.77	28.38
(iii) Trade receivables	12	21,622.95	14,095.75
(iv) Derivative instruments	9	1,361.34	1,288.58
(v) Cash and cash equivalents	13	5,584.24	4,473.15
(vi) Other bank balances	13	445.93	255.47
(vii) Other financial assets	10	753.77	936.82
(c) Other assets	14	3,189.77	2,355.04
		79,309.58	62,144.36
Total assets		156,089.34	131,778.38
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	15	931.27	931.27
(b) Other equity	16	64,775.47	53,219.92
Equity attributable to equity holders of the parent		65,706.74	54,151.19
Non-controlling interests		560.77	316.95
Total equity		66,267.51	54,468.14
LIABILITIES			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	17,873.43	22,171.65
(ii) Lease liabilities	43	2,835.16	2,246.84
(iii) Derivative instruments	19a	-	2.88
(iv) Other financial liabilities	19	247.65	1.28
(b) Provisions	20	1,760.71	1,923.06
(c) Deferred tax liabilities (net)	21	2,889.16	2,345.76
(d) Other liabilities	23	3,073.52	3,441.51
		28,679.63	32,132.98
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	38,671.95	27,782.09
(ii) Trade payables	22		
Dues to micro enterprises and small enterprises		100.91	53.95
Dues to other than micro enterprises and small enterprises		16,212.74	12,014.41
(iii) Lease liabilities	43	335.72	506.01
(iv) Derivative instruments	19a	-	1.23
(v) Other financial liabilities	19	1,264.37	1,275.74
(b) Provisions	20	916.45	1,082.84
(c) Other liabilities	23	3,141.03	1,954.22
(d) Current tax liabilities (net)		499.03	506.77
		61,142.20	45,177.26
Total liabilities		89,821.83	77,310.24
Total equity and liabilities		156,089.34	131,778.38

The accompanying notes form an integral part of the financial statements.
As per our report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Huzefa Ginwala**
Partner
Membership Number: 111757

Place: Pune
Date: May 16, 2022

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 & CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 16, 2022

Consolidated Statement of Profit and Loss

for the year ended March 31, 2022

In ₹ Million

	Notes	Year ended March 31, 2022	Year ended March 31, 2021
Income			
Revenue from operations	24	104,610.78	63,362.61
Other income	25	1,959.00	1,688.98
Total income [i]		**106,569.78**	**65,051.59**
Expenses			
Cost of raw materials and components consumed	26	46,175.79	24,800.94
Purchase of traded goods		1,883.13	1,737.16
(Increase) in inventories of finished goods, work-in-progress, traded goods, dies and scrap	27	(5,899.30)	(196.54)
Employee benefits expense	28	14,646.83	10,710.60
Depreciation, amortisation and impairment expense	29	7,303.01	6,121.59
Finance costs	30	1,604.05	1,077.29
Other expenses	31	27,644.98	17,693.07
Total expenses [ii]		**93,358.49**	**61,944.11**
Profit before share of (loss) of associates and joint ventures, exceptional items and tax [i - ii]		**13,211.29**	**3,107.48**
Share of (loss) of associates and joint ventures		(329.30)	(304.09)
Income tax expense / (credit)		0.90	(4.35)
Share of (loss) of associates and joint ventures		**(330.20)**	**(299.74)**
Profit before exceptional items and tax		**12,881.09**	**2,807.74**
Exceptional items gain/(loss)	32	924.05	(3,062.28)
Profit /(loss) before tax		**13,805.14**	**(254.54)**
Income tax expense	21		
Current tax		3,529.58	906.56
Deferred tax		(495.05)	108.56
Income tax expense		**3,034.53**	**1,015.12**
Profit/(loss) for the period/year		**10,770.61**	**(1,269.66)**
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	362.73	9.51
- Net gain on FVTOCI equity securities	33	2,025.46	152.75
- Share of other comprehensive income of associates and joint ventures	33	0.57	(39.04)
		2,388.76	**123.22**
Income tax effect		(499.29)	4.54
(A)		**1,889.47**	**127.76**

Consolidated Statement of Profit and Loss

for the year ended March 31, 2022

In ₹ Million

	Notes	Year ended March 31, 2022	Year ended March 31, 2021
Other comprehensive income/(loss) to be reclassified to profit and loss in subsequent periods (net of tax)			
- Non-controlling interest reserve [Refer to note 59]	33	(148.19)	-
- Net movement on cash flow hedges	33	1,008.09	3,478.22
- Foreign Currency Monetary Items Translation Difference Account	33	-	18.08
- Foreign Currency Translation reserve	33	(152.11)	474.38
		707.79	**3,970.68**
Income tax effect		(245.85)	(875.54)
(B)		**461.94**	**3,095.14**
Other comprehensive income for the year (net of tax) [A+B]		**2,351.41**	**3,222.90**
Total comprehensive income for the year (net of tax)		**13,122.02**	**1,953.24**
Of the total comprehensive income above,			
Attributable to:			
Equityholders of the parent		13,168.82	1,956.18
Non-controlling interests		(46.80)	(2.94)
Of the total comprehensive income above,			
Profit / (loss) for the year			
Attributable to:			
Equityholders of the parent		10,817.56	(1,263.81)
Non-controlling interests		(46.95)	(5.85)
Of the total comprehensive income above,			
Other comprehensive income for the year			
Attributable to:			
Equityholders of the parent		2,351.26	3,219.99
Non-controlling interests		0.15	2.91
Earnings per equity share [nominal value per share ₹ 2/- (March 31, 2021: ₹ 2/-)]	34		
Basic		23.23	(2.71)
Diluted		23.23	(2.71)

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Huzefa Ginwala**
Partner
Membership Number: 111757

Place: Pune
Date: May 16, 2022

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 & CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 16, 2022

Consolidated statement of changes in equity

for the year ended March 31, 2022

A. Equity share capital:

Equity shares of ₹ 2/- each issued, subscribed and fully paid

Particulars	No.	In ₹ Million
As at April 1, 2020	465,588,632	931.27
As at March 31, 2021	465,588,632	931.27
As at March 31, 2022	**465,588,632**	**931.27**

B. Other equity

	Reserves and Surplus (Refer to note 16)					Items of OCI (Refer to note 16)						
Particulars	**Security 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**	**Foreign Currency Monetary Item Translation Difference Account (FCMITDA)**	**Non Controlling interests**	**Total**
Balance as at April 1, 2020	**6,930.89**	**15.50**	**-**	**3,230.48**	**40,665.93**	**754.50**	**234.36**	-	**(547.45)**	**(18.08)**	**319.89**	**51,586.02**
- Profit for the year	-	-	-	-	(1,261.42)	(2.39)	-	-	-	-	(5.85)	(1,269.66)
- Other Comprehensive Income/(Loss)	-	-	-	-	15.30	474.38	112.46	-	2,599.77	18.08	2.91	3,222.90
	-	**-**	**-**	**-**	**(1,246.12)**	**471.99**	**112.46**	-	**2,599.77**	18.08	**(2.94)**	**1,953.24**
Balance as at March 31, 2021	**6,930.89**	**15.50**	**-**	**3,230.48**	**39,419.81**	**1,226.49**	**346.82**	-	**2,052.32**	**-**	**316.95**	**53,539.26**
Balance as at April 1, 2021	**6,930.89**	**15.50**	**-**	**3,230.48**	**39,419.81**	**1,226.49**	**346.82**	**-**	**2,052.32**	**-**	**316.95**	**53,539.26**
- Profit / (Loss) for the year	-	-	-	-	10,817.56	-	-	-	-	-	(46.95)	10,770.61
- Other Comprehensive Income / (Loss)	-	-	-	-	261.99	(152.11)	1,627.33	(148.19)	762.24	-	0.15	2,351.41
- Compensation options granted during the year [Refer to note 16 (d)]	-	-	16.29	-	-	-	-	-	-	-	-	16.29
	-	**-**	**16.29**	**-**	**11,079.55**	**(152.11)**	**1,627.33**	**(148.19)**	**762.24**	**-**	**(46.80)**	**13,138.31**

Consolidated statement of changes in equity

for the year ended March 31, 2022

B. Other equity (contd.)

Particulars	Reserves and Surplus (Refer to note 16)					Items of OCI (Refer to note 16)					Non Controlling interests	Total
	Security premium	Capital reserves	Employee stock option outstanding	General reserve	Retained Earnings	Foreign currency translation reserve (FCTR)	Equity instruments through other comprehen-sive income	Non-controlling interest reserve	Cash flow hedge reserve	Foreign Currency Monetary Item Translation Difference Account (FCMITDA)		
Acquisition of subsidiary's non-controlling interest (net) [Refer to note 59]	-	-	-	-	-	-	-		-	-	290.62	290.62
Transaction with owners in their capacity as owners												
- Equity dividend	-	-	-	-	(931.18)	-	-	-	-	-	-	(931.18)
- Interim equity dividend	-	-	-	-	(698.38)	-	-	-	-	-	-	(698.38)
Balance as at March 31, 2022	**6,930.89**	**15.50**	**16.29**	**3,230.48**	**48,869.80**	**1,074.38**	**1,974.15**	**(148.19)**	**2,814.56**	**-**	**560.77**	**65,338.63**

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Huzefa Ginwala**
Partner
Membership Number: 111757

Place: Pune
Date: May 16, 2022

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 & CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 16, 2022

Consolidated Cash Flow Statement

for the year ended March 31, 2022

In ₹ Million

Particulars	March 31, 2022	March 31, 2021
Operating activities		
Profit/(loss) after exceptional items & before tax	**13,805.14**	**(254.54)**
Add/(Less): Share of (loss)/profit of associates and joint ventures (net of tax)	**(330.20)**	**(299.74)**
	14,135.34	**45.20**
Adjustment to reconcile profit before tax to net cash flows		
Depreciation, amortisation and impairment expense	7,303.01	6,121.60
Unrealised foreign exchange (gain)/MTM (net)	(502.98)	(517.03)
Interest income	(219.86)	(275.27)
Liabilities/provision no longer required written back	(246.41)	(138.60)
Provision for doubtful debts and advances (net) including expected credit loss	111.88	91.15
Bad debts/advances written off	5.16	0.14
Finance costs	1,604.26	1,077.29
(Gain) on sale of property, plant and equipment (net)	(223.46)	(3.36)
Dividend income from investment	(4.41)	(1.23)
Net (gain) on sale of financial investments	(903.83)	(589.87)
Net (gain) on fair valuation of financial instruments (FVTPL)	129.10	(336.59)
Share based payment expense	16.29	-
Non-cash exceptional items	(1,140.06)	2,970.45
Effects of consolidation	788.35	(1,146.25)
Operating profit before working capital changes	**20,852.38**	**7,297.63**
Working capital adjustments		
(Increase)/decrease in trade receivables	(8,035.43)	750.80
(Increase)/decrease in inventories	(9,076.27)	(592.39)
(Increase) /decrease in other financial assets	711.99	523.75
(Increase)/decrease in other assets	(799.59)	294.83
Increase/(decrease) in provisions	(166.82)	42.95
Increase/(decrease) in trade payables	4,328.65	1,916.82
Increase/(decrease) in other financial liabilities	37.14	52.72
Increase/(decrease) in other liabilities	731.76	847.11
Cash generated from operations	**8,583.81**	**11,134.22**
Income taxes paid (net of refunds)	(3,525.33)	(934.02)
Net cash flow from operating activities (I)	**5,058.48**	**10,200.20**
Investing activities		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress, capital creditors and capital advances)	(10,683.30)	(9,142.62)
Proceeds from sale of property, plant and equipment and intangible assets	1,036.96	237.13
Investments in joint venture/associates	-	(60.00)
Acquisition of a subsidiary, net of cash acquired	(1,441.80)	-
Loan given to joint venture/associates	(122.41)	(78.43)
Proceeds from loan given to joint venture/associates	67.49	2.00
Loan given to employees/others	(121.84)	(115.64)
Proceeds from loan given to employees/others	90.54	130.73

Consolidated Cash Flow Statement

for the year ended March 31, 2022

In ₹ Million

Particulars	March 31, 2022	March 31, 2021
Investments in financial instruments including fixed deposits	(83,807.90)	(56,860.68)
Proceeds from sale of financial instruments including fixed deposits	87,853.52	50,501.55
Interest received	223.83	274.15
Dividend received	4.41	1.23
Net cash flows (used in) investing activities (II)	**(6,900.50)**	**(15,110.58)**
Financing activities		
Dividend paid on equity shares	(1,641.68)	-
Interest paid	(1,444.12)	(759.95)
Acquisition of minority interest	(329.68)	-
Payment of principal portion of lease liabilities	(579.81)	(440.12)
Proceeds from borrowings including bill discounting	66,810.15	49,295.42
Repayment of borrowings including bill discounting	(59,713.20)	(42,264.59)
Debenture issue expenses	-	(47.81)
Net cash flows from financing activities (III)	**3,101.66**	**5,782.95**
Net increase in cash and cash equivalents (I + II + III)	**1,259.64**	**872.57**
Cash and cash equivalents at the beginning of the year*	**4,473.15**	**3,126.20**
Cash and cash equivalents at the end of the year*	**5,732.79**	**3,998.77**
Foreign currency translation reserve movement	**(152.11)**	**474.38**
Net foreign exchange difference	**3.56**	**-**
Cash and cash equivalents at the end of the year*	**5,584.24**	**4,473.15**

* Excluding earmarked balances (on unclaimed dividend and unspent CSR accounts)

Cash and Cash equivalents for the purpose of cash flow statement

In ₹ Million

Particulars	March 31, 2022	March 31, 2021
Bank Balances		
In cash credit and current accounts	4,889.16	4,433.72
Deposits with original maturity of less than three months	549.93	37.03
Cash on hand	145.15	2.40
	5,584.24	**4,473.15**

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Huzefa Ginwala**
Partner
Membership Number: 111757

Place: Pune
Date: May 16, 2022

For and on behalf of the Board of Directors of
Bharat Forge Limited

B. N. Kalyani
Chairman and Managing Director
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Kishore Saletore
Executive Director & CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 16, 2022

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

1. Corporate information

The consolidated financial statements comprise financial statements of Bharat Forge Limited ("the Holding Company") and its subsidiaries (collectively, the Group) for the year ended March 31, 2022. 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 aluminum castings for auto and industrial sector and also in 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 authorized for issue in accordance with a resolution of the Board of directors on May 16, 2022.

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 to accounting policy regarding financial instruments).

In addition, the carrying values of recognized assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortized 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, 2022. 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
- 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:

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

- 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.

During the previous year, the consolidated financial statements in respect of overseas subsidiaries (other than Bharat Forge International Limited), associates and joint venture 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. Till previous year, as per the statutory requirements of the Country of incorporation the overseas components with non-coterminous periods, the year-end was considered as of and December 31, 2020. Also, the effect of significant transactions and other events that occurred January 1, 2021 to March 31, 2021 were considered in the consolidated financial statements if it is material in nature. However, for the current year, the Board of Directors of the Holding Company have decided to align the accounting year of such overseas components with the accounting year of the Holding Company. Consequently, the financial statements of these components have 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. Also refer to note 60.

The financial statements of Bharat Forge International Limited have been prepared for the year ended March 31, 2022 and March 31, 2021. The financial statements of Indian subsidiaries/associates/joint controlled entities have been drawn for the year ended March 31, 2022 and March 31, 2021.

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, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date.

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 recognized 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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

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:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Derecognizes 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 recognized 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 recognized 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 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.

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 outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognized 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 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 subsequent its 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 net identifiable assets acquired and liabilities 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.

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 of, 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 recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

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.

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 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, form 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 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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

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 realized or intended to be sold or consumed in 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.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 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. The Group uses the indirect method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to the statement of profit and loss reflects the amount that arises from using this method.

Transactions and Balance

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 difference 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 recognized as income or expenses in the period in which they arise except for differences pertaining to Long Term Foreign Currency Monetary Items as mentioned subsequently.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

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).

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 difference arising from 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:

a) Exchange differences arising on long-term foreign currency monetary items related to 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 amortisation 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 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.

E. Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date.

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

- 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 economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.The 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 for valuation of significant assets, such as properties and unquoted financial assets. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the 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.

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 amortized cost) (note 52)

F. Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

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 recognizing the revenue is determined by the five stage model proposed by Ind AS 115 “Revenue from contract with customers”.

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 35.

Sale of goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on date of bill of lading for export sales and generally on delivery for domestic sales. In case of certain subsidiaries, revenue recognition is based on ex-factory/ex works incoterms wherein the goods are made available at 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 case of bill and hold arrangements, revenue is recognized 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 customer has accepted the control. Such goods are identified and kept ready for delivery based on which revenue is recognized.

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.

Export incentives

Income from export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim are fulfilled.

Tooling income

Revenue from tooling income is recognized at the point in time when the control of the die is transferred, which is on receipt of customer's approval as per the terms of the contract (referred to as production parts approval process or PPAP) as per the terms of the contract.

Sale of services

Revenue from sale of services is in nature of job work on customer product which normally takes 1 – 4 days maximum and hence revenue is recognized when products are sent to customer on which job work is completed. The normal credit period is 60 days.

Interest income

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the 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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

Dividends

Dividend income is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

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 payment of the consideration is due). 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 the obligation to transfer goods or services to a customer for which the Group has received consideration in form of advance from 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 recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs the obligation as per the contract.

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 recognized as income/netted off with expenses on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and is allocated to statement of profit and loss over the periods and in the proportions in which depreciation on those assets is charged. Investment grants and subsidies received or claimable are entered as liabilities in a special reserve for investment grants and written back according to the depreciation of the subsidised assets.

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.

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 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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (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 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
- In respect of deductible temporary differences associated with investments in associates and interests in joint ventures, deferred tax assets are recognized 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 utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are 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.

l. Property, plant and equipment

Property, plant and equipment, are stated at cost of acquisition or construction net of accumulated

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

depreciation and impairment loss (if any). Internally manufactured plant and equipment are capitalized 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 capitalized. 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 recognized 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 recognized 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.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized.

The identified components are depreciated over their useful lives, the remaining asset is depreciated over the life of the principal asset.

Depreciation for identified components is computed on straight line method based on useful lives, determined based on internal technical evaluation 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 amortized on a straight-line basis over a period of six years.

The Holding Company and its Indian subsidiaries, based on technical assessment made by technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

Freehold land is carried at cost.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

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 Group measures investment property using cost-based measurements, the fair value measurement 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 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 derecognized 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 recognized 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).

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 amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized 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 amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from 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 recognized in the statement of profit and loss when the asset is derecognized.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

Group amortizes intangible assets on Straight line basis over the useful life of the asset as mentioned below:

Type of assets	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 recognized 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 amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization expense is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

During the period of development, the asset is tested for impairment annually.

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 capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs w.r.t. borrowing taken on or after April 1, 2016.

M. 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 recognizes lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

i) Right-of-use assets

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

Type of assets	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 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 2.2-O Impairment of non-financial assets.

ii) Lease liabilities

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

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the 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 recognized as expense on a straight-line basis over the lease term.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

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 recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

N. Inventories

Cost of inventories have been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and components, stores and spares and loose tools are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Costs are determined on weighted average basis.

Work-in-progress and finished goods are valued at the lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost of work-in-progress and finished goods are determined on a weighted average basis.

Traded goods are valued at lower of Costs are determined on weighted average basis and net realizable value.

Dies are valued at cost or net realizable value. Cost includes direct material and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of dies are determined on a weighted average basis.

Scrap is valued at net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

O. 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

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

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.

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.

P. 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 recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize 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 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 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 Holding Company operates a defined benefit plan for the eligible employees to provide employee benefit in the nature of 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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

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. 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 recognizes each period of service as giving rise to 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 of the employees of the Group who are not covered under the above scheme, portion of 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 recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

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. 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.

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 recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

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 superannuation plan is a defined contribution plan. Defined contributions to Life Insurance Corporation for employees covered under Superannuation scheme are accounted at the rate of 15% of such employees' basic salary. The Group recognizes 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 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 utilized within the next 12 months, is treated as 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 non-current liability.

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 recognizes 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 recognizes 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 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. Separate actuarial valuation is carried out for each plan using the project unit credit method.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

Actuarial gains and losses for all defined benefit plans are recognized in full in the period in which they occur in the consolidated statement of profit and loss.

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.

Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit and loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Debt instruments at amortized cost
- Debt instruments, derivatives and equity instruments at fair value through profit and loss (FVTPL)
- Debt instruments, Equity and derivative instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized 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 amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in other income in the statement of profit and loss. The losses arising from impairment are recognized 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 SPPI test as per the requirements of Ind AS 109.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

Debt instrument at FVTOCI

A 'debt instrument' is classified as 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.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For all equity 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 recognized in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the 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 recognized in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

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 recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the 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.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

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

b) Lease receivables under Ind AS 116

c) 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

d) Financial assets that are measured at FVTOCI

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

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

For recognition of impairment loss on other financial assets and risk exposure, the 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, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

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

ECL is the difference between all contractual cash flows that are due to the 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

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

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

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

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

- Financial assets measured as at amortized cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the 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, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing 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 recognized 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 recognized in the statement of profit and loss.

Loans and borrowings

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

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 recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the DE recognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognized in the statement of profit 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 stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit 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 recognized 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 consolidated balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

S. 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 recognized 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 recognized 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.

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 recognized asset or liability or an unrecognized 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 recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized 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, 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 recognized 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 recognized in the statement of profit and loss as a charge.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through the statement of profit and loss over the remaining term of the hedge using the EIR method. EIR amortization 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 recognized as an asset or liability with corresponding gain or loss recognized in the statement of profit and loss.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in the statement of profit and loss. When an unrecognized 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 recognized as an

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

asset or liability with a corresponding gain or loss recognized 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 recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized 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 recognized in the statement of profit and loss. Refer to note 50 for more details.

Amounts recognized 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 recognized or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized 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 recognized 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 as they are considered an integral part of the Group's cash management.

U. Dividend to equity holders of the Group

The Group recognizes a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorized and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

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 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

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

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.

X. 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.

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.

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 2021. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective:

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

(I) Interest Rate Benchmark Reform – Phase 2: Amendments to Ind AS 109, Ind AS 107, Ind AS 104 and Ind AS 116

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

(ii) Conceptual framework for financial reporting under Ind AS issued by ICAI

The Framework is not a Standard and it does not override any specific standard. Therefore, this does not form part of a set of standards pronounced by the standard-setters. While, the Framework is primarily meant for the standard-setter for formulating the standards, it has relevance to the preparers in certain situations such as to develop consistent accounting policies for areas that are not covered by a standard or where there is choice of accounting policy, and to assist all parties to understand and interpret the Standards.

The amendments made in following standards due to Conceptual Framework for Financial Reporting under Ind AS. includes amendment of the footnote to the definition of an equity instrument in Ind AS 102- Share Based Payments, footnote to be added for definition of liability i.e. definition of liability is not revised on account of revision of definition in conceptual framework in case of Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets etc.

The MCA has notified the Amendments to Ind AS consequential to Conceptual Framework under Ind AS vide notification dated June 18, 2021, applicable for annual periods beginning on or after April 1, 2021. Accordingly, the Conceptual Framework is applicable for preparers for accounting periods beginning on or after 1 April 2021.

These amendments had no impact on the financial statements of the Group.

(iii) Ind AS 116: COVID-19 related rent concessions

MCA issued an amendment to Ind AS 116 Covid-19-Related Rent Concessions beyond 30 June 2021 to update the condition for lessees to apply the relief to a reduction in lease payments originally due on or before 30 June 2022 from 30 June 2021. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

These amendments had no impact on the financial statements of the Group.

(iv) Ind AS 103: Business combination

The amendment states that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

the Framework for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards issued by the Institute of Chartered Accountants of India at the acquisition date. Therefore, the acquirer does not recognise those costs as part of applying the acquisition method. Instead, the acquirer recognises those costs in its post-combination financial statements in accordance with other Ind AS.

Group has considered impact of this while accounting for the business combinations acquired during the year and impact of this change in not material.

(v) Amendment to Ind AS 105, Ind AS 16 and Ind AS 28

The definition of "Recoverable amount" is amended such that the words "the higher of an asset's fair value less costs to sell and its value in use" are replaced with "higher of an asset's fair value less costs of disposal and its value in use". The consequential amendments are made in Ind AS 105, Ind AS 16 and Ind AS 28.

These amendments had no impact on the financial statements of the Group.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

3. Property, plant and equipment

In ₹ Million

	Freehold land	Buildings (Notes a, b)	Plant and machinery (Notes d)	Railway sidings	Office equipments	Electrical installations	Factory equipments	Sub Total (A)
Cost								
As at April 1, 2020	773.98	9,575.18	44,191.51	0.02	149.10	180.91	3,091.09	57,961.79
Reclassified on account of adoption of IND AS 116	-	-	-	-	-	-		-
Foreign Currency Translation Reserve	40.36	410.54	1,472.41	-	(1.06)	-	293.92	2,216.17
Additions	-	1,303.49	8,712.75	-	31.81	77.15	325.97	10,451.17
Additions on acquisition of subsidiary	-	-	-	-	-	-	-	-
Disposals	-	(4.33)	(1,795.84)	-	(0.31)	-	(48.63)	(1,849.11)
Other adjustments								-
- Borrowing cost (Refer note c)	-	1.24	203.14	-	-	-	0.98	205.36
- Exchange differences	-	(4.00)	(7.05)	-	-	-	(0.46)	(11.51)
As at March 31, 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 c)	-	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**
Depreciation and impairment								
As at April 1, 2020	-	1,640.44	18,900.02	-	68.97	129.78	1,478.13	22,217.34
Foreign Currency Translation Reserve	-	110.81	788.82	-	(0.48)	-	169.71	1,068.86
Charge for the year	-	431.40	4,399.60	-	24.94	19.90	407.96	5,283.80
Disposals	-	(1.08)	(1,601.75)	-	(0.24)	-	(48.38)	(1,651.45)
Other adjustments								
- Others (Refer note e)	-	-	-	-	-	-	-	-
As at March 31, 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 e)	-	-	-	-	-	-	-	-
As at March 31, 2022	**-**	**2,651.20**	**26,501.23**	**-**	**98.60**	**156.42**	**2,275.31**	**31,682.76**
Net block								
As at March 31, 2021	**814.34**	**9,100.55**	**30,290.23**	**0.02**	**86.35**	**108.38**	**1,655.45**	**42,055.32**
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**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

3. Property, plant and equipment (contd.)

	Furniture and fixtures	Vehicles and aircraft	Power line	Sub Total (B)	Grand Total (A+B)	Capital work-in-progress
Cost						
As at April 1, 2020	279.05	3,089.43	6.17	3,374.65	61,336.44	11,438.98
Foreign Currency Translation Reserve	-	0.62	-	0.62	2,216.79	269.28
Additions	32.93	26.00	10.00	68.93	10,520.10	7,666.56
Disposals	(0.61)	(7.30)	-	(7.91)	(1,857.02)	-
Transferred to asset block	-	-	-	-	-	(10,520.10)
Other adjustments						
- Borrowing cost (Refer note c)	-	-	-	-	205.36	135.28
- Exchange differences	-	-	-	-	(11.51)	23.37
As at March 31, 2021	**311.37**	**3,108.75**	**16.17**	**3,436.29**	**72,410.16**	**9,013.37**
Foreign Currency Translation Reserve	-	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)
Other adjustments						
- Borrowing cost (Refer note c)	-	-	-	-	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**
Depreciation and impairment						
As at April 1, 2020	76.93	978.64	6.17	1,061.74	23,279.08	12.23
Foreign Currency Translation Reserve	-	0.47	-	0.47	1,069.33	-
Charge for the year	29.71	269.81	0.47	299.99	5,583.79	-
Disposals	(0.36)	(7.05)	-	(7.41)	(1,658.86)	-
As at March 31, 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**
Net block						
As at March 31, 2021	**205.09**	**1,866.88**	**9.53**	**2,081.50**	**44,136.82**	**9,001.14**
As at March 31, 2022	**189.17**	**1,287.57**	**8.10**	**1,484.84**	**43,964.66**	**11,247.55**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

3. Property, plant and equipment (Contd.)

(a) Buildings include cost of hangar jointly owned with other companies ₹ 0.07 million (March 31, 2021: ₹ 0.07 million).

(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 Holding Company except for one immovable property (Hangar at Lohegaon) aggregating gross block of ₹ 0.07 million and net block of ₹ 0.05 million as at March 31, 2022 (March 31, 2021 : Two immovable properties aggregating gross block of ₹ 0.51 million and net block of ₹ 0.43 million) for which title deeds were not available with the Company. This property is jointly held by the Company with other companies.

(c) 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, 2022 was ₹ 151.49 million (March 31, 2021: ₹ 125.89 million)

(d) Assets include assets lying with third parties amounting to ₹ 156.40 Million (March 31, 2021: ₹ 115.75 Million)

(e) Other adjustments are related to reclassification within block of assets

(f) None of the components in the Group have revalued any property, plant and equipment during the year.

(g) 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, 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**
March 31, 2021					
Projects in progress	4,547.64	1,319.50	2,804.17	329.83	9,001.14
Projects temporarily suspended*	-	-	-	-	-
Total	**4,547.64**	**1,319.50**	**2,804.17**	**329.83**	**9,001.14**

There are no projects whose completion is overdue or have exceeded their cost compared to original plan.

* During the previous year, the Holding Company had temporarily suspended activities in the projects in progress from April 1, 2020 to June 30, 2021, due to COVID 19 related restrictions.

(h) The Company has not revalued any property, plant and equipment during the year.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

In ₹ Million

4. Investment property

	Freehold land
Cost	
As at April 1, 2020	2.89
Additions	-
Disposals	-
As at March 31, 2021	2.89
Additions	-
Disposals	-
As at March 31, 2022	2.89
Depreciation and impairment	
As at April 1, 2020	-
Depreciation for the year	-
As at March 31, 2021	-
Depreciation for the year	-
As at March 31, 2022	-
Net block	
As at March 31, 2021	2.89
As at March 31, 2022	2.89

Information regarding income and expenditure of investment property

In ₹ Million

	March 31, 2022	March 31, 2021
Rental income derived from investment properties [included in Rent in note 25]	3.12	2.95
Direct operating expenses (including repairs and maintenance) generating rental income	-	-
Direct operating expenses (including repairs and maintenance) that did not generate rental income	1.03	1.03
[included in Rates and taxes in note 31]	-	
Profit arising from investment properties before depreciation and indirect expenses	**2.09**	**1.92**
Less : Depreciation	-	-
Profit arising from investment properties before indirect expenses	**2.09**	**1.92**

The Group's investment properties consist of three parcels of land situated at Pune, Satara and Chakan.

As at March 31, 2022 and March 31, 2021, the fair values of the properties are ₹ 2,432.95 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 sub-judice, the Group has not executed lease deed with related party for one of the said land.

Reconciliation of fair value

In ₹ Million

Investment properties	Freehold land
at April 1, 2020	**2,426.11**
Fair value difference	6.84
Purchases	-
at March 31, 2021	**2,432.95**
Fair value difference	-
Purchases	-
at March 31, 2022	**2,432.95**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

In ₹ Million

5 Intangible assets and Goodwill	Goodwill	Computer and Software	Customer contracts	Technical know-how	Development cost	Patents	Technology License	Total
Cost								
As at April 1, 2020	525.04	464.04	7.84	8.65	141.12	2.64	193.73	1,343.06
Foreign Currency Translation Reserve	58.69	15.99	-	-	17.51	0.37	-	92.56
Additions	-	46.11	-	-	-	-	-	46.11
Disposals	-	(0.02)	-	-	-	-	-	(0.02)
As at March 31, 2021	**583.73**	**526.12**	**7.84**	**8.65**	**158.63**	**3.01**	**193.73**	**1,481.71**
Foreign Currency Translation Reserve	(32.52)	(7.23)	-	-	(9.07)	(0.19)	-	(49.01)
Additions	-	54.73	-	-	1.19	-	369.20	425.12
Business combination **[Refer note 5(a)]**	285.39	14.45	-	-	47.11	-	293.96	640.91
Disposals	-	(304.94)	-	-	-	-	-	(304.94)
As at March 31, 2022	**836.60**	**283.13**	**7.84**	**8.65**	**197.86**	**2.82**	**856.89**	**2,193.78**
Amortisation/Impairment								
As at April 1, 2020	155.33	357.59	2.69	1.63	141.12	2.26	60.00	720.62
Foreign Currency Translation Reserve	20.58	13.01	-	-	17.51	0.33	-	51.43
Charge for the year	-	79.20	5.15	3.12	-	0.12	38.75	126.34
Impairment	84.49	-	-	-	-	-	-	84.49
As at March 31, 2021	**260.40**	**449.80**	**7.84**	**4.75**	**158.63**	**2.71**	**98.75**	**982.88**
Foreign Currency Translation Reserve	(17.00)	(6.31)	-	-	(9.07)	(0.18)	-	(32.56)
Charge for the year	-	59.16	-	3.12	3.20	0.17	76.44	142.09
Disposals	-	(304.03)	-	-	-	-	-	(304.03)
Impairment	86.77	-	-	-	-	-	-	86.77
Other adjustments								
- Other adjustments	-	5.62	-	-	13.35	-	102.88	121.86
As at March 31, 2022	**330.17**	**204.25**	**7.84**	**7.87**	**166.11**	**2.70**	**278.07**	**997.01**
Net Block								
As at March 31, 2021	**323.33**	**76.32**	**-**	**3.90**	**-**	**0.30**	**94.98**	**498.83**
As at March 31, 2022	**506.43**	**78.88**	**-**	**0.78**	**31.75**	**0.12**	**578.82**	**1,196.78**

(a) During the current year the group has acquired Tork Motors Private Limited which is engaged in the business of design, development, manufacture and distribution of electric motor cycles 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 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, 2022 is ₹ 255.91 million (March 31, 2021 : ₹ 271.43 million) net of impairment

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

5 Intangible assets and Goodwill (contd.)

Impairment of Goodwill:

1. KPIT Technologies Limited

The Group performed its annual impairment test for year ended March 31, 2022. 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, 2021 : 24.52%)

Terminal growth rate : 5.00% (March 31, 2021 : 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 year ended March 31, 2022. The Group considers the discounted cash flows, among other factors, when reviewing for indicators of impairment. Considering the continuing impact of COVID 19, management has performed additional stress test to test the recoverable amount of the goodwill, indicating a potential impairment of goodwill, the management has provided for additional impairment of ₹ 86.77 million for the year ended March 31, 2022 (March 31, 2021: ₹ 84.49 million).

Key assumptions used for value in use calculations

Weighted Average Cost of Capital % (WACC) before tax (discount rate) : 10.90% (March 31, 2021 : 11.10%)

Terminal growth rate : 1.50% (March 31, 2021 : 1.43%)

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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

In ₹ Million

6. Investment in subsidiaries, joint ventures and associates	As at March 31, 2022	As at March 31, 2021
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, 2021: 4,900) equity shares of ₹ 10/- each fully paid up in Ferrovia Transrail Solutions Private Limited [Refer to note 39]	-	-
14,208 (March 31, 2021: 14,208) equity shares of ₹ 10/- each fully paid up in Tork Motors Private Limited [Refer to note 6 (b),note 37 and 39]	-	199.25
Nil (March 31, 2021 : 794,217) ordinary shares of £ 0.00001 each in Tevva Motors (Jersey) Limited [10,094,948 (March 31, 2020 : GBP 10,094,948)] [Refer to note 6 (c), note 39 and note 32 (d)]	-	478.80
Add: Conversion of Loan note of GBP 3.50 million along with Interest accrued	-	134.91
Less : Provision for impairment in value of investments [refer to note 32(d)]	-	(475.87)
	-	137.84
136,500 (March 31, 2021: 136,500) equity shares of ₹ 10/- each fully paid up in Aeron Systems Private Limited [Refer to note 6 (d) and note 39]	116.06	119.46
- Investments in joint ventures		
7,128,219 (March 31, 2021: 7,128,219) equity shares of ₹ 10/- each fully paid up in BF NTPC Energy Systems Ltd. (BFNTPCESL) [Refer to note 6(a)(f)]	-	-
100,000 (March 31, 2021: 100,000) equity shares of ₹ 10/- each fully paid up in BF Premier Energy Systems Pvt. Ltd. (BFPESPL) [Refer to note 38]	-	-
12,500 (March 31, 2021: 12,500) ordinary shares of Eur 1.00 each in Refu Drive GmbH [11,350,000 (March 31, 2021: Euro 11,350,000)] [Refer to note 6 (e) and note 38]	689.16	852.17
Total	**805.22**	**1,308.72**

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 current year, the Group has made an investments of ₹ 400 million in 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 subsidiary post that date.

c. The Group 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 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 current year, this loan has been converted into equity share capital.

   During the 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 to 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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

6. Investment in subsidiaries, joint ventures and associates (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 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 liquidator to liquidate the Company under the provisions of Section 59 of Insolvency and Bankruptcy Code 2016.

In ₹ Million

7. Investments	As at March 31, 2022	As at March 31, 2021
Non-current investment		
(a) Investments designated at amortised cost		
- Debt instruments (unquoted) (fully paid) (Refer to standalone financial statements note 7 for details)	500.22	-
(a)	**500.22**	-
(b) Investments designated at fair value through OCI (FVTOCI) (Refer to 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, 2021: 38,384,202) equity shares of ₹ 10/- each fully paid up in Khed Economic Infrastructure Private Limited	825.26	589.58
14,245,000 (March 31, 2021 : 14,245,000) equity shares of ₹ 10/- each in Avaada SataraMH Private Limited [Refer to note 7(e)]	142.45	142.45
2,033,850 (March 31, 2021 : Nil) equity shares of ₹ 10/- each in Avaada MHBuldhana Private Limited [Refer to note 7(f)]	20.34	-
1,160,668 (March 31, 2021 : 794,217) ordinary shares of £ 0.00001 each in Tevva Motors (Jersey) Ltd [Refer to note 6(c)]	2,941.02	-
8,491,812 (March 31, 2021 : Nil) Preferred Stock having par value $ 0.00001 in Electron Transport Inc. [Refer to note 7(h)]	305.70	-
- Equity instruments (quoted)		
Investment in others		
613,000 (March 31, 2021: 613,000) equity shares of ₹ 10/- each fully paid up in KPIT Technologies Limited (Refer to standalone financial statements note 7 for details)	368.44	108.84
613,000 (March 31, 2021: 613,000) equity shares of ₹ 2/- each fully paid up in Birlasoft Limited (Refer to standalone financial statements note 7 for details)	278.88	155.12
Total FVTOCI Investments (b)	**4,882.09**	**995.99**
(c) Investments at fair value through profit or loss (FVTPL)		
Equity instruments (unquoted)		
Investments in others (the Group holds 5% or more of the share capital)		
504,432 (March 31, 2021: 504,432) equity shares of ₹ 10/- each fully paid up in Gupta Energy Private Limited [Refer to note 7(b)]	-	-
Carried over	5,382.31	995.99

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

In ₹ Million

7. Investments		As at March 31, 2022	As at March 31, 2021
	Brought over	5,382.31	995.99
Investments in private equity fund (unquoted funds)			
1,179,546.87 (March 31, 2021 : 1,823,082.56) Units of ₹ 100/- each of Paragon Partners Growth Fund - I		307.78	242.20
Investments in mutual funds (quoted funds) (Refer to standalone financial statements note 7 for details)		338.52	812.15
Investments in mutual funds (unquoted funds) (Refer to standalone financial statements note 7 for details)		123.49	1,936.74
Total FVTPL Investments	**(c)**	**769.79**	**2,991.09**
	Total (a)+(b)+(C)	**6,152.10**	**3,987.08**
Current investments			
Investments at fair value through profit or loss (fully paid)			
Investments in mutual funds (quoted funds) [Refer to standalone financial statements note 7 for details]		2,942.97	4,225.70
Investment in mutual funds (quoted funds) by subsidiary companies		74.54	37.11
Investments in mutual funds (unquoted funds) [Refer to standalone financial statements note 7 for details]		16,051.97	16,508.98
Investment in mutual funds (unquoted funds) by subsidiary companies		10.76	-
	Total	**19,080.24**	**20,771.79**
Aggregate book value of quoted investments		**2,955.87**	**4,600.44**
Aggregate market value of quoted investments		**4,003.35**	**5,338.92**
Aggregate value of unquoted investments		**21,228.99**	**19,419.95**

(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 to 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 to note 51 for determination of their fair values.

(e) Avaada SataraMH Private Limited [ASPL]

During the previous year, the Group has made further investment in Avaada SataraMH Private Limited (ASPL) of ₹ 142.44 million by acquiring 14,243,911 equity shares of ₹ 10/- each, as a pre-condition for seeking approval from MSEDCL for Open Access permission by ASPL. Hence, the said investment is made subject to, amongst other conditions, obtaining permission by ASPL from relevant government authorities for consumption of renewable energy by the Company under open access for solar plant of ASPL.

(f) Avaada MHBuldhana Private Limited [ABPL]

During the current year, the Group has made 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 consumption of renewable energy by the Company under open access for solar plant of ABPL.

(g) Includes investment in mutual funds amounting to ₹ 74.54 million (March 31,2021 : ₹ 37.11 million) with respect to 2 (March 31, 2021: 1) of the subsidiaries.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

7. Investments (contd.)

Name of the mutual fund plan	March 31, 2022		March 31, 2021	
	Units held	Amount	Units held	Amount
Units of Axis Liquid Fund (G)	4,518.416	10.62	-	-
Units of HDFC Liquid Fund (G)	6,608.465	27.44	9,172.597	37.11
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		**37.11**

(h) During the current year, the Group has made investment in the preferred stock of Electron Transport Inc, USA having par value of $ 0.00001 amounting to ₹ 305.70 million.

In ₹ Million

8. Loans	As at March 31, 2022	As at March 31, 2021
Non-current (Unsecured, considered good)		
Other loans		
Loans to employees	59.68	41.05
Loans to associates and joint ventures **[Refer to note 6(c), 45, 47]**	109.93	211.72
Total	**169.61**	**252.77**
Current (Unsecured, considered good)		
Other loans		
Loans to employees	33.06	20.38
Loans to associates and joint ventures **[Refer to note 6(c), 45, 47]**	110.71	8.00
Loans to others	23.00	-
Total	**166.77**	**28.38**

No loans are due from directors or other officers of the Group, firms in which director is a partner or private companies in which 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 counter parties.

During the current year, the Group through its wholly owned subsidiary, Kalyani Powertain 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 standalone financial statements (Current ₹ 10.50 million and non-current ₹ 17.50 million). The same was disclosed as part of loans to associate as at March 31, 2021.

In ₹ Million

9. Derivative instruments	As at March 31, 2022	As at March 31, 2021
Non-current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	2,525.66	1,501.46
Fair value hedges (FVTPL)		
Cross currency swap	136.66	-
Total	**2,662.32**	**1,501.46**
Current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	1,317.73	1,288.58
Fair value hedges (FVTPL)		
Cross currency swap	7.14	
Foreign currency forward contracts	36.47	-
Total	**1,361.34**	**1,288.58**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

9. Derivative instruments (contd.)

Derivative instruments at 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).

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 agreeement, 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 fair value of foreign currency forward contracts to hedge exposure to changes in fair value of underlying trade receivables.

In ₹ Million

10. Other financial assets	As at March 31, 2022	As at March 31, 2021
Non current		
Government grants*	350.05	735.41
Security deposits	318.30	356.12
Deposits with original maturity for more than twelve months**	9.44	55.87
Total	**677.79**	**1,147.40**
Current		
Government grants*	579.20	884.11
Energy credit receivable - windmills	10.56	8.37
Interest accrued on fixed deposits and others	72.62	35.14
Security deposits	1.12	2.24
Other receivables***	90.27	6.96
Total	**753.77**	**936.82**

* 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.

** ₹ 1.17 million (March 31, 2021: ₹ 0.03 million) held as security for various Government authorities and ₹ 1.17 million (March 31, 2021: Nil) under bank lien for bank guarantees issued.

*** Other receivables include sundry balances receivables.

In ₹ Million

11. Inventories	As at March 31, 2022	As at March 31, 2021
Raw materials and components [includes items lying with third parties and items in transit]	6,349.74	3,111.38
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
Stores, spares and loose tools	1,933.80	1,945.16
Dies and dies under fabrication	187.14	438.45
Scrap	79.11	30.36
Total	**27,104.57**	**17,939.38**

During the year ended March 31, 2022: ₹ 7.96 million [March 31, 2021: (₹ 76.26 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, 2022 (Contd.)

In ₹ Million

12. Trade receivables	As at March 31, 2022	As at March 31, 2021
Non current		
Unsecured		
Considered good	117.36	101.36
Significant increase in credit risk	-	3.68
Total	**117.36**	**105.04**
Less :		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Unsecured (Considered good)	4.11	-
Significant increase in credit risk	-	3.68
	4.11	3.68
	113.25	**101.36**
Current		
Secured		
Considered good	83.33	82.44
	83.33	**82.44**
Unsecured		
Considered good (including related parties receivable)	21,755.55	14,198.82
Significant increase in credit risk	-	-
Credit impaired	104.73	121.32
	21,860.28	**14,320.14**
Less:		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Credit impaired	104.73	121.32
Unsecured (considered good)	215.93	185.51
	320.66	**306.83**
Total	**21,622.95**	**14,095.75**

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 to note 48.

Trade receivables are non-interest bearing and are generally on terms of 15 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 to note 48.

Trade receivable ageing schedule

As at March 31, 2022

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**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

12. Trade receivables (contd.)

As at March 31, 2021

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	10,770.45	2,784.34	244.83	266.66	181.21	135.13	14,382.62
(b) Which have significant increase in credit risk	-	-	3.68	-	-	-	3.68
(c) Credit impaired	-	-	67.81	28.19	4.64	20.68	121.32
Unbilled revenue	-	-	-	-	-	-	-
Total	**10,770.45**	**2,784.34**	**316.32**	**294.85**	**185.85**	**155.81**	**14,507.62**

The amount repayable under the bill discounting arrangement is presented as borrowing. The relevant carrying amounts are as follows:

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Transferred receivables	3,208.58	2,633.36
Associated borrowing [bank loans - Refer to note 18]	3,210.65	2,634.73

In ₹ Million

13. Cash and bank balances	As at March 31, 2022	As at March 31, 2021
Cash and cash equivalent		
Balances with banks:		
In cash credit and current accounts	4,889.16	4,433.72
Deposits with original maturity of less than three months	549.93	37.03
Cash on hand	145.15	2.40
Total	**5,584.24**	**4,473.15**
Other bank balances		
Earmarked balances (on unclaimed dividend accounts)	47.61	39.17
Deposits with original maturity of less than twelve months*	398.32	216.30
Total	**445.93**	**255.47**

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 ₹ 21.23 million (March 31, 2021: ₹ 32.84 million) under bank lien for bank guarantees issued.

In ₹ Million

14. Other assets	As at March 31, 2022	As at March 31, 2021
Non-current (Unsecured, considered good)		
Capital advances	2,770.70	1,711.09
Balances with government authorities	367.31	310.34
Advances to suppliers#	1,363.78	1,350.00
Others*	28.95	25.67
Total	**4,530.74**	**3,397.10**
Current (Unsecured, considered good)		
Balances with government authorities	1,564.37	1,325.36
Advance to suppliers	737.01	534.08
Others *	888.39	495.60
Total	**3,189.77**	**2,355.04**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

14. Other assets (contd.)

* 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 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 to note 48.

\# 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.

In ₹ Million

Break up of financial assets carried at amortised cost	As at March 31, 2022	As at March 31, 2021
Investments [Refer to note 7]	500.22	-
Loans [Refer to note 8]	336.38	281.15
Other financial assets [Refer to note 10]	1,431.56	2,084.22
Trade receivables [Refer to note 12]	21,736.20	14,197.11
Cash and cash equivalents [Refer to note 13]	5,584.24	4,473.15
Other bank balances [Refer to note 13]	445.93	255.47
Total	**30,034.53**	**21,291.10**

In ₹ Million

Break up of financial assets carried at fair value through OCI	As at March 31, 2022	As at March 31, 2021
Investments [Refer to note 7]	4,882.09	995.99
Derivative instruments [Refer to note 9]	3,843.39	2,790.04
Total	**8,725.48**	**3,786.03**

In ₹ Million

Break up of financial assets carried at fair value through profit and loss	As at March 31, 2022	As at March 31, 2021
Investments [Refer to note 7]	19,850.03	23,762.88
Derivative instruments [Refer to note 9]	180.27	-
Total	20,030.30	23,762.88

In ₹ Million

15. Equity share capital	As at March 31, 2022	As at March 31, 2021
Authorised shares (No.)		
975,000,000 (March 31, 2021: 975,000,000) equity shares of ₹ 2/- each	1,950.00	1,950.00
43,000,000 (March 31, 2021: 43,000,000) cumulative non convertible preference shares of ₹ 10/- each	430.00	430.00
2,000,000 (March 31, 2021: 2,000,000) unclassified shares of ₹ 10/- each	20.00	20.00
Issued (No.)		
465,768,492 (March 31, 2021: 465,768,492) equity shares of ₹ 2/- each	931.54	931.54
Subscribed and fully paid-up (No.)		
465,588,632 (March 31, 2021: 465,588,632) equity shares of ₹ 2/- each	931.18	931.18
Add:		
172,840 (March 31, 2021: 172,840) forfeited equity shares comprising 15,010 equity shares		
(March 31, 2021: 15,010) of ₹ 2/- each (amount partly paid ₹ 1/- each) and 157,830 equity shares		
(March 31, 2021: 157,830) of ₹ 2/- each (amount partly paid ₹ 0.50/- each)	0.09	0.09
Total issued, subscribed and fully paid-up share capital	**931.27**	**931.27**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

15. Equity share capital (contd.)

(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.

(b) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

Equity Shares	As at March 31, 2022		As at March 31, 2021	
	No.	In ₹ Million	No.	In ₹ Million
At the beginning of the year	465,588,632	931.18	465,588,632.00	931.18
Issued during the year	-	-	-	-
Outstanding at the end of the year	465,588,632	931.18	465,588,632.00	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, 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%
Sulochana Neelkanth Kalyani*	-	0.00%	0.00%
Babasaheb Kalyani Family Trust*	-	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%
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%
Hastinapur Trading and Investment Private Limited	178,800	0.04%	0.00%
Kalyani Export & Investment Private Limited	1,003,240	0.22%	0.00%
Aboli Investment Private Limited	127,872	0.03%	0.00%
Wathar Investment & Trading Co. Private Limited	61,320	0.01%	0.00%

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

15. Equity share capital (contd.)

Name of the promoter / promoter group member	Number of shares held at March 31, 2021	% 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%	(0.01%)
Deeksha Amit Kalyani	50	0.00%	100.00%
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%
Sulochana Neelkanth Kalyani*	-	0.00%	0.00%
Babasaheb Kalyani Family Trust*	-	0.00%	0.00%
KSL Holdings Private Limited	46,285,740	9.94%	0.00%
Ajinkya Investment & Trading Company	19,637,850	4.22%	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%
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 Private Limited #	1,003,240	0.22%	0.00%
Aboli Investment Private Limited #	127,872	0.03%	0.00%
Wathar Investment & Trading Co. Private Limited #	61,320	0.01%	0.00%

* Sulochana Neelkanth Kalyani and Babasaheb Kalyani Family Trust are not holding any shares.

\# shareholding since corrected and filed settlement applications with SEBI for shares held by these entities which were inadvertently classified under "Public Shareholding" instead of as part of 'Promoter Group'

(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, 2022	As at March 31, 2021
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	232,794,316.00	232,794,316.00

(f) Details of shareholders holding more than 5% shares in the Company

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	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

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

15. Equity share capital (contd.)

(g) Shares reserved for issue under option

Particulars	As at March 31, 2022	As at March 31, 2021
4,680 (March 31, 2021: 4,680) equity shares of ₹ 2/- each out of the previous issue of equity shares on a right basis together with 234 (March 31, 2020: 234) detachable warrants entitled to subscription of 2,340 (March 31, 2020: 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, 2021 : 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.

16. Other equity

	As at March 31, 2022	As at March 31, 2021
Capital reserves		
Special capital incentive [refer to note 16 (a)]		
Balance as per the last financial statements	2.50	2.50
Closing balance	**2.50**	**2.50**
Warrants subscription money [Refer to 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 to note 16(c)]		
Balance as per the last financial statements	6,930.89	6,930.89
Closing balance	**6,930.89**	**6,930.89**
Employee stock option outstanding [Refer to note 16(d)]		
Balance as per the last financial statements	-	-
Add: Compensation options granted during the year	16.29	-
Less: Exercise of shares options	-	-
Closing balance	**16.29**	**-**
Foreign Currency Monetary Item Translation Difference Account (FCMITDA) [Refer to note 2.3 (d)]		
Balance as per the last financial statements	-	(18.08)
Add: Arising during the year (loss)	-	8.43
Less: Adjusted during the year	-	(9.65)
Closing balance	**-**	**-**
Hedge reserve [Refer to note 2.3 (s)]		
Balance as per the last financial statements	2,052.32	(547.45)
Add: Arising during the year	1,772.42	2,207.11
Less: Adjusted during the year	1,010.18	(392.66)
Closing balance	**2,814.56**	**2,052.32**
General reserve		
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**
Carried over	13,007.72	12,229.19

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

16. Other equity (Contd.)	As at March 31, 2022	As at March 31, 2021
Brought over	13,007.72	12,229.19
Non-controlling interest reserve		
Balance as per the last financial statements	-	
Add: Acquisition of non-controlling interest in KSSL [Refer to note 59]	(148.19)	-
	(148.19)	**-**
Foreign currency translation reserve (FCTR) [Refer to note 2.3 (d)]		
Balance as per the last financial statements	1,226.49	754.50
Add: Arising during the year	(152.11)	474.38
Less: Adjusted during the year	-	2.39
Closing balance	**1,074.38**	**1,226.49**
Surplus in the statement of profit and loss		
Balance as per the last financial statements	**39,764.24**	**40,900.29**
Add:		
- Net profit for the year	10,817.56	(1,263.81)
- Items of other comprehensive income :		
(1) Re-measurement of defined benefit obligations	261.99	15.30
(2) Equity Instruments through other comprehensive income	1,627.33	112.46
	12,706.88	**(1,136.05)**
Less:		
- Final equity dividend of previous year	931.18	-
- Interim equity dividend	698.38	-
	1,629.56	**-**
Closing balance	**50,841.56**	**39,764.24**
Total	**64,775.47**	**53,219.92**

(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 completion of three year term, the subscription money received on issue of warrants was credited to 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 issue of shares. The reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

(d) Employee stock option outstanding

One of the subsidiaries in India has issued equity settled stock options to its employees. Refer to note 61 for details.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

In ₹ Million

17. Distribution made and proposed to be made	As at March 31, 2022	As at March 31, 2021
Cash dividends on equity shares declared and paid :		
Final dividend		
For the year ended on March 31, 2021 : ₹ 2 per share (March 31, 2020 : ₹ Nil)	931.18	-
Interim dividend		
For the year ended on March 31, 2022: ₹ 1.5 per share (March 31, 2021: ₹ Nil)	698.38	-
Proposed dividend on equity shares :		
Final cash dividend		
For the year ended on March 31, 2022: ₹ 5.50 per share (March 31, 2021 : ₹ 2 per share)	2,560.74	931.18

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.

In ₹ Million

18. Borrowings	As at March 31, 2022	As at March 31, 2021
Non-current borrowings		
- **Debentures**		
5.97% Rated unsecured non-convertible debentures [Refer to note 18 (c)]	4,969.27	4,958.77
- **Term loans from banks**		
Foreign currency term loans (other than Rupee loans) (secured)		
On bilateral basis [Refer to note18 (a)]	4,863.71	4,532.16
Foreign currency term loans (other than Rupee loans) (unsecured)		
On bilateral basis [Refer to note18 (a)]	7,127.68	11,135.39
On syndication basis [Refer to note18 (a)]	909.57	1,535.41
Rupee term loans (secured)		
On bilateral basis [Refer to note18 (b)]	3.20	3.22
- **Other loans (secured)**		
GITA R&D project loan [Refer to note 18 (d)]	-	6.70
Total	**17,873.43**	**22,171.65**
Current borrowings		
- **Current maturity of term loans from banks**		
Foreign currency term loans (other than Rupee loans) (secured)		
On bilateral basis [Refer to note18 (a)]	507.62	1,017.52
Foreign currency term loans (other than Rupee loans) (unsecured)		
On bilateral basis [Refer to note18 (a)]	4,087.71	658.05
On syndication basis [Refer to note18 (a)]	682.18	2,480.07
Rupee term loans (secured)		
On bilateral basis [Refer to note18 (b)]	-	0.57
Carried over	5,277.51	4,156.21

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

In ₹ Million

18. Borrowings (Contd.)	As at March 31, 2022	As at March 31, 2021
Brought over	5,277.51	4,156.21
- **From banks**		
- **Foreign currency loans**		
Preshipment packing credit (secured) [Refer to note18 e(i)]	4,606.28	3,184.64
Preshipment packing credit (unsecured) [Refer to note18 e(i)]	-	1,798.20
Bill discounting with banks (secured) [Refer to note18 e(ii)]	12,461.28	10,165.45
Bill discounting with banks (unsecured) [Refer to note18 e(ii)]	3,795.61	-
Overdraft facilities (secured) [Refer to note18 e(iii)]	12,080.91	8,038.57
- **Rupee loans**		
Cash credit (secured) [Refer to note18 e(iv)]	29.63	10.05
Bill discounting with banks (secured) [Refer to note18 e(ii)]	-	305.08
Bill discounting with banks (unsecured) [Refer to note18 e(ii)]	352.31	106.83
Loans from companies and directors (unsecured) [Refer to note18 e(vi)]	68.42	17.06
Total	**38,671.95**	**27,782.09**
Total secured loans	34,552.63	27,263.96
Total unsecured loans	21,992.75	22,689.78
Total	**56,545.38**	**49,953.74**

Changes in liabilities arising from financing activities

In ₹ Million

Particulars	Current borrowings	Non-current borrowings
Balance as on April 1, 2020	**24,733.72**	**18,747.34**
Net cash flows	(1,821.29)	7,284.31
Foreign exchange management	728.06	339.12
Reclassified from non-current to current	4,178.50	(4,178.50)
Others	(1.97)	(12.24)
Balance as on March 31, 2021	**27,817.02**	**22,180.03**
Net cash flows	6,681.99	1,013.69
Foreign exchange movement	(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**

* For details relating to lease liabilities refer to note 43.

(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 + 65 bps to LIBOR + 100 bps p.a. and EURIBOR + 60 bps to EURIBOR + 95 bps p.a.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

18. Borrowings (contd.)

Date of repayment	Repayment schedule			
	As at March 31, 2022		As at March 31, 2021	
	USD in Million	In ₹ Million	USD in Million	In ₹ Million
From				
- August, 2021 (Yearly installment over 3 years)	21.00	1,591.75	30.00	2,193.45
- October, 2021 (Yearly installment over 3 years)	35.00	2,652.91	50.00	3,655.75
- December, 2022 (18 months installment over 4.5 years)	40.00	3,031.90	40.00	2,924.60
- August, 2019 (Quarterly installment for 8 quarters)	-	-	0.63	45.94
- November, 2019 (Yearly installment over 3 years)	-	-	1.35	98.38
- April, 2021 (Yearly installment over 3 years)*	-	-	1.63	118.90
- December 2023 (Quarterly installment for 12 quarters)	17.40	1,269.90	-	-
	EUR in Million	In ₹ Million	EUR in Million	In ₹ Million
From				
- August, 2020 (Yearly installment over 3 years)	8.00	673.68	14.00	1,200.92
- May, 2022 (Yearly installment over 3 years)	40.00	3,368.40	40.00	3,431.20
- February, 2020 (Yearly installment over 5 years)	18.00	1,515.78	26.00	2,230.28
- June 2021 (Half yearly installment for 8 half years)	6.75	571.45	9.00	808.14
- January 2023 (Monthly installment for 16 months)	9.90	838.13	9.90	888.95
- December 2014 (Quarterly installment for 28 quarters)	-	-	1.08	96.71
- September 2014 (Monthly installment for 60 months)	-	-	0.16	14.26
- April 2014 (Monthly installment for 60 months)	-	-	0.41	36.60
- February 2016 (Monthly installment for 60 months)	-	-	0.19	17.30
- September 2019 (Quarterly installment for 19 quarters)	-	-	9.75	875.48
- March 2020 (Quarterly installment for 19 quarters)	-	-	2.37	212.79
- April 2021 (Quarterly installment for 32 quarters)	30.52	2,583.48	28.00	2,514.21
- August 2013 (Monthly installment for 84 months)	-	-	-	0.23
- July 2014 (Monthly installment for 84 months)	-	-	0.03	2.80
- June 2021 (Single installment)	-	-	0.07	6.29
- July 2021 (Single installment)	-	-	0.08	7.18
- August 2021 (Single installment)	-	-	0.10	8.98
- December 2021 (Single installment)	-	-	0.45	40.41
- December 2023 (Monthly installment for 12 months)	0.70	59.26	-	-

* In the previous year, subsidiaries in USA received loan proceeds amounting to USD 1.63 million under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks ("the covered period" as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period. As of December 31, 2020, the subsidiary companies did not have a reasonable assurance that loan amount will be 100% forgiven and therefore, the entire loan proceeds were recognized as a loan liability.

During the current year, the subsidiaries applied for forgiveness of the PPP loan, and received full forgiveness. Accordingly, a gain on forgiveness of PPP loan has been accounted for in the current year and employee benefit expenses for these subsidiaries have been disclosed net of this gain.

(a) Term loans are secured against general property, plant and equipment and specific property, plant and equipment of the Group

(b) Rupee term loan on bilateral basis (Secured)

Repayable in 84 monthly installments from 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.

(c) Unsecured Non-convertible debentures (NCDs) Repayable in yearly instalments along with interest of 5.97% p.a.

During the previous year, the Company 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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

18. Borrowings (contd.)

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, 2022	As at March 31, 2021
From	In ₹ Million	In ₹ Million
- August 2023 (Yearly installment over 3 years)	5,000.00	5,000.00

(d) GITA R&D project loan (Secured)

The loan was secured by bank guarantee executed by the Company in favour of Global Innovation & Technology Alliance (GITA) which was repayable in 5 yearly instalments, along with interest @ 12.00% p.a. only on 67% of the principal amount and balance amount was interest free. The entire loan has been repaid during the year.

(e) Working capital loans

(i) Preshipment packing credit

The loan is secured against hypothecation of inventories (refer to note 11) and trade receivables (refer to note 12).

Preshipment packing credit - Rupee (secured and unsecured) is repayable within 30 days to 180 days and carries interest @ 7.50% to 8.50% p.a.

Preshipment packing credit - foreign currency (secured and unsecured) is repayable within 30 days to 180 days and carries interest @ LIBOR + 60 bps to LIBOR/SOFR + 125 bps p.a. and EURIBOR + 45 bps to EURIBOR + 70 bps p.a. respectively.

(ii) Bill discounting with banks

The loan is secured against hypothecation of inventories (refer to note 11) and trade receivables (refer to 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 interest @ 7.50% p.a. to 8.50% p.a. and LIBOR + 60 bps to LIBOR + 125 bps p.a. & EURIBOR + 45 bps to EURIBOR + 95 bps p.a. respectively.

(iii) Overdraft facility (Foreign currency) (secured)

The loan is secured against 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 hypothecation of inventories and trade receivables.

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 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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

18. Borrowings (contd.)

(f) 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 ₹ 1269.90 Million and these funds have been utilised for the intended purpose. The Holding Company has raised term loans in form of external commercial borrowings and non convertible debentures during the previous year. Till the time these funds were not utilised for the intended purposes, the Holding Company had invested these funds in term deposits with its bankers. As the Holding Company has utilised these funds for the intended purpose, the balance in term deposits as at March 31, 2022 is ₹ Nil (March 31, 2021 : ₹ 1,048.33 Million)

During the previous year, the Holding Company issued listed, rated, unsecured, redeemable, non-convertible debentures on private placement basis. Proceeds from these debentures have been utilised for the intended purpose.

(g) Working capital facilities and statements filed with bank

Companies of the group have availed working capital facilities from banks in 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. Till the previous financial year, the Company used to report this information based on monthly information system.

(h) None of the companies in the Group has been declared as wilful defaulter by any bank or financial institution or government or any government authority.

In ₹ Million

19. Other financial liabilities	As at March 31, 2022	As at March 31, 2021
Other non-current financial liabilities at amortised cost		
Voluntary retirement scheme compensation	227.31	1.28
Security deposits	20.34	-
Total	**247.65**	**1.28**
Other current financial liabilities at amortised cost		
Interest accrued but not due on borrowings	151.77	257.24
Payables for capital goods	615.46	675.21
Contract liabilities (Advance from customers)*	-	39.19
Security deposits	247.30	226.32
Director's commission	6.95	6.80
Investor Education and Protection Fund (as and when due) #		
- Unpaid dividend	35.14	38.83
- Unpaid matured deposits	0.04	0.04
Voluntary retirement scheme compensation	155.06	30.42
Others ***	52.65	1.69
Total	**1,264.37**	**1,275.74**

* Advance from customer disclosed under financial liabilities by subsidiary considering the terms of contract with the customer.

\# Includes unpaid dues to litigation

*** Others include commission payable and other liabilities.

In ₹ Million

19. (a) Derivative instruments	As at March 31, 2022	As at March 31, 2021
Non-current		
Fair value hedges (FVTPL)		
Cross currency swap	-	2.88
Total	**-**	**2.88**
Current		
Fair value hedges (FVTPL)		
Cross currency swap	-	1.23
Total	**-**	**1.23**

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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

In ₹ Million

20. Provisions	As at March 31, 2022	As at March 31, 2021
Provision for employees benefits		
Non-current		
Provision for gratuity [Refer to note 40]	125.86	173.59
Provision for special gratuity [Refer to note 40]	169.57	174.13
Provision for pension and similar obligation [Refer to note 40]	1,097.46	1,327.28
Provision for jubilee scheme [Refer to note 40]	85.95	91.65
Provision for early retirement [Refer to note 40]	3.69	36.41
Provision for employee's provident fund [Refer to note 40]	29.58	120.00
Provision for manpower cost optimization [Refer to note 32(b)]	248.60	-
Total	**1,760.71**	**1,923.06**
Current		
Provision for gratuity [Refer to note 40]	111.63	111.30
Provision for special gratuity [Refer to note 40]	11.33	11.24
Provision for leave benefits	640.30	609.71
Provision for commitment*	18.06	-
Provision for pension and similar obligation [Refer to note 40]	19.81	32.76
Provision for early retirement [Refer to note 40]	-	25.92
Provision for manpower cost optimization [Refer to note 32(b)]	115.32	291.91
Total	**916.45**	**1,082.84**

* In 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 present obligation under the contract.

Provision for manpower cost optimization

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Opening balance	291.91	267.61
Add: Created during the year	195.26	169.04
Less: Utilised during the year	(106.73)	(177.94)
Less: Foreign currency transaction reserve	(16.52)	33.20
Closing balance	**363.92**	**291.91**

21. Income and deferred taxes

The major components of income tax expense/(income) recognised for the year ended March 31, 2022 and March 31, 2021 are :

Statement of profit and loss:

In ₹ Million

Profit or loss section	As at March 31, 2022	As at March 31, 2021
Current income tax :		
Current income tax charge	3,529.58	906.56
Deferred tax		
Relating to origination and reversal of temporary differences	(495.05)	108.56
Income tax expense reported in the statement of profit and loss	**3,034.53**	**1,015.12**
Deferred tax related to items recognised in OCI:		
Net movement on cash flow hedges	245.85	875.54
Net loss on re-measurement of defined benefit plans	101.16	(4.54)
Net loss/(gain) on FVTOCI equity securities	398.13	-
Tax charged to OCI	**745.14**	**871.00**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

21. Income and deferred taxes (contd.)

Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for March 31, 2022 and March 31, 2021

In ₹ Million

Particulars	As at March 31, 2022	As at March 31, 2021
Accounting profit before tax from operations	13,805.14	(254.54)
Accounting profit before income tax		
At India's statutory income tax rate of 25.168% (March 31, 2021: 25.168%)	3,474.48	(64.06)
Exceptional items	(353.31)	278.42
Tax impact of losses on which deferred tax asset is not recognised	20.66	60.11
Effect of differential rates	114.58	(214.06)
Adjustments in respect of reversal of tax expenses of earlier years	(157.50)	(102.92)
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)	321.35	1,057.63
At the effective income tax rate of (23.08%) (March 31, 2021: 398.80%)	**3,034.53**	**1,015.12**
Income tax expense reported in the statement of profit and loss	**3,034.53**	**1,015.12**

Major components of deferred tax as at March 31, 2022 and March 31, 2021:

In ₹ Million

Deferred tax liability (net)	Balance Sheet	
	As at March 31, 2022	As at March 31, 2021
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	1,963.37	2,012.12
Fair valuation of cash flow hedges	946.61	700.76
Fair valuation of FVTOCI equity securities	434.64	-
Other deductible temporary differences	(455.46)	(367.12)
Net deferred tax liability	**2,889.16**	**2,345.76**

In ₹ Million

Deferred tax asset (net)	Balance Sheet	
	As at March 31, 2022	As at March 31, 2021
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	3.57	42.47
Other deductible temporary differences	(464.05)	(438.21)
Unrealised profit on inventory	(710.59)	(504.92)
Net deferred tax asset	**(1,171.07)**	**(900.66)**

Major components of deferred tax for the year ended March 31, 2022 and March 31, 2021:

In ₹ Million

Deferred tax expense/(income)	Statement of Profit and Loss	
	As at March 31, 2022	As at March 31, 2021
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	(87.65)	127.78
Unrealised profit on inventory	(205.67)	(35.68)
Other taxable temporary differences	(201.73)	16.46
Deferred tax (income)	**(495.05)**	**108.56**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

21. Income and deferred taxes (contd.)

In ₹ Million

Reflected in the balance sheet as follows	As at March 31, 2022	As at March 31, 2021
Deferred tax assets	(20.82)	(367.12)
Deferred tax liabilities	2,909.98	2,712.88
Deferred tax liabilities (net)	**2,889.16**	**2,345.76**
Deferred tax assets	(1,174.64)	(943.13)
Deferred tax liabilities	3.57	42.47
Deferred tax assets (net)*	**(1,171.07)**	**(900.66)**

* Relates to temporary differences arising in different tax jurisdiction

In ₹ Million

Reconciliation of deferred tax liabilities and assets	As at March 31, 2022	As at March 31, 2021
Reconciliation of deferred tax liabilities (net)		
Opening balance	2,345.76	1,310.78
Tax (expense) during the period recognised in profit or loss	(145.54)	145.77
Tax income during the period recognised in OCI	688.94	889.21
Closing balance	**2,889.16**	**2,345.76**
Reconciliation of deferred tax assets (net)		
Opening balance	(900.66)	(804.19)
Tax income/(expense) during the period recognised in profit or loss	(349.51)	(37.21)
Tax (expense)/income during the period recognised in OCI	56.20	(18.21)
Other adjustments (including FCTR)	22.90	(41.05)
Closing balance	**(1,171.07)**	**(900.66)**

(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 ₹ 1,372.88 million (March 31, 2021: ₹ 1,375.31 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 ₹ 2,177.22 million (March 31, 2021: ₹ 2,098.14 million) that are available for offsetting for twenty years and ₹ 317.79 million (March 31, 2021: ₹ 371.97 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 ₹ 1,994.21 million (March 31, 2021: ₹ 2,384.94 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 ₹ Nil (March 31, 2021: ₹ 1,293.02 million) 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.

(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 ₹ 1,296.64 million (March 31, 2021: ₹ 1,800.56 million)

(f) During the years ended March 31, 2022 and March 31, 2021, 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).

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

In ₹ Million

22. Trade payables	As at March 31, 2022	As at March 31, 2021
Dues to micro enterprises and small enterprises	100.91	53.95
Dues to other than micro enterprises and small enterprises (including related parties payables)	16,212.74	12,014.41
Total	**16,313.65**	**12,068.36**

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 to note 48.

Trade payable includes acceptances given by the Company 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, 2021 : ₹ 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 Group's credit risk management processes, refer to Note 55.

Trade payables Ageing

As at 31 March 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)	-	66.70	684.04	0.24	0.04	-	751.02
Total outstanding dues of creditors other than micro enterprises and small enterprises (Undisputed)	2,261.15	4,636.03	6,860.35	981.38	137.31	675.06	15,551.28
Total outstanding dues of creditors other than micro enterprises and small enterprises (Disputed)	-	-	4.70	3.59	3.06	-	11.35
Total	**2,261.15**	**4,702.73**	**7,549.09**	**985.21**	**140.41**	**675.06**	**16,313.65**

* Unbilled represents accrual for expenses

As at 31 March 2021

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)	-	32.35	182.95	0.03	0.01	-	215.34
Total outstanding dues of creditors other than micro enterprises and small enterprises (Undisputed)	1,980.26	5,435.80	4,061.72	157.70	169.35	48.19	11,853.02
Total outstanding dues of creditors other than micro enterprises and small enterprises (Disputed)	-	-	-	-	-	-	-
Total	**1,980.26**	**5,468.15**	**4,244.67**	**157.73**	**169.36**	**48.19**	**12,068.36**

* Unbilled represents accrual for expenses

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

In ₹ Million

23. Other liabilities	As at March 31, 2022	As at March 31, 2021
Non-current		
Government grant*	541.49	657.79
Settlement for anti-trust proceedings [Refer to note 32]	2,531.93	2,783.59
Others**	0.10	0.13
Total	**3,073.52**	**3,441.51**
Current		
Contract liabilities (Advance from customers) $	959.21	669.74
Employee contributions and recoveries payable ****	612.53	410.69
Statutory dues payable including tax deducted at source **** #	1,071.74	529.22
Government grant*	85.97	89.05
Settlement for anti-trust proceedings [Refer to note 32]	304.37	102.31
Others **	107.21	153.21
Total	**3,141.03**	**1,954.22**

* 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 recognized 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 Services Tax, Local Body Tax, Gram Panchayat Tax, With holding taxes, provident fund etc.

Government grant - investment subsidies and grants

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Opening balance	746.84	646.50
Add: Received during the year	19.56	102.22
Less: Released to the statement of profit and loss	(98.64)	(80.45)
Less: Foreign currency transaction reserve	(40.30)	78.57
Closing balance	**627.46**	**746.84**

In ₹ Million

Break up of the financial liabilities at amortised cost	As at March 31, 2022	As at March 31, 2021
Borrowings [Refer to note 18]	56,545.38	49,953.74
Lease liabilities [Refer to note 43]	3,170.88	2,752.85
Other financial liabilities [Refer to note 19]	1,512.02	1,277.02
Trade payables [Refer to note 22]	16,313.65	12,068.36
Total financial liabilities carried at amortised cost	**77,541.93**	**66,051.97**

In ₹ Million

Break up of the financial liabilities at fair value through profit or loss	As at March 31, 2022	As at March 31, 2021
Derivative instruments [Refer to note 19(a)]	-	4.11

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

In ₹ Million

24. Revenue from operations	Year ended March 31, 2022	Year ended March 31, 2021
Sale of products		
- Sale of goods	97,961.67	59,664.97
- Tooling income	421.88	682.39
Total sale of products	**98,383.55**	**60,347.36**
Sale of services		
- Job work charges	596.13	445.36
Other operating revenues		
- Manufacturing scrap	4,715.88	2,049.87
- Government grants - export incentives [Refer note 10]	859.17	490.37
- Sale of electricity / REC - Windmills	56.05	29.65
	5,631.10	**2,569.89**
Total Revenue from operations	**104,610.78**	**63,362.61**

Set out below is the amount of revenue recognised from

In ₹ Million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Amounts included in contract liabilities at the beginning of the year	229.37	238.16
Performance obligations satisfied in previous years	-	-

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

In ₹ Million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from operations	104,610.78	63,362.61
Less: Adjustments		
- Government grants - export incentives	859.17	490.37
	103,751.61	**62,872.24**
Add: Adjustments		
- Miscellaneous income	521.78	64.64
- Sale of property, plant and equipment	855.84	202.35
	1,377.62	**266.99**
Revenue from contract with customers	**105,129.23**	**63,139.23**
Add/(less): Adjustments (sales returns, discounts, etc.)	(776.90)	813.53
Revenue as per contracted price	**105,906.13**	**62,325.70**

In ₹ Million

25. Other income	Year ended March 31, 2022	Year ended March 31, 2021
Dividend income from investments	4.41	1.22
Net gain on fair valuation of financial instruments (FVTPL)	(129.64)	336.62
Net gain on sale of financial investments	903.83	589.87
Government grants*	114.45	86.65
Provision for doubtful debts and advances written back (net)	-	-
Liabilities / provisions no longer required written back	246.41	138.60
Interest income on		
- Fixed deposits and others**	182.36	237.15
- Loan to associates	39.33	38.12
Rent [Refer note 43(b)]	20.58	8.01
Gain on sale/discard of property, plant and equipment (net)	223.46	3.36
Miscellaneous income ***	353.81	249.38
Total	**1,959.00**	**1,688.98**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

25. Other income (contd.)

* Includes Government grants received as part of the Packaged Scheme of Incentives for the purpose of capital investment in designated areas, investment grants and subsidies released to the statement of profit and loss with respect to investments in property, plant, equipment for one of the subsidiaries and also 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. Interest on borrowings is accounted for on gross basis in note 30. There are no unfulfilled conditions or contingencies attached to these grants.

** Includes interest on account of unwinding of security deposits.

*** Miscellaneous income includes sundry sale, discount received, miscellaneous recoveries, etc.

In ₹ Million

26. Cost of raw materials and components	Year ended March 31, 2022	Year ended March 31, 2021
Inventory at the beginning of the year [Refer to note 11]	3,111.38	2,837.06
Inventory on acquisition	37.63	-
Add: Purchases	49,376.52	25,075.26
Less: Inventory as at end of the year [Refer to note 11]	6,349.74	3,111.38
Total	**46,175.79**	**24,800.94**

In ₹ Million

27. Decrease/(Increase) in inventories of finished goods, work-in-progress, traded goods, dies and scrap	Year ended March 31, 2022	Year ended March 31, 2021
Inventories at the end of the year [Refer to 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**
Inventories at the beginning of the year [Refer to note 11]		
Work-in-progress [includes items lying with third parties]	5,947.02	5,915.72
Finished goods [includes items lying with third parties and items in transit]	5,940.34	6,064.73
Stock of traded goods [includes items lying with third parties and items in transit]	526.67	405.72
Dies and dies under fabrication	438.45	241.58
Scrap	30.36	58.55
	12,882.84	**12,686.30**
Add: Inventory on acquisition	38.89	-
Total	**(5,899.30)**	**(196.54)**

In ₹ Million

28. Employee benefits expense	Year ended March 31, 2022	Year ended March 31, 2021
Salaries, wages and bonus (including managing and whole time director's remuneration)*	12,128.51	8,809.67
Contributions to provident and other funds / scheme (net) # *	730.11	673.54
Gratuity expense [Refer to note 40 (a,f)]	83.30	80.80
Special gratuity expense [Refer to note 40 (b)]	20.87	17.87
Employee stock option scheme [Refer to note 61]	16.29	-
Staff welfare expenses	1,667.75	1,128.72
Total	**14,646.83**	**10,710.60**

Other funds / scheme includes 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 and the final rules/interpretation have not yet been issued. 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 Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

28. Employee benefits expense (contd.)

* Net of government grant in the nature of short time work (Kurzarbeit) and PPP loan for COVID support with respect to some of the subsidiaries amounting to ₹ 258.61 million (March 31, 2021: ₹ 500.98 million). Refer to note 18 for details with respect to PPP loan.

In ₹ Million

29. Depreciation, amortisation and impairment expense	Year ended March 31, 2022	Year ended March 31, 2021
Depreciation on property, plant and equipment [Refer to note 3]	6,597.68	5,583.79
Amortisation on other intangible assets [Refer to note 5]	142.09	126.34
Depreciation on right of use asset [Refer to note 43]	476.47	326.97
Impairment of goodwill [Refer to note 5]	86.77	84.49
Total	**7,303.01**	**6,121.59**

In ₹ Million

30. Finance costs	Year ended March 31, 2022	Year ended March 31, 2021
Interest on bank facilities*	1,049.89	805.01
Exchange differences regarded as an adjustment to borrowing costs **	181.75	45.30
Interest on lease liabilities (Refer to note 43)	232.15	107.75
Others#	140.26	119.23
Total	**1,604.05**	**1,077.29**

* 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.

In ₹ Million

31. Other expenses	Year ended March 31, 2022	Year ended March 31, 2021
Consumption of stores, spares and tools	4,655.91	3,194.58
Machining/subcontracting charges	4,343.35	2,531.32
Power, fuel and water*	5,830.69	4,021.07
Less: Credit for energy generated	62.33	60.09
	5,768.36	**3,960.98**
Repairs and maintenance		
- Building repairs and road maintenance	234.09	123.29
- Plant and machinery	1,585.06	944.56
Rent (Refer to note 43 (a))	126.05	72.60
Rates and taxes	165.10	118.16
Insurance	238.55	225.16
CSR Expenditure	170.77	225.30
Legal and professional fees	997.28	964.56
Commission	121.60	98.58
Donations	28.33	25.88
Packing material	1,033.25	683.82
Freight and forwarding charges	4,331.47	1,691.75
Directors' fees and travelling expenses	3.38	4.70
Commission to directors other than managing and whole time directors	6.95	6.80
Provision for doubtful debts and advances (includes expected credit loss) (net)	111.88	91.15
Bad debts / advances written off/back (net)	5.16	0.14
Exchange difference (net)** $	(349.33)	16.17
Payment to Auditors***	90.28	91.95
Loss on closure of subsidiary/associate (includes FCTR ₹ 2.39 million on closure of overseas subsidiary)	-	2.44
Miscellaneous expenses ****	3,977.49	2,619.18
Total	**27,644.98**	**17,693.07**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

31. Other expenses (contd.)

* Net of government grant in the nature of energy tax refund with respect to some of the subsidiaries amounting to ₹ 190.16 million (March 31, 2021: ₹ 150.67 million)

** Includes MTM (gain)/loss of ₹ (177.24) million (March 31, 2021: ₹ 149.61 million)

$ Includes foreign exchange (gain) /loss amounting to ₹ (38.94) million (March 31, 2021: ₹ 35.21million) on account of differential restatement of foreign exchange loan.

*** Includes ₹ 68.74 million (March 31, 2021: ₹ 73.51 million) paid to subsidiary auditors

**** Miscellaneous expenses includes labour charges, travelling expenses, printing, stationery, postage, telephone, etc.

Capitalization 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, 2022	Year ended March 31, 2021
Interest on bank facilities	112.43	125.79
Salaries, wages and bonus	469.81	354.07
Material consumed	-	237.84
Consumption of stores and spares and loose tools	45.06	9.43
Others	52.83	30.28
Total	**680.13**	**757.41**

Expenditure on research and development

In ₹ Million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Cost of raw materials and components consumed	9.80	3.89
Employee benefits expense	310.31	201.13
Other expenses	257.88	242.44
Total	**577.99**	**447.46**

In ₹ Million

32. Exceptional items	Year ended March 31, 2022	Year ended March 31, 2021
Voluntary retirement scheme compensation [Refer to note 32(a)]	(739.56)	(91.83)
Provision for manpower cost optimization in overseas subsidiaries [Refer to note 32(b)]	(106.53)	(227.77)
Settlement amount and related expenses in overseas subsidiaries [Refer to note 32(c)]	-	(2,742.68)
Reversal of impairment and gain on fair valuation, on loss of significant influence, in Tevva Motors (Jersey) Ltd. [Refer to note 32(d)]	1,499.62	-
Conversion of Tork Motors Private Limited from associate to subsidiary and gain on fair valuation of shares [Refer to note 32(e)]	270.52	-
Total	**924.05**	**(3,062.28)**

(a) Voluntary retirement scheme compensation

During the year, the Holding Company has announced Voluntary Retirement Schemes (VRS) on June 4, 2021, October 25, 2021 and December 30, 2021 for its permanent eligible employees who have 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 exceptional item.

During the year ended March 31, 2021, the Holding Company had announced Voluntary Retirement Schemes (VRS) on March 12, 2020, July 4, 2020 and November 11, 2020 for its eligible employees who have completed 10 years of service with the Company. The amount of expenditure under said scheme is disclosed as an exceptional item for the comparative period.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

32. Exceptional items (contd.)

(b) Provision for manpower cost optimization in Overseas subsidiaries

Certain overseas subsidiaries, as a part of one off cost optimisation initiative, have decided to rationalize the manpower cost in relation to its activities.

On account of these actions, cost of redundancy payment to employees is provided for.

(c) Federal Cartel Office's settlement with the Group's German subsidiaries

During the previous year, Germany's National Competition regulator (Federal Cartel Office)(FCO) had concluded the settlement with the Group's German subsidiaries. On account of this an amount of ₹ 2,742.68 million has been provided towards such settlement including related expenses. The settlement amount will be paid over the period of 5 years along with applicable interest thereon.

(d) Reversal of impairment and gain on fair valuation on, loss of significant influence

During the year, the Group'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 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 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 fair valuation on loss of significant influence as an associate of ₹ 1,499.62 million has been recorded as a part of "Exceptional items" for the year ended March 31, 2022.

(e) Conversion of Tork Motors Private Limited from associate to subsidiary and gain on fair valuation of shares

During the year, Kalyani Powertrain Limited (KPL) has 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, gain on fair valuation of shares of TMPL of ₹ 270.52 million has been recorded as a part of "Exceptional items" in the consolidated financial statements for the year ended March 31, 2022.

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, 2022	Cash flow hedge reserve	FVTOCI Reserve	Foreign currency monetary items translation difference account	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, 2022 (Contd.)

33. Components of Other Comprehensive Income (OCI) (contd.)

In ₹ Million

During the year ended March 31, 2021	Cash flow hedge reserve	FVTOCI Reserve	Foreign currency monetary items translation difference account	Retained earnings	Foreign currency translation differences	Income tax / Deferred tax effect	Total
Foreign exchange revaluation differences	-	-	18.08	-	-	-	18.08
Currency forward contracts	2,954.82	-	-	-	-	(743.81)	2,211.01
Reclassified to statement of (profit) or loss	523.40	-	-	-	-	(131.73)	391.67
Gain on FVTOCI financial assets (including share of associate, joint ventures)	-	112.46	-	-	-	-	112.46
Re-measurement gains /(losses) on defined benefit plans (including share of associate, joint ventures and discontinued operations)	-	-	-	10.76	-	4.54	15.30
Foreign exchange translation difference	-	-	-	-	474.38	-	474.38
Total	**3,478.22**	**112.46**	**18.08**	**10.76**	**474.38**	**(871.00)**	**3,222.90**

34. Earnings per share

		Year ended March 31, 2022	Year ended March 31, 2021
Numerator for basic and diluted EPS			
Net (loss)/profit after tax attributable to equity holders of parent (in ₹ million)	**(A)**	10,817.56	(1,263.81)
Denominator for basic EPS [Refer to note 15(b)]			
Weighted average number of equity shares for basic EPS	**(B)**	465,588,632	465,588,632
Denominator for diluted EPS [Refer to 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)**	23.23	(2.71)
Diluted earnings per share of face value of ₹ 2 each (in ₹)	**(A/C)**	23.23	(2.71)

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

35. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated 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 Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized 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 for 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 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 to 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 is recognized accordingly. Due to the changes in risks and estimates during the lifecycle of the customer contracts, in order to apply hedge accounting, the 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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

35. Significant accounting judgements, estimates and assumptions (contd.)

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 case of all the joint arrangements, the Group has 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.

5) Share of profit / loss of associates

In 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 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 Master service agreement ('MSA') with its customers which define the key terms of the contract with customers. However, the rates for quantity to be supplied is 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 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 sale of products

The Group concluded that tooling income and goods is to be recognized at a point in time because it does not meet the criteria for recognizing 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 are 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 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. Further some orders have variable considerations (including LME adjustments) for the review of prices under negotiation which are estimated based on the expected probability method and, where appropriate, they would be limited to the amount that is highly unlikely to be reversed in the future.

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 identification of the point in time where the tools are deemed to have been accepted by the customer.

3. Determination of revenue in case of Bill-and-hold transaction in relation to one of the Subsidiary

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

35. Significant accounting judgements, estimates and assumptions (contd.)

i) Bill-and-hold arrangement:

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 customer accepts the control and confirms to the Group on the basis of which criteria for bill and hold is met. However, due to the situation of the COVID-19 lock down, the physical movement of goods did not happen. Hence, the Group recognized the revenue of these goods."

ii) The Group identifies the goods and stored separately in the factory premises until goods are cleared from the factory premises.

iii) The goods are ready for physical transfer to the customer from the factory premises of the Group.

iv) The Group cannot use the goods for any other purpose and direct it to another customer.

v) The advance received from customer under the contract is shown under financial liability.

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.

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.

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 interval 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

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

35. Significant accounting judgements, estimates and assumptions (contd.)

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 the 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 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 variable 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 recognized for unused tax losses as it is not probable that taxable profit will be available against which the losses can be utilized. Significant management judgement/estimate is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits.

Further details on taxes are disclosed in note 21.

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 realizable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete, slow-moving and items where net realizable value is below cost. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

G. Current / Non-Current Classification

The group evaluates funds requirement on the basis of internal budgets and forecasts and believes that on the basis of current scale of operations and cash realization cycle, it would be able to generate sufficient funds from operations in order to meet such requirement in the foreseeable future of upto one year. Accordingly, the Group has classified major portion of its investment in mutual funds as non-current.

H. 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, the 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 law suit 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. The 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.

I. 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

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

35. Significant accounting judgements, estimates and assumptions (contd.)

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.

J. 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 basis 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:

Name	Principal activities	Principal place of business	% equity interest March 31, 2022	March 31, 2021	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
b) Bharat Forge CDP Trading **** @	Others	Russia	NA	NA	March 31
iv. Mecanique Generale Langroise @	Machining	France	100%*	100%*	March 31
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%	51%	March 31
i. Kalyani Rafael Advanced Systems Private Limited **	Others	India	50%*	50%*	March 31
ii. Kalyani Strategic Systems Australia Pty Limited #	Others	Australia	NA	NA	March 31
iii. Sagar Manas Technologies Limited (not consolidated) ##	Others	India	100%*	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%*	NA	March 31
ii. Tork Motors Private Limited*****	Others	India	64.29%*	NA	March 31
a) Lycan Electric Private Limited*****	Others	India	64.29%*	NA	March 31
6) BF industrial Solutions Limited (Formerly Nouveau Power and Infrastructure Private Limited) and its wholly owned subsidiaries	Others	India	100%	NA	March 31
i. BF Industrial Technology & Solutions Limited (Formerly Sanghvi Forging and Engineering Limited)**	Others	India	100%*	NA	March 31
a) Sanghvi Europe B.V.	Machining	Netherlands	100%*	NA	March 31
7) BF Infrastructure Limited and its subsidiary	Others	India	100%	100%	March 31
i. BFIL-CEC JV	Projects	India	74%*	74%*	March 31
8) Analogic Controls India Limited	Others	India	100%	100%	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

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

36. Group information (contd.)

* 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

**** Deregistered w.e.f. January 14, 2021

***** converted to subsidiary w.e.f. November 22, 2021

@ Change in financial year end date from current accounting period for group reporting purpose

w.e.f. November 10, 2021

w.e.f. March 07, 2022

Details of the Group's ownership interest in associates are as follows:

Name	Principal activities	Principal place of business	% equity interest March 31, 2022	% equity interest March 31, 2021	Financial year ended on
1) Talbahn GmbH (not consolidated)	Others	Germany	35%*	35%*	March 31
2) Ferrovia Transrail Solutions Private Limited	Projects	India	49%*	49%*	March 31
3) Aeron Systems Private Limited	Others	India	37.14%	37.14%	March 31
4) Tork Motors Private Limited (up to November 21, 2021) **	Others	India	NA	48.86%	March 31
i) Lycan Electric Private Limited (up to November 21, 2021)	Others	India	NA	48.86%	March 31
5) Tevva Motors (Jersey) Limited (up to November 8, 2021) ***	Others	UK	NA	36.51%	March 31
i) Tevva Motors Limited (up to November 8, 2021)***	Others	UK	NA	17.89%	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 to note 32.

Joint arrangement in which the Group is a joint venturer

Name	Principal activities	Principal place of business	% equity interest March 31, 2022	% equity interest March 31, 2021	Financial year ended on
1) BF Premier Energy Systems Private Limited	Others	India	50%*	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

** Not consolidated as the 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 current accounting period for group reporting purpose

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

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:

Name	Country of incorporation	% equity interest March 31, 2022	March 31, 2021
Kalyani Strategic Systems Limited*	India	NA	49%
Kalyani Rafael Advanced Systems Private Limited	India	50%	50%
BF Elbit Advanced Systems Limited	India	49%	49%
Eternus Performance Materials Private Limited	India	49%	49%
Tork Motors Private Limited (from November 22, 2021)**	India	35.71%	NA
Lycan Electric Private Limited (from November 22, 2021)**	India	35.71%	NA

* During the year ended March 31, 2021, the board of directors of the Holding Company had passed a resolution for acquisition of non-controlling interest in KSSL. During the current 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 Eletric Private Limited have became a subsidiaries w.e.f. November 22, 2021. Also refer to 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)

Name	March 31, 2022	March 31, 2021
Accumulated balances of material non-controlling interest:		
Kalyani Strategic Systems Limited	NA	191.98
Kalyani Rafael Advanced Systems Private Limited	185.48	182.07
BF Elbit Advanced Systems Limited	(63.20)	(55.28)
Eternus Performance Materials Private Limited	(2.35)	(1.82)
Tork Motors Private Limited (on consolidated basis, from November 22, 2021)	440.84	NA
Total Comprehensive income allocated to material non-controlling interest:		
Kalyani Strategic Systems Limited	(7.56)	0.14
Kalyani Rafael Advanced Systems Private Limited	0.47	6.07
BF Elbit Advanced Systems Limited	(7.93)	(7.39)
Eternus Performance Materials Private Limited	(0.53)	(1.76)
Tork Motors Private Limited (on consolidated basis, from November 22, 2021)	(31.25)	NA

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

37. Material partly owned subsidiaries (Contd.)

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit and loss

(In ₹ Million)

Name	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, 2021 to March 31, 2022**	**April 1, 2021 to March 31, 2022**	**April 1, 2021 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 materials 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, traded goods, dies & 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 into 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)**
Dividend paid to non-controlling interests	-	-	-	-	-

* Non-controlling interest is calculated at Kalyani Strategic System Limited consolidated level, however the 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, 2022 (Contd.)

37. Material partly owned subsidiaries (contd.)

Summarised statement of profit and loss for the year ended March 31, 2021

(In ₹ Million)

Name	Kalyani Strategic Systems Limited**	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited
Revenue	50.07	798.92	-	4.90
Other Income	10.59	9.51	0.28	0.44
Cost of raw material and components consumed	0.54	223.18	-	0.87
Purchase of stock in trade	43.18	461.86	-	-
(Increase)/decrease in inventories of finished goods, work-in-progress, dies and scrap	-	(0.85)	-	0.23
Employee benefits expense	5.12	26.41	-	5.46
Depreciation and amortisation expense	2.27	35.25	0.81	0.82
Finance costs	10.76	1.53	13.69	0.21
Other expenses	4.47	54.29	0.86	1.51
Profit/ (loss) before tax	**(5.68)**	**6.76**	**(15.08)**	**(3.76)**
Income tax	(0.09)	1.47	-	0.16
Profit /(loss) for the year	**(5.77)**	**8.23**	**(15.08)**	**(3.60)**
Other Comprehensive Income:				
Other comprehensive income not to be reclassified into profit or loss in subsequent periods (net of tax)				
Net movement on cash flow hedges	-	3.90	-	-
Re-measurement gain/(losses) on defined benefit plans	0.01	0.02	-	-
Other comprehensive income for the year, net of tax	**0.01**	**3.92**	**-**	**-**
Share in profit and loss of associate/joint venture	**(0.01)**	**-**	**-**	**-**
Total comprehensive income	**(5.77)**	**12.15**	**(15.08)**	**(3.60)**
Attributable to non-controlling interests	**0.14**	**6.07**	**(7.39)**	**(1.76)**
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.

Summarised balance sheet as at March 31, 2022:

(In ₹ Million)

Name	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**
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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

37. Material partly owned subsidiaries (contd.)

Summarised balance sheet as at March 31, 2021:

(In ₹ Million)

Name	Kalyani Strategic Systems Limited**	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited
Trade receivables, inventories and cash and bank balances (current)	71.97	589.22	13.40	20.96
Property, plant and equipment and other non-current financial and non-financial assets	351.63	135.24	19.12	14.24
Trade and other payables (current) and (non-current)	(33.71)	(360.33)	(2.13)	(16.82)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	(9.08)	-	(143.20)	(19.22)
Total equity	**380.81**	**364.13**	**(112.81)**	**(0.84)**
Attributable to:				
Equity holders of parent	188.83	182.07	(57.53)	0.98
Non-controlling interest*	191.98	182.06	(55.28)	(1.82)

* Non-controlling interest is calculated at Kalyani Strategic System Limited consolidated level, however balance sheet numbers are disclosed at Kalyani Strategic System Limited standalone level.

Summarised cash flow information for the year ended March 31, 2022:

(In ₹ Million)

Name	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 consolidated level for Tork Motors Private Limited and Lycan Electrric Private Limited

Summarised cash flow information for the year ended March 31, 2021:

(In ₹ Million)

	Kalyani Strategic Systems Limited	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited
Operating	(9.09)	(2.13)	(24.51)	(1.42)
Investing	158.56	(1.46)	(0.03)	(5.84)
Financing	(151.56)	(5.13)	(1.54)	7.19
Net increase/(decrease) in cash and cash equivalents	**(2.09)**	**(8.72)**	**(26.08)**	**(0.07)**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

38. Interest in Joint Ventures

1. BF Premier Energy Systems Private Limited

The Group has 50% interest in BF Premier Energy Systems Private Limited, a joint venture incorporated in India and with 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 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:

Summarised balance sheet

(In ₹ Million)

Name	March 31, 2022	March 31, 2021
Current assets	0.10	0.15
Non-current assets	-	-
Current liabilities	(0.27)	(0.21)
Non-current liabilities		-
Equity	**(0.17)**	(0.06)
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	-	-

Summarised statement of profit and loss for the year ended:

(In ₹ Million)

Name	March 31, 2022	March 31, 2021
Income		
Other income	-	-
	-	-
Expenses		
Employee benefits expense	-	-
Depreciation	-	-
Other expenses	0.11	0.04
	0.11	0.04
Loss before tax	**(0.11)**	**(0.04)**
Tax expenses	-	-
Loss for the year	**(0.11)**	**(0.04)**
Other comprehensive income for the year	-	-
Total comprehensive income for the year	**(0.11)**	**(0.04)**
Group's share of loss for the year	**(0.06)**	**(0.02)**
Group's share of other comprehensive income for the year	-	-

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 kinds 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 January 1, 2021 to March 31, 2022 are as follows:

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

38. Interest in Joint Ventures (Contd.)

Summarised balance sheet

(In ₹ Million)

Name	March 31, 2022	March 31, 2021
Current assets	675.64	678.35
Non-current assets	567.40	700.66
Current liabilities	(475.13)	(374.63)
Non-current liabilities	(218.28)	(84.97)
Equity	**549.63**	**919.41**
Share of the Group in the capital commitment, contingent liabilities of jointly controlled entity	-	-
Proportion of the Group's ownership	274.82	459.71
Carrying amount of the investment	689.16	852.17

The Group has invested an amount of ₹ Nil (March 31, 2021: ₹Nil) in equity shares. The Group's Share of equity is ₹ 274.82 million (March 31, 2021: 459.71 million). Carrying amount of investment includes resultant goodwill amounting to ₹ 202.06 million (March 31, 2021: ₹ 365.02 million)(net of share of loss for the year/period).

Summarised statement of profit and loss for the year/period ended:

(In ₹ Million)

Name	March 31, 2022	March 31, 2021
Income		
Revenue	1,672.89	1,457.25
Other income	24.70	22.10
	1,697.59	1,479.35
Expenses		
Cost of raw material and components consumed	1,069.62	813.48
Purchase of stock in trade	2.62	6.88
(Increase)/decrease in inventories of finished goods, work-in-progress, dies and scrap	(19.02)	37.03
Employee benefits expense	530.39	445.95
Depreciation and Amortisation	216.47	140.05
Finance costs	6.77	5.70
Other expenses	215.55	160.27
	2,022.40	**1,609.36**
Loss before tax	(324.81)	(130.01)
Tax expenses/(income)	2.48	(9.24)
Loss for the year	**(327.29)**	**(120.77)**
Other comprehensive (loss) for the period	**1.37**	**(0.63)**
Total comprehensive (loss) for the period	**(325.92)**	**(121.40)**
Group's share of loss for the period	**(163.65)**	**(60.39)**
Group's share of other comprehensive (loss) for the period	**0.69**	**(0.32)**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

39. Investment in an Associate

1. Ferrovia Transrail Solutions Private Limited

The Group has 49% interest in Ferrovia Transrail Solutions Private Limited (FTSPL), investment through wholly owned subsidiary. FTSPL is 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. Summarized financial information of the Group's investment in Ferrovia Transrail Solutions Private Limited based on its audited IND AS financial statements:

Summarized Balance sheet

(In ₹ Million)

Name	March 31, 2022	March 31, 2021
Current assets	121.70	176.10
Non-current assets	5.13	6.73
Current liabilities	(141.10)	(202.31)
Non-current liabilities	(0.19)	(0.20)
Equity	**(14.46)**	**(19.68)**
Share of the Group in the capital commitment, contingent liabilities of associates*	-	4.07
Proportion of the Group's ownership	**49%**	**49%**
Carrying amount of the investment and loan*	**136.56**	**181.72**

* The Group has a constructive obligation to make payments on behalf of the associate whenever required. Accordingly, BF Infrastructure its holding company, has absorbed the gain for the year and adjusted the same against loan given to FTSPL being long term interest of the Group in the said associate. Management has used judgement in determining whether such loan constitutes Group's long term interest in Ferrovia.

Summarized statement of profit and loss for the year ended:

(In ₹ Million)

Name	March 31, 2022	March 31, 2021
Income		
Revenue from operations	19.23	-
Other income	12.16	0.39
	31.39	0.39
Expenses		
Project expenses	-	3.02
Employee benefits expense	1.05	1.10
Finance costs	0.01	0.07
Other expenses	6.64	5.93
	7.70	10.12
Profit before exceptional items and tax	**23.69**	**(9.73)**
Exceptional Items - Gain	(18.50)	-
Loss before tax	**5.19**	**(9.73)**
Tax expenses		
Current tax	0.00	-
Deferred tax	-	0.03
Loss for the year	**5.19**	**(9.70)**
Other comprehensive income	**0.02**	**0.03**
Total comprehensive income/(loss) for the year	**5.21**	**(9.67)**
Group's share of loss for the year *	**5.21**	**(9.67)**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

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 as at March 31, 2022. 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. Summarized financial information of the Group's investment (up to November 21, 2021) in TMPL based on its consolidated Ind AS financial statements:

Summarized Balance sheet

(In ₹ Million)

Name	March 31, 2022	March 31, 2021
Current assets	NA	21.09
Non-current assets	NA	415.04
Current liabilities	NA	(68.61)
Non-current liabilities	NA	(33.01)
Equity	**NA**	**334.51**
Share of the Group in the capital commitment, contingent liabilities of associates	NA	-
Proportion of the Group's ownership	NA	48.86%
Carrying amount of the investment	**NA**	**199.25**

Summarized statement of profit and loss for the year ended:

(In ₹ Million)

Name	April 1, 2021 to November 21, 2021	March 31, 2021
Income		
Revenue from operations	30.24	43.09
Other income	3.45	0.82
	33.69	43.91
Expenses		
Cost of raw materials and components consumed	15.58	10.53
(Increase) in inventories of finished goods, work-in-progress, traded goods, dies and scrap	0.96	(0.96)
Employee benefit expenses	16.32	20.97
Finance cost	2.89	3.25
Depreciation and amortization	26.62	60.56
Other expenses	11.18	20.17
Loss before tax	**(39.86)**	**(70.61)**
Income tax expense		
Current tax	-	-
Deferred tax	-	-
Loss for the year	**(39.86)**	**(70.61)**
Other comprehensive income/(loss) for the year	**(0.32)**	**2.90**
Total comprehensive income/(loss) for the year	**(40.18)**	**(67.71)**
Group's share of loss for the year	**(19.48)**	**(34.50)**
Group's share of other comprehensive income/(loss) for the year	**(0.15)**	**1.42**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

39. Investment in an Associate (Contd.)

3. Tevva Motors (Jersey) Limited

The Group holds investments in Tevva Motors Limited (held through Tevva Motors (Jersey) Limited). 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 current year, this loan has been converted into equity share capital. The Group was holding interest of 34.45% up to November 8, 2021 in 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 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 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. As on March 31, 2022, the Group holds 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. Summarized financial information of the Group's investment in TMJL based on its audited consolidated Ind AS financial statements:

Summarized Balance sheet

(In ₹ Million)

Name	March 31, 2022	December 31, 2020
Current assets	NA	7.15
Non-current assets	NA	1474.76
Current liabilities	NA	-
Non-current liabilities	NA	(601.06)
Equity	**NA**	**880.85**
Share of the Group in the capital commitment, contingent liabilities of associates	NA	-
Proportion of the Group's ownership	NA	36.51%
Carrying amount of the investment (net of impairment provision) (refer note 32)	**NA**	**137.84**

Summarized statement of profit and loss for the period ended

(In ₹ Million)

Name	January 1, 2021 to November 8, 2021	December 31, 2020
Income		
Revenue from operations	-	77.73
Other income	-	0.03
	-	77.76
Expenses		
Cost of raw material and components consumed	-	11.13
(Increase)/decrease in inventories of finished goods, work-in-progress, dies and scrap	-	-
Employee benefit expenses	-	168.11
Finance cost	62.47	71.73
Depreciation and amortization	167.76	216.67
Other expenses	0.73	75.87
Loss before tax and share of loss of associate	(230.96)	(465.75)
Share of loss of associate	(651.88)	(37.10)
Loss before tax	**(882.84)**	**(502.85)**
Income tax expense	-	-
Current tax	-	-
Loss for the year	**(882.84)**	**(502.85)**
Other comprehensive income/(loss)	**-**	**(110.34)**
Total comprehensive income/(loss) for the year	**(882.84)**	**(613.19)**
Group's share of loss for the year	**(255.36)**	**(183.59)**
Group's share of other comprehensive income/(loss) for the year	**-**	**(40.29)**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

39. Investment in an Associate (Contd.)

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. 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. Summarized financial information based on its Ind AS financial statements as follows:

Summarized Balance sheet

(In ₹ Million)

Name	March 31, 2022	March 31, 2021
Current assets	249.31	82.23
Non-current assets	250.01	256.23
Current liabilities	(244.08)	(69.14)
Non-current liabilities	(9.88)	(14.79)
Equity	**245.36**	**254.53**
Share of the Group in the capital commitment, contingent liabilities of associates	1.79	14.28
Proportion of the Group's ownership	37.14%	37.14%
Carrying amount of the investment	**116.06**	**119.46**

The Group has invested an amount of ₹ 140.00 million in equity shares. Group's share of equity is ₹ 89.23 million. Carrying amount of investment includes resultant goodwill amounting to ₹ 24.57 million (March 31, 2021: ₹ 24.57 million)(net of share of loss for the year).

Summarized statement of profit and loss for the year/period ended:

(In ₹ Million)

Name	March 31, 2022	March 31, 2021
Income		
Revenue from operations	320.52	113.70
Other income	3.41	0.62
	323.93	114.32
Expenses		
Cost of Material Consumed	230.22	59.30
Changes in inventories	(11.48)	7.00
Employee benefit expenses	38.25	32.20
Finance cost	11.00	5.93
Depreciation and amortization	39.58	39.20
Other expenses	26.46	14.04
Loss before tax	(10.10)	(43.35)
Income tax expense		
Current tax	-	0.00
Deferred tax	0.91	(1.04)
Loss for the year	(9.19)	(44.39)
Other comprehensive income/(loss) for the period	0.03	0.50
Total comprehensive income/(loss) for the period	(9.16)	(43.89)
Group's share of loss for the period	(3.41)	(11.54)
Group's share of other comprehensive income/(loss) for the period	0.01	0.13

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

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 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 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 takes on uncertain long term obligations to make future benefit payments.

1) Liability risks

a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements.

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz. LIC of India 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 Holding Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Company has no control over the management of funds but this option provides a high level of safety for the total corpus. 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 plans.

The principal assumptions used in determining gratuity for the Holding Company's plan is shown below:

	March 31, 2022	March 31, 2021
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	7.20%	6.90%
Expected rate of return on plan assets	6.90%	6.80%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)	11.14	11.37
Withdrawal rate (based on grade and age of employees)		
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%

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

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)

	March 31, 2022	March 31, 2021
Present value of obligation as at the beginning of the period	1,214.15	1,151.42
Interest expense	79.51	75.63
Current service cost	80.17	79.90
Benefits (paid)	(123.65)	(78.32)
Remeasurements on obligation [actuarial (gain) / loss]	(33.88)	(14.48)
Closing defined benefit obligation	**1,216.30**	**1,214.15**

Changes in the fair value of plan assets recognised in the balance sheet are as follows:

(In ₹ Million)

	March 31, 2022	March 31, 2021
Opening fair value of plan assets	932.52	866.70
Interest income	63.87	57.85
Contributions	110.00	101.43
Benefits paid	(123.65)	(78.32)
Remeasurements		
Return on plan assets, excluding amount recognised in Interest Income-(loss)/gain	9.65	(15.14)
Closing fair value of plan assets	**992.39**	**932.52**
Actual return on plan assets	43.97	42.71

Net interest (income)/expense

(In ₹ Million)

	March 31, 2022	March 31, 2021
Interest Expense – Obligation	79.51	75.63
Interest (Income) – Plan assets	(63.87)	(57.85)
Net Interest Expense for the period	**15.64**	**17.78**

Remeasurement for the period [actuarial (gain)/loss]

(In ₹ Million)

	March 31, 2022	March 31, 2021
Experience (gain) / loss on plan liabilities	(4.42)	(4.57)
Demographic (gain) on plan liabilities	-	-
Financial loss on plan liabilities	(29.46)	(9.92)
Experience loss / (gain) on plan assets	(8.73)	7.32
Financial (gain) on plan assets	(0.92)	7.82

Amount recognised in statement of other comprehensive income (OCI)

(In ₹ Million)

Name	March 31, 2022	March 31, 2021
Remeasurement for the period-obligation (gain) / loss	33.88	(14.48)
Remeasurement for the period-plan assets loss	9.65	15.14
Total remeasurement cost for the period recognised in OCI	**43.53**	**0.66**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

40. Gratuity and other post-employment benefit plans (Contd.):

The amounts to be recognised in the balance sheet

(In ₹ Million)

	March 31, 2022	March 31, 2021
Present value of obligation	(1,216.30)	(1,214.15)
Fair value of plan assets	992.39	932.52
Net asset / (liability) to be recognised in the balance sheet	**(223.91)**	**(281.63)**

Expense recognised in the statement of profit and loss

(In ₹ Million)

	March 31, 2022	March 31, 2021
Current service cost	80.17	79.90
Net interest (income) / expense (refer to note 30)	15.64	17.78
Net periodic benefit cost recognised in the statement of profit and loss	**95.81**	**97.68**

Reconciliation of net asset/(liability) recognised:

(In ₹ Million)

	March 31, 2022	March 31, 2021
Net asset (liability) recognised at the beginning of the period	(281.63)	(284.72)
Company's contributions	110.00	101.42
Expense recognised for the year	(95.81)	(97.68)
Amount recognised in OCI	(43.53)	(0.66)
Net asset / (liability) recognised at the end of the period	**(310.97)**	**(281.64)**

The Holding Company expects to contribute ₹ 110.00 million to gratuity fund in the next year (March 31, 2021 : ₹ 110.00 million)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

(In ₹ Million)

	March 31, 2022	March 31, 2021
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, 2022	As at March 31, 2021
Decrease by 1%	1,317.80	1,317.52
Increase by 1%	1,124.69	1,119.64

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, 2022	As at March 31, 2021
Decrease by 1%	1,133.28	1,128.49
Increase by 1%	1,305.84	1,305.13

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

40. Gratuity and other post-employment benefit plans (Contd.):

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, 2022	As at March 31, 2021
Decrease by 1%	1,220.31	1,218.17
Increase by 1%	1,209.82	1,206.12

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)

	March 31, 2022	March 31, 2021
Within one year	195.45	185.12
After one year but not more than five years	370.72	354.53
After five years but not more than ten years	625.00	644.13

Weighted average duration of the defined benefit plan obligation (based on discounted cash flows using mortality, withdrawal and interest rate) is 10.83 years (March 31, 2021: 10.93 years).

(b) Special gratuity

The Holding 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 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 is successfully able to neutralise valuation swings caused by interest rate movements.

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) 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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

40. Gratuity and other post-employment benefit plans (Contd.):

The principal assumptions used in determining special gratuity for the Holding Company's plan is shown below:

	Year ended March 31, 2022	Year ended March 31, 2021
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	7.20%	6.90%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)	11.70	11.90
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%

Changes in the present value of the defined benefit obligation recognised in the balance sheet are as follows:

(In ₹ Million)

	As at March 31, 2022	As at March 31, 2021
Present value of obligation as at the beginning of the period	185.37	142.02
Interest expense	12.54	9.69
Past service cost	-	0.72
Current service cost	20.87	17.87
Benefits (paid)	(7.24)	(3.15)
Remeasurements on obligation [Actuarial (Gain) / Loss]	(30.64)	18.22
Closing defined benefit obligation	**180.90**	**185.37**

Net Interest (Income)/Expense

(In ₹ Million)

	As at March 31, 2022	As at March 31, 2021
Interest expense – obligation	12.54	9.69
Interest (income) / expense – plan assets	-	-
Net interest expense for the period	**12.54**	**9.69**

Remeasurement for the period [Actuarial (Gain)/loss]

(In ₹ Million)

	Year ended March 31, 2022	Year ended March 31, 2021
Experience (gain) / loss on plan liabilities	(24.73)	18.22
Demographic loss on plan liabilities	-	-
Financial (gain) /loss on plan liabilities	(5.91)	-
Experience (gain) / loss on plan assets	-	-
Financial (gain) / loss on plan assets	-	-

Amount recognised in statement of other comprehensive Income (OCI)

(In ₹ Million)

	Year ended March 31, 2022	Year ended March 31, 2021
Remeasurement for the period-obligation (gain)/loss	(30.64)	18.22
Remeasurement for the period-Plan assets (gain)/loss	-	-
Total remeasurement cost for the period recognised in OCI	**(30.64)**	**18.22**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

40. Gratuity and other post-employment benefit plans (Contd.):

The amounts to be recognised in the Balance Sheet

(In ₹ Million)

	As at March 31, 2022	As at March 31, 2021
Present value of obligation as at the end of the period	(180.90)	(185.37)
Fair value of plan assets as at the end of the period	-	-
Net asset / (liability) to be recognised in the balance sheet	**(180.90)**	**(185.37)**

Expense recognised in the statement of profit and loss

(In ₹ Million)

	Year ended March 31, 2022	Year ended March 31, 2021
Current service cost [Refer to note 28]	20.87	17.87
Past service cost	-	0.72
Net interest (income) / expense [Refer to note 30]	12.54	9.69
Net periodic benefit cost recognised in the statement of profit and loss	**33.41**	**28.28**

Reconciliation of Net Asset/(Liability) recognised:

(In ₹ Million)

	As at March 31, 2022	As at March 31, 2021
Net asset / (liability) recognised at the beginning of the period	(185.37)	(142.02)
Company's contributions	-	-
Benefits directly paid by Company	7.24	3.15
Expense recognised for the year	(33.41)	(28.28)
Amount recognised in OCI	30.64	(18.22)
Net asset / (liability) recognised at the end of the period	**(180.90)**	**(185.37)**

The following are the expected benefit payments to the defined benefit plan in future years :

(In ₹ Million)

	As at March 31, 2022	As at March 31, 2021
Within one year	11.33	11.24
After one year but not more than five years	59.12	47.53
After five years but not more than ten years	102.88	89.01

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 12.46 years (March 31, 2021 : 11.07 years).

Sensitivity analysis

A) Impact of change in discount rate when base assumption is decreased / increased - present value of obligation

(In ₹ Million)

Discount rate	Year ended March 31, 2022	Year ended March 31, 2021
Decrease by 1%	201.77	207.42
Increase by 1%	163.15	166.66

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

40. Gratuity and other post-employment benefit plans (Contd.):

B) Impact of change in salary increase rate when base assumption is decreased / increased - present value of obligation

(In ₹ Million)

Salary increment rate	Year ended March 31, 2022	Year ended March 31, 2021
Decrease by 1%	164.49	168.08
Increase by 1%	199.74	205.32

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, 2022	Year ended March 31, 2021
Decrease by 1%	180.60	185.71
Increase by 1%	181.16	185.06

(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.

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 is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset risks:

All plan assets are maintained in a trust fund managed by a public sector insurer viz. LIC of India 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 Holding Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Holding Company 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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

40. Gratuity and other post-employment benefit plans (Contd.):

The principal assumptions used in determining provident fund liability / shortfall for the Holding Company's plan is shown below:

	Year ended March 31, 2022	Year ended March 31, 2021
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	7.20%	6.90%
Interest rate declared by Employees' Provident Fund Organisation for the year	8.10%	8.55%
Yield spread	0.50%	0.50%
Expected average remaining working lives of employees (in years)	11.36*	11.61*
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.

Table showing changes in present value of expected interest rate shortfall:

(In ₹ Million)

	As at March 31, 2022	As at March 31, 2021
Present value of expected Interest rate shortfall as at the beginning of the period	3,261.33	2,962.68
Interest cost	219.22	195.53
Current service cost	105.95	102.08
Employee contribution	153.57	151.08
Benefits paid	(168.40)	(174.41)
Actuarial (gain) / loss on obligations	(111.23)	24.37
Present value of expected interest rate shortfall as at the end of the period	**3,460.44**	**3,261.33**

Table showing changes in fair value of plan assets (Surplus account)

(In ₹ Million)

	As at March 31, 2022	As at March 31, 2021
Fair value of plan assets as at the beginning of the period (surplus account)	3,141.33	2,793.65
Interest income	219.40	192.01
Current service cost	91.72	83.48
Employee contribution	153.56	151.08
Benefits paid	(168.39)	(174.41)
Actuarial Gain on plan assets	(6.76)	95.52
Fair value of plan assets as at the end of the period (surplus account)	**3,430.86**	**3,141.33**

Net interest (income)/expense

(In ₹ Million)

	Year ended March 31, 2022	Year ended March 31, 2021
Interest Expense – Obligation	219.22	195.53
Interest (Income) – Plan assets	219.40	192.01
Net Interest Expense / (Income) for the period	**(0.18)**	**3.52**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

40. Gratuity and other post-employment benefit plans (Contd.):

Actuarial (gain) / loss recognised

(In ₹ Million)

	Year ended March 31, 2022	Year ended March 31, 2021
Actuarial Loss for the period – Obligation	(111.23)	24.37
Actuarial Loss for the period – Plan assets	6.76	(95.52)
Total (gain) / loss for the year	**(104.47)**	**(71.15)**
Actuarial (gain) / loss recognised in the year	**(104.47)**	**(71.15)**

The amounts to be recognised in the balance sheet:

(In ₹ Million)

	Year ended March 31, 2022	Year ended March 31, 2021
Present value of expected interest rate shortfall as at the end of the period	3,460.44	3,261.33
Fair value of the plan assets as at the end of the period (surplus account)	3,430.86	3,141.33
(Deficit)	**(29.58)**	**(120.00)**
Net (liability) recognised in the balance sheet	(29.58)	(120.00)

Amount recognised in Statement of Other comprehensive Income (OCI):

(In ₹ Million)

	As at March 31, 2022	As at March 31, 2021
Remeasurement for the period-obligation (gain)/ loss	(111.23)	24.37
Remeasurement for the period-plan assets(gain)/loss	6.76	(95.52)
Total Remeasurement cost for the period recognised in OCI	**(104.47)**	**(71.15)**

Expense recognised in the statement of profit and loss:

(In ₹ Million)

	As at March 31, 2022	As at March 31, 2021
Current service cost [Refer to note 28]	105.95	102.08
Net interest expense [Refer to note 30]	(0.18)	3.52
Net periodic benefit cost recognised in the statement of profit and loss	**105.77**	**105.60**

Sensitivity analysis

A) Impact of change in discount rate when base assumption is decreased/increased by 50 basis point - present value of obligation

(In ₹ Million)

Discount rate	Year ended March 31, 2022	Year ended March 31, 2021
Decrease by 0.50%	3,519.09	3,322.75
Increase by 0.50%	3,405.09	3,203.43

B) Impact of change in expected future interest rate on PF when base assumption is decreased/increased by 50 basis point -present value of obligation

(In ₹ Million)

PF interest rate	Year ended March 31, 2022	Year ended March 31, 2021
Decrease by 0.50%	3,403.99	3,205.23
Increase by 0.50%	3,516.89	3,317.42

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

40. Gratuity and other post-employment benefit plans (Contd.):

Overseas subsidiaries

(d) Pension plan

The overseas subsidiaries operate a pension scheme which is a defined benefit plan. The scheme pertains to employees who have left the organization. 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 summarizes the components of net benefit expense recognized in the Statement of profit and loss and amounts recognized 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:

	Year ended March 31, 2022	Year ended March 31, 2021
Mortality table	Heubeck 2018 G	Heubeck 2018 G
Discount rate	0.00% to 0.00%	0.50% to 2.34%
Rate of increase in compensation levels	0.00% to 0.00%	1.00% to 2.00%

Changes in the present value of the defined benefit obligation recognized in consolidated balance sheet are as follows:

(In ₹ Million)

	Year ended March 31, 2022	Year ended March 31, 2021
Opening defined benefit obligation	1,383.68	1,176.74
Foreign Currency Translation Reserve (FCTR) Impact on opening balance	(158.76)	151.52
Interest expense	14.66	16.59
Current service cost	17.62	17.49
Benefits paid	(27.07)	(28.42)
Remeasurements on obligation [Actuarial (Gain) / Loss]	(90.10)	49.76
Closing defined benefit obligation	**1,140.03**	**1,383.68**

Changes in the fair value of plan assets recognized in the consolidated balance sheet are as follows:

(In ₹ Million)

	As at March 31, 2022	As at March 31, 2021
Opening fair value of plan assets	23.64	21.24
Foreign Currency Translation Reserve (FCTR) Impact on opening balance	(0.64)	2.02
Interest income	0.05	0.37
Benefits paid	(0.45)	(0.22)
Remeasurements-Actuarial gains / (losses)	0.17	0.23
Closing fair value of plan assets	**22.76**	**23.64**
Actual return on plan assets	0.21	0.60

Net Interest (Income/Expense)

(In ₹ Million)

PF interest rate	Year ended March 31, 2022	Year ended March 31, 2021
Interest (Income) / Expense – Obligation	14.66	16.59
Interest (Income) / Expense – Plan assets	(0.05)	(0.37)
Net Interest (Income) / Expense for the period	**14.62**	**16.22**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

40. Gratuity and other post-employment benefit plans (Contd.):

Amount recognized in Statement of Other comprehensive Income (OCI)

(In ₹ Million)

	Year ended March 31, 2022	Year ended March 31, 2021
Remeasurement for the period-Obligation (Gain)/Loss	(90.10)	49.76
Remeasurement for the period-Plan assets (Gain)/Loss	(0.17)	(0.23)
Total Remeasurement cost/(credit) for the period recognized in OCI	**(90.27)**	**49.53**

The amounts to be recognized in the Balance Sheet

(In ₹ Million)

	As at March 31, 2022	As at March 31, 2021
Present value of defined benefit obligations	(1,140.03)	(1,383.68)
Fair value of plan assets	22.76	23.64
Net Asset / (liability) to be recognized in balance sheet	**(1,117.27)**	**(1,360.04)**

Expense recognized in the statement of profit and loss

(In ₹ Million)

	Year ended March 31, 2022	Year ended March 31, 2021
Current service cost	17.62	17.49
Net Interest (Income) / Expense	14.62	16.22
Net periodic benefit cost recognized in the statement of profit & loss	**32.24**	**33.71**

Reconciliation of Net Asset/(Liability) recognized:

(In ₹ Million)

	Year ended March 31, 2022	Year ended March 31, 2021
Net asset / (liability) recognized at the beginning of the period	(1,360.04)	(1,155.50)
Foreign Currency Translation Reserve (FCTR) Impact on Opening Balance	158.12	(149.50)
Benefits directly paid by the Group	26.62	28.20
Expense recognized for the year	(32.24)	(33.71)
Amount recognized in OCI	90.27	(49.53)
Net asset / (liability) recognized at the end of the period	**(1,117.27)**	**(1,360.04)**

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Year ended March 31, 2022	Year ended March 31, 2021
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)

Discount rate	Year ended March 31, 2022	Year ended March 31, 2021
Decrease by 0.50%	98.58	121.22
Increase by 0.50%	86.87	117.85

The pension scheme pertains to employees who have already left the organization. Hence 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, 2022 (Contd.)

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)

	As at March 31, 2022	As at March 31, 2021
Within the next 12 months (next annual reporting period)	29.62	31.79
Between 2 and 5 years	133.91	145.83
Between 5 and 10 years	206.72	228.04
Beyond 10 years	1,285.57	1,494.65
Total expected payments	**1,655.82**	**1,900.31**

(e) Other long term benefits

Other long term benefits include early retirement scheme as governed by the local laws amounting to ₹ 3.69 million (March 31, 2021: ₹ 62.33 million) and jubilee scheme as governed by the local laws amounting to ₹ 85.95 million (March 31, 2021: ₹ 91.65 million).

One of the subsidiaries 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, 2021 was ₹ 9.13 million (March 31, 2021: ₹ 57.95 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 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 with insurance companies in the form of qualifying insurance policy.

Risk exposure and asset liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

1) Liability risks

a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Group is successfully able to neutralize valuation swings caused by interest rate movements.

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

40. Gratuity and other post-employment benefit plans (contd.)

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 has a sovereign guarantee and has 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 have no control over the management of funds but this option provides a high level of safety for the total corpus. 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 summarizes the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

The principal assumptions used in determining gratuity for the Indian subsidiary's plan is shown below:

	Year ended March 31, 2022	Year ended March 31, 2021
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	5.90% - 7.00%	5.90% - 7.00%
Rate of increase in compensation levels	6.00% - 10.00%	6.00% - 10.00%
Expected average remaining working lives (in years)	4.74-18.68	4.10-21.39
Withdrawal rate (based on grade and age of employees)		
Age unto 30 years	1% to 20%	1% to 20%
Age 31 - 44 years	1% to 20%	1% to 20%
Age 45 - 50 years	1% to 20%	1% to 20%
Age above 50 years	1% to 20%	1% to 20%

Changes in the present value of the defined benefit obligation recognized in consolidated balance sheet are as follows:

	Year ended March 31, 2022	Year ended March 31, 2021
Opening defined benefit obligation	5.43	4.70
Adjustment to defined benefit obligation	10.58	-
Interest expense	1.08	0.31
Current service cost	3.13	0.90
Benefits paid	(0.95)	(0.20)
Remeasurements on obligation [Actuarial (Gain) / Loss]	(2.19)	(0.28)
Acquisition (credit)/cost	-	-
Closing defined benefit obligation	**17.08**	**5.43**

Changes in the fair value of plan assets recognized in the consolidated balance sheet are as follows:

(In ₹ Million)

	Year ended March 31, 2022	Year ended March 31, 2021
Opening fair value of plan assets	2.16	2.33
Adjustment to fair value of plan asset	0.85	(0.10)
Interest Income	0.22	0.17
Contributions	0.81	-
Benefits paid	(0.52)	(0.20)
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	(0.02)	(0.04)
Closing fair value of plan assets	**3.50**	**2.16**
Actual return on plan assets	0.14	0.15

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

40. Gratuity and other post-employment benefit plans (contd.)

Net Interest (Income/Expense)

(In ₹ Million)

	Year ended March 31, 2022	Year ended March 31, 2021
Interest (Income) / Expense – Obligation	1.08	0.31
Interest (Income) / Expense – Plan assets	(0.22)	(0.17)
Net Interest (Income) / Expense for the period	**0.86**	**0.14**

Remeasurement for the period [Actuarial (Gain)/loss]

	Year ended March 31, 2022	Year ended March 31, 2021
Experience (Gain) / Loss on plan liabilities	(2.10)	(0.22)
Demographic (Gain) / Loss on plan liabilities	(0.01)	0.03
Financial (Gain) / Loss on plan liabilities	(0.08)	(0.10)
Experience (Gain) / Loss on plan assets	3.71	0.02
Financial (Gain) / Loss on plan assets	(3.69)	-

Amount recognized in Statement of Other comprehensive Income (OCI)

Discount rate	Year ended March 31, 2022	Year ended March 31, 2021
Opening amount recognized in OCI outside profit and loss account	0.45	0.71
Remeasurement for the period-Obligation (Gain)/Loss	(2.19)	(0.28)
Remeasurement for the period-Plan assets (Gain)/Loss	0.02	0.02
Total Remeasurement cost/(credit) for the period recognized in OCI	(2.17)	(0.26)
Closing amount recognized in OCI outside profit and loss account	**(1.72)**	**0.45**

The amounts to be recognized in the Balance Sheet

(In ₹ Million)

	Year ended March 31, 2022	Year ended March 31, 2021
Present value of defined benefit obligations	(17.08)	(5.43)
Fair value of plan assets	3.50	2.16
Net Asset / (liability) to be recognized in balance sheet	**(13.58)**	**(3.27)**

Expense recognized in the statement of profit and loss

(In ₹ Million)

	Year ended March 31, 2022	Year ended March 31, 2021
Current service cost	3.13	0.90
Net Interest (Income) / Expense	0.86	0.14
Net periodic benefit cost recognized in the statement of profit & loss	**3.99**	**1.04**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

40. Gratuity and other post-employment benefit plans (contd.)

Reconciliation of Net Asset/(Liability) recognized:

(In ₹ Million)

	Year ended March 31, 2022	Year ended March 31, 2021
Net asset / (liability) recognized at the beginning of the period	(3.26)	(2.37)
Adjustment to opening balance	(8.93)	-
Contributions	-	-
Benefits paid by the Group	0.43	-
Expense recognized for the year	(3.99)	(1.04)
Amount recognized in OCI	2.17	0.26
Adjustment to fund	-	(0.11)
Net (liability) recognized at the end of the period	**(13.58)**	**(3.26)**

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Year ended March 31, 2022	Year ended March 31, 2021
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, 2022	As at March 31, 2021
Increase by 1%	15.55	5.04
Decrease by 1%	18.90	5.87

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, 2022	As at March 31, 2021
Increase by 1%	18.72	5.85
Decrease by 1%	15.64	5.05

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, 2022	As at March 31, 2021
Increase by 1%	16.94	5.42
Decrease by 1%	17.16	5.42

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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

40. Gratuity and other post-employment benefit plans (contd.)

The following are the expected benefit payments to the defined benefit plan in future years :

(In ₹ Million)

	Year ended March 31, 2022	Year ended March 31, 2021
Year ending March 31		
Within one year	2.06	1.93
After one year but not more than five years	3.27	0.35
After five years but not more than ten years	7.92	0.92
Total expected payments	**13.25**	**3.20**

Under the defined contribution plan, provident fund is contributed to the government administered provident fund. The Group has no obligation, other than the contribution payable to the provident fund.

41. Contingent liabilities

(In ₹ Million)

	As at March 31, 2022	As at March 31, 2021
Claims against the Group not acknowledged as Debts - to the extent ascertained [Refer note a,c,d]	1,124.34	1,131.85
Excise/Service tax demands - matters under dispute* [Refer to note e]	130.10	130.10
Customs demands - matters under dispute* [Refer to note f]	50.97	50.97
Sales tax demands - matters under dispute [Refer to note g]	0.60	37.16
Income tax demands - matters under dispute [Refer to note h]	190.33	-
Others [Refer note b]	33.67	9.54

* Excludes Interest and Penalty

(a) The Company is contesting the demands raised pertaining to property tax. It also includes claim against the Company comprising of dues in respect to personnel claims (amount unascertainable), local taxes etc.

(b) Includes:

- contingent liability to employees as per agreed terms

- One of the subsidiaries has availed exemption from stamp duty amounting to ₹ 3.32 million, in respect of agreement to lease executed during the earlier financial year. The said exemption is availed in accordance with the Package Scheme of Incentive, 2013 of the Government of Maharashtra. As per the conditions attached, the subsidiary is required to start the activities within a period of three years from the date of instrument, which is January 17, 2018 . The subsidiary will be liable to pay the whole of the stamp duty and applicable penalty in the event the Subsidiary is unable to fulfil this condition. Appropriate provision has been recognised in the current financial year.

- One of the subsidiaries is in the process of setting-up manufacturing facility at Additional Jejuri Industrial Area, MIDC, Jejuri, District Pune. MIDC has approved the building construction plan on March 9, 2021 and has specified a condition to commence construction within a period of 1 year. MIDC has given the time limit for obtaining building completion certificate/occupancy certificate and commencement of production till June 10, 2022. The Company is planning to approach MIDC for further extension of the time limit for completion of construction and commencement of activities without payment of additional premium. If MIDC does not accept the Company's proposal, additional premium of ₹ 32.43 million is required to be paid.

(c) The Group has disputed certain amounts claimed by its suppliers/customers which the Group believes to be not payable as per the underlying contracts. The Group has not provided for the amount, as it believes that there shall not be any probable outflow of resources.

(d) The amount of claim is arbitral award passed by arbitrator against one of the subsidiaries on May 10, 2019 in the matter of arbitration proceedings concerning 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 subsidiaries has filed an appeal against the said order in Delhi High court. Based on the legal advice, the

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

41. Contingent liabilities (contd.)

Management is of the view that the possibility of cash outflow on this account is remote.

(e) Includes amount pertaining to incentive received under Government schemes, etc. This amount does not include amount penalty and interest.

(f) Includes amount pertaining to classification differences of products etc.

(g) Includes amount pertaining to duty demand by authorities on non-taxable services and for non-receipt of various statutory forms, etc.

(h) Includes amount pertaining to matter relating to applicability of TDS.

- One of the subsidiary is contesting the demands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appeallate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management based on its internal assessment and advice by its legal counsel believes that it is only possible/remote, but not probable, that the action will succeed.

Note : In cases where the amounts have been accrued, it has not been included above.

One of the subsidiaries 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 Group 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 ₹ 45.12 million (March 31, 2021: ₹ 45.12 million).

Refer to notes 38 and 39 for contingent liabilities with respect to group's share in joint venture and associates

42. Capital and other commitments

(In ₹ Million)

	As at March 31, 2022	As at March 31, 2021
(a) Guarantees given by Group's Bankers on behalf of the Group, against sanctioned guarantee limit of ₹7,250 million (March 31, 2021: ₹ 7,250 million) for contracts undertaken by the Group and other matters 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.	3,372.64	2,984.73
(b) Guarantees given by the Holding Company on behalf of subsidiaries/related parties	6,137.83	6,128.40
(c) Estimated value of contracts remaining to be executed on capital accounts and not provided for, net of advances	1,851.02	2,633.50
(d) 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 9.82 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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

43.Leases

A. Group as lessee

The Group has lease contracts for various items of buildings, leasehold land, plant and machinery, office equipments, 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 equipments	Electrical installation	Furniture and fixtures	Vehicles	Leasehold Land	Total
At April 1, 2020	924.81	134.19	23.89	13.02	6.33	89.83	145.22	1,337.29
Additions	57.31	1,734.86	1.69	-	-	7.86	0.10	1,801.82
Depreciation	(126.09)	(141.35)	(6.44)	(8.62)	(1.75)	(41.02)	(1.70)	(326.97)
Foreign Currency Translation Reserve	27.85	9.90	2.88	1.10	0.68	10.28	(3.73)	48.97
As at March 31, 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**	**-**	**-**	**205.35**	**471.35**	**3,535.54**

Below are the carrying amounts of lease liabilities and the movements during the period:

In ₹ Million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Opening balance	2,752.85	1,212.69
Additions	758.76	1,801.82
Accretion of Interest	232.15	107.75
Payments	(579.81)	(441.08)
Foreign Currency Translation Reserve	6.93	71.67
Closing balance	**3,170.88**	**2,752.85**
Current	335.72	506.01
Non - Current	2,835.16	2,246.84

*includes lease liabilities transferred from borrowings of nil (March 31, 2021: ₹ Nil)

The maturity analysis of lease liabilities are 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.

The following are the amounts recognised in profit or loss:

In ₹ Million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Depreciation expense of right-of-use assets	476.47	326.97
Interest expense on lease liabilities	232.15	107.75
Expense relating to short-term leases (included in Other expenses)	126.05	72.60
Total amount recognised in profit or loss	**834.67**	**507.32**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

43.Leases (contd.)

The Group had total cash outflows for leases of ₹ 579.81 million (March 31, 2021: ₹ 441.08 million). The Group also had non-cash additions to right-of-use assets and lease liabilities of ₹ 758.76 million (March 31, 2021: ₹ 1801.82 million) and ₹ 990.91 million (March 31, 2021: ₹ 1,909.57 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. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. (See 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, 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
March 31, 2021			
Extension options expected not to be exercised	-	-	-
Termination options expected to be exercised	-	-	-
Obligations under leases not yet commenced	137.87	297.52	435.39

* Refer note 7(f) for further details.

B. Group as a lessor

The Group has entered into agreements/arrangement in the nature of lease/sub-lease agreement with different lessees for the purpose of land. These are generally in the nature of operating lease. Period 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.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

In ₹ Million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Within one year	33.52	3.12
After one year but not more than five years	60.67	1.44
More than five years	31.17	-
Total	**125.36**	**4.56**

44.Deferral/Capitalisation of exchange differences

On the date of transition to Ind AS, the Group has availed the option under Ind AS 101 para D13AA for borrowings availed before April 1, 2016 to continue the policy adopted for accounting for exchange differences arising from translation of foreign currency monetary items recognised in financial statements.

In ₹ Million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Cost of the assets / capital work in progress	-	30.75
FCMITDA	-	8.43
Amortised in the current year	-	9.65

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

45. Loans and advances in the nature of loans given to associates /companies in which directors are interested

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Ferrovia Transrail Solutions Private Limited		
Balance outstanding as at March 31	136.56	181.72
Maximum amount outstanding during the year	181.72	191.74
Tevva Motors (Jersey) Limited*		
Balance outstanding as at March 31	-	-
Maximum amount outstanding during the year	-	303.87
Saarloha Advanced Materials Private Limited**		
Balance outstanding as at March 31	1,350.00	1,350.00
Maximum amount outstanding during the year	1,350.00	1,350.00
Aeron Systems Private Limited ***		
Balance outstanding	8.00	-
Maximum amount outstanding during the year	8.00	-
Refu Drive GmbH @		
Balance outstanding	83.90	-
Maximum amount outstanding during the year	83.90	-

* Refer note 6 & 7 for the details of balance outstanding

** 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 (KMP's) 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

	March 31, 2022		March 31, 2021	
Type of Borrower	**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**
Loan to Promoters	-	-	-	-
Loans to Directors	-	-	-	-
Loan to KMP's	0.48	0.03%	-	-
Loans to Associates	-	-	-	-
Advance given	-	-	-	-

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

46. Business combinations and acquisition of non-controlling interests

Acquisition of BF Industrial Technology and Solutions Limited

BF Industrial Solutions Limited (BFISL, formarly 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 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

	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, Group's stake in TMPL's equity shares has increased to 60.66% (on fully diluted basis). Consequently, Tork and its subsidiary Lycan Eletric Private Limited have became a subsidiaries w.e.f. November 22, 2021.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

46. Business combinations and acquisition of non-controlling interests (Contd.)

Acquisition of Tork Motors Private Limited (contd.)

The Group has calculated the fair value of the acquired assets and liabilities in accordance with Ind AS 103 Business Combinations

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

	As at November 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

47.Disclosures required under Sec 186(4) of the Companies Act, 2013

Name of the loanee	Purpose	Rate of Interest (p.a.)	Year ended March 31, 2022	Year ended March 31, 2021
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%	83.90	-

* 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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

48.Related party disclosures

(i) Names of the related parties and related party relationship

Related parties with whom transactions have taken place during the period.	
Associates	Ferrovia Transrail Solutions Private Limited, India
	Hospet Bellary Highways Private Limited (upto January 12, 2021)
	Tork Motors Private Limited, India (upto November 21, 2021)
	Talbahn GmbH (Investment through wholly owned subsidiary), Germany
	Tevva Motors Limited, (upto November 8, 2021)*
	Tevva Motors (Jersey) Limited, Jersey (upto November 8, 2021)*
	Aeron Systems Private Limited, India
Joint Ventures	BF NTPC Energy Systems Limited, India (under liquidation)
	BF Premier Energy Systems Private Limited, India
	REFU Drive GmbH, Germany
Subsidiaries/associates of associates	Lycan Electric Private Limited, India (upto November 21, 2021)
	Tork Motors (UK) Limited, UK (dissolved w.e.f. September 22, 2020)
	Tevva Motors Limited, UK (upto November 8, 2021)*
Subsidiary of Joint Venture	REFU Drive India Private Limited, India
Other related parties	Kalyani Steels Limited, India
	BF Utilities Limited, India
	Automotive Axles Limited, India
	Khed Economic Infrastructure Private Limited, India
	Kalyani Maxion Wheels Private Limited, India
	Kalyani Cleantech Private Limited
	Kalyani Additives Private Limited
	Kalyani Strategic Management Services Ltd (erstwhile Kalyani Technologies Ltd)
	Kalyani Technoforge Limited, India
	Institute for Prostate Cancer, India
	United Metachem Private Limited, India
	Harmony Electoral Trust, India
	Tirupati Engineers, India
	M J Risbud & Co., India
	H M Risbud & Co., India
	Irbaris LLP,UK
	Baramati Speciality Steels Limited, India
	Nandi Economic Corridor Enterprises Limited, India
	Saarloha Advanced Materials Private Limited, India
	KGEPL Engineering Solutions Private Limited, India
	Kalyani Transmission Tecnologies Private Limited, India
	Kalyani Technoweld Private Limited, India
	Akutai Kalyani Charitable Trust, India
	Elbit Systems Land Ltd
	Elbit Systems Land and C4I Limited
	BF Elbit Advanced Systems Private Limited
	Vishalgad Trading Company Private Limited, India
	Rayagad Trading Company Private Limited, India

*Refer Note 39 (3)

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

48.Related party disclosures (Contd.)

(i) Names of the related parties and related party relationship

Related parties with whom transactions have taken place during the period.	
	Purandhar Trading Company Private Limited, India
	Govalkonda Trading Company Private Limited, India
	KTMS Properties Company Private Limited, India
	Aeternus, India
	Astra Rafael Comsys Pvt Ltd
	SBK Charitable Trust
	Radium Merchandise Private Limited
	Inmate Technolgy Solutions Pvt. Ltd.
	Givia Pty Ltd ATF Yajilaara Trust (upto November 8, 2021)
	Growth Spurt Consultant LLP, India
	Tirupati Enterprises
	Siddtech Enterprises
Minority holders	Elbit Systems Land and C4I Limited, Israel
	Rafael Advanced Defence Systems Limited, Israel
	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 & Managing Director)
	Mr. A. B. Kalyani (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 November 12, 2021)
	Mrs. L. D. Gupte (Independent Director)
	Mr. P. H. Ravikumar (Independent Director)
	Mr. P. C. Bhalerao (Independent Director) (upto November 12, 2021)
	Mr. V. R. Bhandari (Independent Director)
	Mr. D. B. Mane (Independent Director)
	Mr. M. Sivaraman (Independent Director)
	Mr. Vikran Munje (w.e.f April 23, 2021)
	Mr. Kedar Dixit
	Mr. Sunil Kulkarni (w.e.f. March 25, 2022)
	Ms. Deepika Agrawal (w.e.f April 27, 2022)
	Mr. Rajaramesh Reddy (upto May 20, 2021)
	Ms. R Laxmi (w.e.f. May 20, 2021 to April 30, 2022)
	Mr. Harshavardhan Pachala (w.e.f. August 4,2021 to December 2, 2021 & w.e.f May 3, 2022)
	Mr. Tanay Mishra
	Mr. Rajinder Singh Bhatia
	Mr. Tripuraneni Chowdary

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

48.Related party disclosures (contd.)

(i) Names of the related parties and related party relationship

Related parties with whom transactions have taken place during the period.	
	Mr. Sandeep Kapoor
	Mr. Rohit Gogia
	Ms. Sneha Modi
	Mr. Vineet (w.e.f. September 19, 2020)
	Mr. Mohit Kapoor (w.e.f December 15, 2019 to September 18, 2020)
	Mr. Pramod Madhukar Puranik (upto June 26, 2020)
	Mr. Ravindra Nagarkar
	Mr. Sanjeev Kulkarni (w.e.f. October 29, 2021)
	Mr. Ganadeesh Kulkarni (w.e.f. December 16, 2021)
	Mr. Ashish Bhat (w.e.f. October 29, 2021)
	Mr. Sameer Paranjape
	Ms. Nikita Naik
	Mr. Sandeep Goel
	Mr. Sanjeev Kumar Jain
	Mr. Rudra Jadeja
	Mr. Yogendra Thakar
	Ms. Jenny Chhabada (w.e.f. January 7, 2022)
	Mr. Kapil Shelke
	Mr. Premanand Risbud
	Mr. Ashvani Kumar Shukla (w.e.f. July 2, 2020)
	Mr. Abhijit Bokil
	Mr. A Ghosh
	Mr. Avinash Agarwal
	Mr. P Ramarao
	Mr. H Riegert
	Mr. Horlacher
	Mr. Jagdish Mishra
	Mr. Ed Hayams (upto November 8, 2021)*
	Mr. Philip Sellwood (upto November 8, 2021)*
	Mr. Krishnakumar Srinivasan (upto November 8, 2021)*
	Mr. Robin Mackie (upto November 8, 2021)*
	Mr. Asher Bennet (upto November 8, 2021)*
	Mr. Rajkumar Baratam (upto November 8, 2021)*
	Mr. Micheal Black (upto November 8, 2021)*
	Mr. Madan Lal
	Mr. Anil Kumar Rao
	Mr Pankaj Kumar Agarwal
	Mr. S. B. Patil
	Mr Nitin Mahajan
	Mr Ganesh Khaladkar (upto April 28, 2021)
	Mr Yogesh Nyayadhish (upto April 28, 2021)
	Mr. Rajesh Khurana (w. e. f. June 27, 2020)
Relatives of key management personnel	Mrs. Deeksha Amit Kalyani
	Smt. S. N. Kalyani
	Mr. G. N. Kalyani
	Mrs. R. G. Kalyani
	Ms. S. G. Kalyani
	Mr. V. G. Kalyani

*Refer Note 39 (3)

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

48.Related party disclosures (contd.)

(i) Names of the related parties and related party relationship

Related parties with whom transactions have taken place during the period.	
Relatives of key management personnel	Mrs. S. J. Hiremath
	Ms. P. Neeraja
	Ms. A. K. Saletore
	Mrs. A. G. Agarwal
	Ms. V. E. Tandale
	Mrs. S. S. Tandale
	Mr. P. S. Kalyani
	Mrs. V. B. Kalyani
	Mrs. A. P. Kore
	Mrs. Meera Shelke
	Mr. Chandrakant Shelke
	Mr. Bhargav Kulkarni
	Mrs. Moira Bennett (upto November 8, 2021)
	Mr. A. Shinde
	Mrs. T Pangre
	Mrs. R Shinde
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

Transactions and balances less than 10% of the total transactions and balances disclosed as "Others"

(ii) Related party transactions

In ₹ Million

Sr. no.	Nature of transaction	Name of related parties and nature of relationship	Year ended March 31, 2022	Year ended March 31, 2021
1	**Purchase of raw materials, components, stores, spares and traded goods**	**Other related parties**		
		Kalyani Steels Limited	5,132.78	3,369.57
		Saarloha Advance Material Private Limited	11,844.51	7,608.82
		Kalyani Technoforge Limited	1,504.20	1,415.96
		Others	89.69	27.58
			18,571.18	**12,421.93**
		Joint venture		
		Refu Drive GMBH	2.84	-
			2.84	**-**
		Joint Venture Partners		
		REFU Elektronik GmbH	8.83	11.25
			8.83	**11.25**
		Minority holders		
		Rafael Advanced Defence Systems Limited	374.43	-
			374.43	**-**
			18,957.29	**12,433.18**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

48.Related party disclosures (contd.)

(ii) Related party transactions

In ₹ Million

Sr. no.	Nature of transaction	Name of related parties and nature of relationship	Year ended March 31, 2022	Year ended March 31, 2021
2	**Other expenses**			
	- Power, fuel and water	**Other related parties**		
		BF Utilities Limited	143.47	134.31
			143.47	**134.31**
	- Machining / subcontracting charges	**Subsidiary of a Joint venture**		
		Refu Drive India Private Limited	2.50	-
			2.50	**-**
		Other related parties		
		Kalyani Technoforge Limited	82.49	152.74
		Automotive Axles Limited	-	31.00
		Kalyani Transmission Technologies Private Limited	68.40	27.16
		Baramati Speciality Steels Limited	9.30	-
		Others	0.67	3.09
			160.86	**213.99**
			163.36	**213.99**
	-Rent*	**Other related parties**		
		United Metachem Private Limited	9.60	8.24
		KTMS Properties Company Private Limited	20.07	15.46
		Tirupati Engineers	2.03	2.03
		Others	3.84	3.79
			35.55	**29.52**
		Relatives of key management personnel		
		Mrs. S. S. Tandale	-	0.18
			-	**0.18**
			35.55	**29.70**
	- Donations	**Other related parties**		
		SBK Charitable Trust	25.00	-
		Akutai Kalyani Charitable Trust	-	6.50
			25.00	**6.50**
	-Directors' fees and travelling expenses	**Key management personnel**		
		Mr. P. G. Pawar	0.70	0.88
		Mr. S. M. Thakore	0.41	0.78
		Mrs. L. D. Gupte	0.28	0.38
		Mr. P. H. Ravikumar	0.56	0.70
		Mr. P. C. Bhalerao	0.48	0.85
		Mr. V. R. Bhandari	0.41	0.43
		Mr. Dipak Mane	0.28	0.35
		Mr. Murali Sivaraman	0.28	0.35
			3.40	**4.72**
	-Commission to directors other than managing and whole time directors	**Key management personnel**		
		Mr. P. G. Pawar	1.40	1.22
		Mr. S. M. Thakore	0.60	1.12
		Mrs. Lalita D. Gupte	0.55	0.55
		Mr. P. H. Ravikumar	1.10	1.05
		Mr. P. C. Bhalerao	0.70	1.20
		Mr. Vimal Bhandari	0.80	0.60
		Mr. Dipak Mane	1.00	0.53
		Mr. Murali Sivaraman	0.80	0.53
			6.95	**6.80**

* The lease arrangements which have been considered for Ind AS 116 discloseres in note no. 43 and taken to right-of-use assets has been considered in rent expenses for disclosing actual transactions with related parties.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

48.Related party disclosures (contd.)

(ii) Related party transactions

In ₹ Million

Sr. no.	Nature of transaction	Name of related parties and nature of relationship	Year ended March 31, 2022	Year ended March 31, 2021
2	**Other expenses (contd:)**	**Other related parties**		
	- Legal and professional fees	Kalyani Strategic Management Services Limited	162.59	80.00
		M J Risbud & Co.	0.15	0.16
		H M Risbud & Co.	0.08	0.10
		Others	0.02	-
			162.84	**80.26**
	- Repairs and maintenance	**Other related parties**		
		Kalyani Technoforge Limited	21.17	17.74
		KTMS Properties Company Private Limited	9.51	7.82
		Others	0.04	-
			30.72	**25.56**
	- 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	116.26	-
		Rafael Advanced Defence Systems Limited	8.60	11.78
		Kalyani Technologies Limited	-	51.61
		Automotive Axles Limited	-	3.18
			124.86	**66.57**
			697.03	**568.41**
3	**Sale of goods, raw materials, stores and spares, manufacturing scrap and tooling income (net of returns, rebate etc.)**	**Associates**		
		Tork Motors Private Limited	-	0.48
		Aeron Systems Private Limited	56.08	-
			56.08	**0.48**
		Joint Venture Partners		
		REFU Elektronik GmbH	37.36	64.97
			37.36	**64.97**
		Other related parties		
		Saarloha Advanced Materials Private Limited	2,572.47	1,410.34
		Automotive Axles Limited	281.27	202.33
		Other	34.09	17.52
		Kalyani Technoforge Limited	7.47	-
		Kalyani Transmission Technologies Private Limited	7.11	-
		Kalyani Maxion Wheels Private Limited, India	9.61	-
		Kalyani Steels Limited, India	9.90	-
		Others	-	17.52
			2,887.83	**1,630.19**
		Minority holders		
		Rafael Advanced Defence Systems Limited	592.47	762.22
			592.47	**762.22**
			3,573.74	**2,457.86**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

48. Related party disclosures (contd.)

(ii) Related party transactions

In ₹ Million

Sr. no.	Nature of transaction	Name of related parties and nature of relationship	Year ended March 31, 2022	Year ended March 31, 2021
4	**Sale of services**	**Other related parties**		
		Automotive Axles Limited	114.02	97.28
		Saarloha Advanced Materials Private Limited	57.71	46.98
		Kalyani Technoforge Limited	1.90	-
		Others	0.17	2.57
			173.80	**146.83**
		Joint Venture Partners		
		REFU Elektronik GmbH	49.73	22.28
			49.73	**22.28**
		Minority holders		
		Rafael Advanced Defence Systems Limited	18.19	29.44
			18.19	**29.44**
			241.72	**198.55**
5	**Other income**	**Other related parties**		
	-Rent*	Kalyani Additives Private Limited	12.33	-
		Baramati Speciality Steels Limited	3.15	2.90
		Nandi Economic Corridor Enterprises	2.49	2.49
		Kalyani Maxion Wheels Limited	0.05	0.05
			18.02	**5.44**
	-Management Consultancy Services	**Associates**		
		Ferrovia Transrail Solutions Private Limited	1.01	2.46
			1.01	**2.46**
	-Miscellaneous Income	**Associates**		
		Ferrovia Transrail Solutions Private Limited	18.50	-
			18.50	**-**
		Other related parties		
		Kalyani Technoforge Limited	25.35	-
		Kalyani Steels Limited	1.41	-
			26.76	**-**
			45.26	**-**
			64.28	**7.90**
6	**Purchase of property, plant and equipment (including CWIP)**	**Other related parties**		
		KGEPL Engineering Solutions Private Limited	-	33.77
		Kalyani Technoforge Limited	48.77	38.92
		Kalyani Strategic Management Services Limited	22.44	3.84
		Elbit Systems Land Ltd	20.34	-
		Kalyani Cleantech Private Limited	1.11	-
		Others	1.55	-
			94.21	**76.53**
7	**Finance provided:**	**Other related parties**		
	- Investments by Group	Khed Economic Infrastructure Private Limited (includes fair valuation impact)	235.68	(52.20)
			235.68	**(52.20)**
		Associates		
		Aeron Systems Private Limited	-	60.00
			-	**60.00**
			235.68	**7.80**

* The lease arrangements which have been considered for Ind AS 116 discloseres in note no. 43 and taken to right-of-use assets has been considered in rent expenses for disclosing actual transactions with related parties.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

48. Related party disclosures (contd.)

(ii) Related party transactions

In ₹ Million

Sr. no.	Nature of transaction	Name of related parties and nature of relationship	Year ended March 31, 2022	Year ended March 31, 2021
7	- Loan given	**Associates**		
		Aeron Systems Private Limited	28.00	-
		Tork Motors Private Limited	-	40.00
		Ferrovia Transrail Solutions Private Limited	1.52	38.43
			29.52	**78.43**
		Joint Ventures		
		REFU Drive GmbH	86.40	-
			86.40	**-**
		Other related party		
		Kalyani Technoforge Limited	1.10	-
		Others	0.50	-
			1.60	-
			117.53	**78.43**
			353.21	**86.23**
8	Interest income	**Associates**		
		Tork Motors Private Limited	3.51	1.30
		Tevva Motors (Jersey) Limited	38.12	36.82
		Aeron Systems Private Limited	0.41	-
			42.04	**38.12**
		Joint Ventures		
		REFU Drive GmbH	0.65	-
			0.65	**-**
		Other related party		
		Saarloha Advanced Materials Private Limited	111.38	111.45
			111.38	**111.45**
			154.07	**149.57**
9	Capital advance given	**Associate**		
		Aeron Systems Private Limited	0.47	-
			0.47	**-**
		Other related party		
		Khed Economic Infrastructure Private Limited	1,235.27	1,200.00
		Kalyani Technoforge Limited	17.05	-
		Kalyani Cleantech Private Limited	0.37	-
			1,252.69	**1,200.00**
			1,253.16	**1,200.00**
10	Advance from customers	**Minority holders**		
		Rafael Advanced Defence Systems Limited	28.30	56.66
			28.30	**56.66**
		Joint venture partners		
		REFU Elektronik GmbH	12.14	-
			12.14	**-**
			40.44	**56.66**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

48.Related party disclosures (contd.)

(ii) Related party transactions

In ₹ Million

Sr. no.	Nature of transaction	Name of related parties and nature of relationship	Year ended March 31, 2022	Year ended March 31, 2021
11	Advance given to vendors	**Other related parties**		
		Kalyani Cleantech Private Limited	32.87	-
		Others	4.96	-
			37.83	**-**
12	Managerial remuneration	**Key management personnel**		
		Mr. B. N. Kalyani	147.38	152.57
		Mr. A. B. Kalyani	41.46	41.61
		Mr. G. K. Agarwal	43.25	41.98
		Mr. S. E. Tandale	28.91	38.78
		Mr. B. P. Kalyani	27.05	36.93
		Mr. K. M. Saletore	23.35	32.28
		Ms. T. R. Chaudhari	3.76	2.60
		Others	48.65	56.16
			363.81	**402.91**
13	Dividend paid	**Key management personnel**		
		Mr. B. N. Kalyani	0.25	-
		Mr. A. B. Kalyani	2.21	-
		Mr. G. K. Agarwal	0.02	-
		Mr. B. P. Kalyani	0.02	-
		Mr. K. M. Saletore #	0.00	-
		Mr. S. M. Thakore	0.09	-
		Mr. P. H. Ravikumar	0.02	-
			2.61	**-**
		Relatives of key management personnel		
		Mr. G. N. Kalyani	2.17	-
		Others	0.07	-
			2.24	**-**
			4.85	**-**
14	Repayment of loan given	**Associate**		
		Aeron Systems Private Limited	20.00	-
		Ferrovia Transrail Solutions Private Limited	63.86	-
		Tork Motors Private Limited (upto November 21, 2022)	-	2.00
			83.86	**2.00**
		Other related parties		
		Others	0.02	-
			0.02	**-**
			83.88	**2.00**
15	Loan taken	**Minority holders**		
		Mr. Rahul Pangare	-	2.15
			-	**2.15**
		Joint venture partners		
		REFU Elektronik GmbH	86.77	-
			86.77	**-**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

48.Related party disclosures (contd.)

(ii) Related party transactions

In ₹ Million

Sr. no.	Nature of transaction	Name of related parties and nature of relationship	Year ended March 31, 2022	Year ended March 31, 2021
15	Loan taken	**Other related parties**		
		Givia Pty Ltd ATF Yajilaara Trust	-	24.90
		Kalyani Technoforge Limited	9.36	-
		Growth Spurt Consultant LLP, India	-	5.00
			9.36	**29.90**
		Key management personnel		
		Mr. Kapil Shelke	-	1.50
		Mr. Abhijit Bokil	-	6.77
			-	**8.27**
		Relatives of key management personnel		
		Ms. Meera Shelke	-	1.75
			-	**1.75**
			96.13	**42.07**
16	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	10.93
			14.30	**10.93**
			14.98	**10.93**
17	Repayment of loan taken	**Key management personnel**		
		Mr. Abhijit Bokil	-	2.65
		Mr. Ashvani Shukla	-	2.94
			-	**5.59**
		Other related parties		
		Kalyani Technoforge Limited	9.36	-
			9.36	**-**
		Joint venture partners		
		REFU Elektronik GmbH	-	89.79
			-	**89.79**
			9.36	**95.38**
18	Reversal of provision for diminution in value of investment	**Associates and subsidiaries of associates**		
		Tevva Motors (Jersey) Limited	1,499.62	-
			1,499.62	**-**
19	Contributions paid *	**Post employment benefit trusts**		
		Provident fund		
		Bharat Forge Company Limited Staff Provident Fund	245.28	234.55
			245.28	**234.55**
		Gratuity fund		
		Bharat Forge Company Limited Employees Group Gratuity fund	43.10	35.21
		Bharat Forge Company Limited Officer's Group Gratuity fund	68.90	68.43
			112.00	**103.64**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

48.Related party disclosures (contd.)

(ii) Related party transactions

In ₹ Million

Sr. no.	Nature of transaction	Name of related parties and nature of relationship	Year ended March 31, 2022	Year ended March 31, 2021
19	**Contributions paid ***	**Superannuation fund**		
		Bharat Forge Company Limited Officer's Superannuation scheme	17.80	20.76
			17.80	**20.76**
			375.08	**358.95**
20	**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.

** During the year the Company has acquired 331,292 shares of Tevva Motors (Jersey) Ltd, pursuant to the conversion of the Convertible Loan Note ("CLN"). CLN was classified as an equity instrument in prior years and hence there is no impact of this conversion on the financial statements.

less than ₹ 0.01 million

(iii) Balance outstanding as at the year end

In ₹ Million

Sr. no.	Nature of Balances	Name of related parties and nature of relationship	As at March 31, 2022	As at March 31, 2021
1	**Trade payables**	**Other related parties**		
		Saarloha Advance Material Private Limited [Refer note 22]**	2,247.54	1,803.02
		Kalyani Steels Limited* [Refer note 22]	1,112.28	639.28
		Kalyani Technoforge Limited	921.44	861.92
		Kalyani Strategic Management Services Limited	81.80	-
		Others	18.46	59.21
			4,381.52	**3,363.43**
		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	379.84	201.82
		Elbit Systems Land And C4I Limited	-	55.66
			379.84	**257.48**
			4,762.51	**3,620.91**
2	**Trade receivable**	**Other related parties**		
		Saarloha Advanced Materials Private Limited	771.10	723.79
		Automotive Axles Limited	155.05	137.80
		Others	59.94	12.43
			986.09	**874.02**

* Net of advance given amounting to ₹ 470 million (March 31, 2021 : ₹ 470 million)

** Net of advance given amounting to ₹ 250 million (March 31, 2021 : ₹ 250 million)

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

48.Related party disclosures (contd.)

(iii) Balance outstanding as at the year end

In ₹ Million

Sr. no.	Nature of Balances	Name of related parties and nature of relationship	As at March 31, 2022	As at March 31, 2021
2	**Trade receivable**	**Joint Venture Partners**		
		REFU Elektronik GmbH	2.66	-
			2.66	**-**
		Minority holders		
		Rafael Advanced Defence Systems Limited	295.85	306.97
			295.85	**306.97**
		Associates		
		Aeron Systems Private Limited	54.25	-
		Tork Motors Private Limited	-	2.05
			54.25	**2.05**
			1,338.85	**1,183.04**
3	**Payables for capital goods**	**Other related parties**		
		Kalyani Technoforge Limited	-	27.15
		Kalyani Cleantech Private Limited	2.63	-
		Others	-	0.06
			2.63	**27.21**
4	**Non-current investments**	**Other related parties**		
		Khed Economic Infrastructure Private Limited (including fair value)	825.26	589.58
			825.26	**589.58**
		Joint ventures (net of accumulated share of loss)		
		Refu Drive GmbH	689.16	852.17
			689.16	**852.17**
		Associates (net of accumulated share of loss)		
		Tork Motors Private Limited	-	199.25
		Tevva Motors (Jersey) Limited	-	137.83
		Aeron Systems Private Limited	116.06	119.46
			116.06	**456.54**
			1,630.48	**1,898.29**
5	**Loans given**	**Associates**		
		Ferrovia Transrail Solutions Private Limited	136.56	181.72
		Aeron Systems Private Limited	8.00	-
		Tork Motors Private Limited	-	38.00
			144.56	**219.72**
		Joint Ventures		
		REFU Drive GmbH	84.15	-
			84.15	**-**
		Other related parties		
		Kalyani Technoforge Limited	1.12	-
			1.12	**-**
			229.82	**219.72**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

48. Related party disclosures (contd.)

(iii) Balance outstanding as at the year end

In ₹ Million

Sr. no.	Nature of Balances	Name of related parties and nature of relationship	As at March 31, 2022	As at March 31, 2021
6	Loans taken	**Other related parties**		
		Givia Pty Ltd ATF Yajilaara Trust	-	124.50
		Growth Spurt Consultant LLP, India	-	5.58
			-	**130.08**
		Joint Venture Partners		
		REFU Elektronik GmbH	84.66	-
			84.66	**-**
		Minority holders		
		Mr. Rahul Pangare	-	6.48
		Mr. Vyankoji Shinde	-	5.56
			-	**12.04**
		Key management personnel		
		Mr. Abhijit Bokil	-	2.20
			-	**2.20**
		Relatives of key management personnel		
		Mr. Ajitsingh Shinde	-	1.33
		Mrs. Roma Shinde	-	0.49
		Mrs. Tina Pangre	-	0.49
			-	**2.31**
			84.66	**146.63**
7	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	25.00
		Others	14.71	14.71
			329.11	**329.11**
8	Advance to suppliers	**Other related parties**		
		Saarloha Advanced Materials Private Limited	1,350.00	1,350.00
			1,350.00	**1,350.00**
9	Interest accured	**Joint venture partners**		
		REFU Elektronik GmbH	0.42	0.48
			0.42	**0.48**
10	Advance from customers	**Other related parties**		
		Automotive Axles Limited	5.54	3.44
		Astra Rafael Comsys Pvt Ltd	6.23	-
			11.77	**3.44**
		Joint venture partners		
		REFU Elektronik GmbH	11.85	-
			11.85	**-**
		Minority holders		
		Rafael Advanced Defence Systems Limited	14.83	32.96
			14.83	**32.96**
			38.45	**36.40**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

48.Related party disclosures (contd.)

(iii) Balance outstanding as at the year end

In ₹ Million

Sr. no.	Nature of Balances	Name of related parties and nature of relationship	As at March 31, 2022	As at March 31, 2021
11	Capital advances	**Other related parties**		
		Kalyani Technoforge Limited	-	22.59
		KGEPL Engineering Solutions Private Limited	21.48	21.48
		Khed Economic Infrastructure Private Limited	2,435.27	1,200.00
			2,456.75	**1,244.07**
		Associates		
		Aeron Systems Private Limited	0.47	-
			0.47	**-**
		Minority holders		
		Elbit Systems Land and C4I Limited	-	17.67
			-	**17.67**
			2,457.22	**1,261.74**
12	Interest accrued on loan taken	**Other related parties**		
		Givia Pty Ltd ATF Yajilaara Trust	-	17.26
			-	**17.26**
13	Managerial remuneration payable*	**Key management personnel**		
		Mr. B. N. Kalyani	31.20	39.00
		Mr. A. B. Kalyani	2.40	3.00
		Mr. G. K. Agarwal	2.40	3.00
		Mr. S. E. Tandale	12.98	14.75
		Mr. B. P. Kalyani	10.03	14.75
		Mr. K. M. Saletore	8.84	13.00
		Others	15.21	8.59
			83.06	**96.09**
14	Commission to directors other than managing and whole time directors	**Relatives of directors and other directors**		
		Mr. P. G. Pawar	1.40	1.22
		Mr. S. M. Thakore	0.60	1.12
		Mrs. Lalita D. Gupte	0.55	0.55
		Mr. P. H. Ravikumar	1.10	1.05
		Mr. P. C. Bhalerao	0.70	1.20
		Mr. Vimal Bhandari	0.80	0.60
		Mr. Dipak Mane	1.00	0.53
		Mr. Murali Sivaraman	0.80	0.53
			6.95	**6.80**
15	Provision for diminution in value of Investment in associate	**Associates**		
		Tevva Motors (Jersey) Limited	-	475.87
			-	**475.87**
16	Other payables	**Minority holders**		
		Rafael Advanced Defense Systems Limited	19.46	-
			19.46	**-**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

48.Related party disclosures (contd.)

(iii) Balance outstanding as at the year end

Notes

* Does not include gratuity and leave encashment since the same is considered for all employees of the Group as a whole.

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, 2022 the Group has not recorded any impairment of receivables relating to amount owed by related parties other than those disclosed separately above (March 31, 2021 : ₹ 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.

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 organized 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 represents the Group's businesses not covered in Forgings segment. The Chief operating decision maker monitors the operating results of the business units separately for the purpose of making 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 automotive and industrial sector. 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, 2022	March 31, 2021
1	**Segment revenue**		
	Revenue from external customers		
a	Forgings	101,616.05	61,116.83
b	Others	3,981.44	3,057.77
	Total	**105,597.49**	**64,174.60**
	Less - Intersegment revenue	**(7.03)**	**(4.37)**
	Total	**105,590.46**	**64,170.23**
	Adjustments and eliminations *	(979.68)	(807.62)
	Revenue from operations	**104,610.78**	**63,362.61**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

49. Segment Information (contd.)

In ₹ Million

Sr. no.		March 31, 2022	March 31, 2021
2	**Segment results**		
a	Forgings	**15,263.20**	**4,307.27**
b	Others	(299.03)	(217.01)
	Total segment profits before interest, tax and exceptional items from each reportable segment	**14,964.17**	**4,090.26**
	Less: Finance cost	1,604.05	1,077.29
	Less: Other unallocable expenditure net off unallocable income	479.03	205.23
	Total profits before tax and exceptional items	**12,881.09**	**2,807.74**
	Add: Exceptional items gain/(loss)		
	Forgings	(846.09)	(3,062.28)
	Others	1,770.14	-
	Total Exceptional items gain/(loss)	**924.05**	**(3,062.28)**
	profit/(Loss) before tax and adjustments	**13,805.14**	**(254.54)**
	Adjustments and eliminations *	-	-
	Profit/(Loss) before tax	**13,805.14**	**(254.54)**
3	**Segment income/(expense)**		
3.1	**Segment Depreciation, amortisation and impairment expense**		
a	Forgings	6,965.21	5,819.11
b	Others	410.61	391.25
c	Unallocable	99.82	100.15
	Total	**7,475.64**	**6,310.51**
	Adjustments and eliminations *	(172.63)	(188.92)
	Depreciation, amortisation and impairment expense	**7,303.01**	**6,121.59**
3.2	**Segment Income tax expense/(income)**		
a	Forgings	3,033.25	1,016.25
b	Others	2.19	(5.74)
	Total	**3,035.44**	**1,010.51**
	Adjustments and eliminations *	(0.91)	4.61
	Income tax expense (excluding impact of deferred tax in OCI)	**3,034.53**	**1,015.12**
3.3	**Share of (loss) of associates and joint ventures*** **		
a	Forgings	-	-
b	Others	(330.20)	(299.74)
	Total share of (loss) of associates and joint ventures	**(330.20)**	**(299.74)**
4	**Segment assets**		
a	Forgings	113,060.74	94,605.93
b	Others	9,436.34	5,559.03
c	Unallocable assets including unutilised fund	34,390.27	32,008.09
	Total	**156,887.35**	**132,173.05**
	Adjustments and eliminations *	(798.01)	(394.67)
	Total assets	**156,089.34**	**131,778.38**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

49. Segment Information (contd.)

In ₹ Million

Sr. no.		March 31, 2022	March 31, 2021
5	**Segment liabilities**		
a	Forgings	24,846.55	20,637.38
b	Others	2,027.10	1,046.21
c	Unallocable	3,931.95	3,142.47
	Total	**30,805.60**	**24,826.06**
	Adjustments and eliminations *	(851.80)	(483.70)
	Total liabilities	**29,953.80**	**24,342.36**
	Net Capital employed	**126,135.54**	**107,436.02**
6	**Other disclosures**		
6.1	**Investments in associates and joint ventures********		
a	Forgings	-	-
b	Others	805.22	1,308.72
	Total	**805.22**	**1,308.72**
	Adjustments and eliminations *	-	-
	Investments in associates and joint ventures	**805.22**	**1,308.72**
6.2	**Increase in non-current non-financial asset for the year**		
a	Forgings	10,537.67	9,073.73
b	Others	1,845.81	114.04
	Total	**12,383.48**	**9,187.77**
	Adjustments and eliminations *	(172.57)	(65.91)
	Increase in non-current non-financial asset for the year	**12,210.91**	**9,121.86**
7	**Information in respect of geographical areas**		
7.1	**Segment revenue from external customers****		
a	Within India	**26,546.60**	**16,696.53**
b	Outside India	**78,064.18**	**46,666.08**
	Europe	48,857.64	17,054.65
	USA	19,928.28	27,263.92
	Others	9,278.26	2,347.51
	Subtotal	**78,064.18**	**46,666.08**
	Total	**104,610.78**	**63,362.61**
7.2	**Segment non-current assets**		
a	Within India	43,857.03	43,058.47
b	Outside India	21,470.16	18,361.49
	Total	**65,327.19**	**61,419.96**

* Ind AS 108 requires disclosure of reconciliations between segment information and respective line item in Consolidated Financial Statements. Adjustments and eliminations include elimination of assets and liabilities of joint ventures and associates which have been accounted under 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 location of the customers. No single external customer contributed more than 10% of Group's total revenue for the year ended March 31, 2022 and March 31, 2021.

*** Excluding effects of share of OCI of associates and joint ventures amounting to ₹ 0.57 million (March 31, 2021 ₹ (39.04) million)

**** Excluding loan to associate representing long term interest of the Group in the associate. (Also refer note 39)

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

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, 2022		As at March 31, 2021	
	Assets	Liabilities	Assets	Liabilities
Fair value of foreign currency forward contracts	3,843.39		2,790.04	

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions.

Nature of instrument	Currency	Purpose	March 31, 2022		March 31, 2021	
			Foreign Currency in Million	In ₹ Million	Foreign Currency in Million	In ₹ Million
Forward Contracts	USD	Hedging of highly probable forecast sales	628.22	53,217.25	540.98	45,046.31
Forward Contracts	EUR	Hedging of highly probable forecast sales	189.02	18,825.75	145.37	14,434.34
Range forward contracts	USD	Hedging of highly probable forecast sales	-	-	20.25	1,577.80
Range forward contracts	EUR	Hedging of highly probable forecast sales	-	-	6.00	526.99

The cash flow hedges of the expected future sales during the year ended March 31, 2022 were assessed to be highly effective and a net unrealised (loss) / gain of ₹ 3,761.17 million (March 31, 2021: ₹ 2,784.32 million), with a deferred tax liability of ₹ 946.61 million (March 31, 2021 ₹ 700.76 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, 2022 as detailed in note 33, totaling ₹1349.93 million (gross of deferred tax) (March 31, 2021: ₹ 523.40 million). The amounts retained in OCI at March 31, 2022 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, 2022 and March 31, 2021, the group has a cross currency swap agreement in place. Through this arrangement, during the previous year, the group has converted one of its USD loans into a Euro loan to avail the benefit of the negative EURIBOR. 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.

At March 31, 2022, one of the subsidiary has a cross currency swap agreement in place. Through this arrangement, the group has converted one of its USD loans into a Euro loan to avail the benefit of the negative EURIBOR. Under the original agreement the interest rate was fixed at SOFR + 232 to 267 basis points, but due to the cross currency swap arrangement the revised interest rate has been fixed at EURIBOR + 185 to 250 basis points, decreasing the corresponding interest cost on the term loan.

Also as at March 31, 2022 the group had certain forward contracts outstanding, which are being used to hedge the exposure to changes in fair value of its underlying borrowings and trade receivables.

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 2022
Cross currency swap	EURO 17.86	85.10	Derivative instruments	Nil
Cross currency swap	EURO 15.00	88.03	Derivative instruments	Nil
Forward Contracts	EURO 3.03	13.61	Derivative instruments	Nil
Forward Contracts	USD 7.03	(6.47)	Derivative instruments	Nil

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

50. Hedging activities and derivatives (contd.)

The impact of the derivative instrument on the balance sheet as at March 31, 2021 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	EURO 25.52	(4.11)	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)	Changes in fair value for calculating hedge ineffectiveness for March 2022
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

The impact of the hedged item on the balance sheet as at March 31, 2021 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 30.00	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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

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, 2022

Financial Instruments by category

In ₹ Million

	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
Tevva Motors (Jersey) Ltd	-	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	-
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	-	-

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

51. Fair value hierarchy (contd.)

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosure fair value measurement hierarchy for assets / liabilities as at March 31, 2021

In ₹ Million

	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	-	-	589.58
Avaada SataraMH Private Limited	-	-	142.45
Quoted equity instruments			
Birlasoft Limited (erstwhile KPIT Technologies Limited)	155.12	-	-
KPIT Technologies Limited [Refer note 51 (b)]	108.84	-	-
Derivative instruments			
Cash flow hedges	-	2790.04	-
Financial assets at FVTPL			
Unquoted equity instruments			
Gupta Energy Private Limited [Refer note 51 (a)]	-	-	-
Derivative instruments at FVTPL			
Fair value hedges	-	-	-
Unquoted funds			
Investments in private equity fund	-	242.20	-
Investments in mutual funds	-	18,445.72	-
Quoted funds/bonds			
Investments in mutual funds	5,037.85	-	-
Financial liability at FVTOCI			
Cash flow hedges	-	-	-
Financial liability at FVTPL			
Fair value hedges	-	4.11	-

There have been no transfers between level 1 and level 2 during the year ended March 31, 2022 and March 31, 2021.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

51. Fair value hierarchy (contd.)

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, 2022 and March 31, 2021 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 realization rates for developed land and Land under development	March 31, 2022: ₹ 10.50 million to ₹12.60 million/acre(March 31, 2021: ₹ 10.40 million to ₹12.60 million/acre)	5% increase / (decrease) in realization rate would result in increase / (decrease) in fair value per share by ₹ 55.27 (March 31, 2021: ₹ 1.54)
		Estimated realization rates for undeveloped Land	Not Applicable	
Unquoted equity shares in Avaada SataraMH Private Limited (ASPL)	Discounted Cash Flow method	Weighted Average Cost of Capital	March 31, 2022: 18.80% (March 31, 2021 : Not applicable)	1% (March 31, 2021: Not Applicable) increase (decrease) in the WACC would result in decrease (increase) in fair value by ₹ 6.15 million (March 31, 2021: ₹ Nil)

(a) Gupta Energy Private Limited (GEPL)

The Group has an investment in 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 latest information for the purpose of valuation. However, such information is not available as GEPL has not filed the financial statements with Ministry Of Corporate Affaires (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 31,2022 and March 31,2021

(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 overall intension of the management in relation to the equity shares, the fair value of such shares for the Company is same as it cost i.e. the face value.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

51. Fair value hierarchy (contd.)

Description of significant unobservable inputs to valuation:

(d) Electron Transport Inc.

The Group has made investment in preferred stock of Electron Transport Inc in the current year. Considering the nature of the investment and overall intention of the management in relation to this investment, the fair value of such investment as at March 31, 2022 is same as its cost.

Reconciliation of fair value measurement of financial assets classified as FVTOCI and FVTPL:

	Unquoted equity shares in Avaada Satara MH Private Limited	Unquoted equity shares in Khed Economic Infrastructure Private Limited	Unquoted equity shares in Avaada MH Buldhana Private Limited	Unquoted equity shares in Tevva Motros (Jersey) Ltd	Unquoted prefered stocks in Electron Transport Inc.
As at April 1, 2020	0.01	641.78	-	-	-
Remeasurement recognised in OCI	-	(52.20)	-	-	-
Remeasurement recognised in Statement of profit and loss	-	-	-	-	-
Purchases	142.44	-	-	-	-
Sales	-	-	-	-	-
Converted in to equity shares	-	-	-	-	-
As at March 31, 2021	**142.45**	**589.58**	**-**	**-**	**-**
Remeasurement recognised in OCI	-	235.68	-	1,499.62	-
Remeasurement recognised in Statement of profit and loss	-	-	-	-	-
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**	**2,803.94**	**305.70**

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, 2022 and March 31, 2021, other than those with carrying amounts that are reasonable approximates of fair values:

	Carrying value		Fair value	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
(i) Investments	6,152.10	3,987.08	6,152.10	3,987.08
(ii) Loans	169.61	252.77	169.61	252.77
(iii) Trade receivables	113.25	101.36	113.25	101.36
(iv) Derivative instruments	2,662.32	1,501.46	2,662.32	1,501.46
(v) Other non-current financial assets	677.79	1,147.40	677.79	1,147.40
Total financial assets	**9,775.07**	**6,990.07**	**9,775.07**	**6,990.07**
(i) Borrowings	17,873.43	22,171.65	17,873.43	22,171.65
(ii) Other non-current financial liabilities	247.65	1.28	247.65	1.28
(iii) Derivative instruments	-	2.88	-	2.88
(iv) Lease liabilities	2,835.16	2,246.84	2,835.16	2,246.84
Total financial liabilities	**20,956.24**	**24,422.65**	**20,956.24**	**24,422.65**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

52. Financial Instruments by category (Contd.)

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 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. 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 and forward rate curves of the underlying. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty and the Group's own non-performance risk. As at March 31, 2022, 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, 2022 and March 31, 2021 was assessed to be insignificant.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

53. Statutory Group Information

In ₹ Million

	Net assets (Total assets - total liabilities)		Share in profit and loss		Share in Other Comprehensive Income /(loss)		Share in Total Comprehensive Income	
Name of the entity in the group	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, 2022	107.29	71,097.73	100.07	10,778.01	104.75	2,463.03	100.91	13,241.04
Balance as at 31 March, 2021	109.21	59,486.28	(245.81)	3,120.95	87.33	2,814.70	303.89	5,935.65
Subsidiaries								
Foreign								
1) Bharat Forge Global Holding GmbH - Group								
Balance as at 31 March 2022	5.27	3,492.22	8.23	885.92	6.13	144.04	7.85	1,029.95
Balance as at 31 December, 2020	4.89	2,664.88	296.01	(3,758.38)	(12.10)	(389.86)	(212.38)	(4,148.24)
2) Bharat Forge America Inc. - Group								
Balance as at 31 March 2022	3.33	2,203.71	(3.40)	(365.95)	4.42	103.92	(2.00)	(262.03)
Balance as at 31 December, 2020	2.36	1,285.19	22.47	(285.25)	2.22	71.58	(10.94)	(213.67)
3) Bharat Forge International Limited								
Balance as at 31 March, 2022	2.44	1,613.93	3.29	354.89	3.27	76.79	3.29	431.68
Balance as at 31 March, 2021	2.26	1,230.56	(2.28)	28.91	(0.96)	(30.83)	(0.10)	(1.92)
Indian								
1) Kalyani Powertrain Private Limited - Group								
Balance as at 31 March, 2022	2.84	1,884.46	(1.16)	(124.76)	0.38	8.84	(0.88)	(115.92)
Balance as at 31 March, 2021	(0.01)	(4.94)	0.39	(4.95)	-	-	(0.25)	(4.95)
2) Kalyani Strategic Systems Limited - Group								
Balance as at 31 March, 2022	0.56	370.45	(0.14)	(15.54)	0.01	0.12	(0.12)	(15.42)
Balance as at 31 March, 2021	0.71	385.87	0.07	(0.85)	0.03	1.01	0.01	0.16
3) BF Industrial Solutions Limited - Group								
Balance as at 31 March, 2022	1.46	964.82	0.39	42.15	0.12	2.81	0.34	44.96
Balance as at 31 March, 2021	-	-	-	-	-	-	-	-
4) BF Infrastructure Limited - Group								
Balance as at 31 March, 2022	0.44	291.80	(0.42)	(44.78)	0.02	0.55	(0.34)	(44.23)
Balance as at 31 March, 2021	0.54	291.49	2.64	(33.48)	0.02	0.56	(1.69)	(32.92)

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

53. Statutory Group Information (Contd.)

In ₹ Million

Name of the entity in the group	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
5) Kalyani Centre for Precision Technology Limited								
Balance as at 31 March, 2022	1.02	677.17	0.06	6.65	0.00	0.02	0.05	6.67
Balance as at 31 March, 2021	1.23	670.54	1.01	(12.77)	-	-	(0.65)	(12.77)
6) Analogic Controls India Limited								
Balance as at 31 March, 2022	0.08	49.74	(0.19)	(20.45)	0.03	0.66	(0.15)	(19.79)
Balance as at 31 March, 2021	0.13	69.54	0.23	(2.88)	(0.00)	(0.07)	(0.15)	(2.95)
7) BF Elbit Advanced Systems Private Limited								
Balance as at 31 March, 2022	(0.19)	(128.98)	(0.15)	(16.17)	-	-	(0.12)	(16.17)
Balance as at 31 March, 2021	(0.21)	(112.81)	0.61	(7.69)	-	-	(0.06)	(7.69)
8) Eternus Performance Material Private Limited								
Balance as at 31 March, 2022	(0.00)	(1.91)	(0.01)	(1.08)	-	-	(0.01)	(1.08)
Balance as at 31 March, 2021	(0.00)	(0.84)	0.14	(1.84)	-	-	(0.01)	(1.84)
Non-controlling interests in all subsidiaries								
Balance as at 31 March, 2022	0.85	560.77	(0.44)	(46.95)	0.01	0.15	(0.36)	(46.80)
Balance as at 31 March, 2021	0.58	316.95	0.46	(5.85)	0.09	2.91	(0.15)	(2.94)
Associates								
(accounting as per the equity								
method)								
Foreign								
1) Tevva Motors (Jersey) Limited (including subsidiaries) (up to November 08, 2021)								
Balance as at 31 March, 2022	-	-	-	-	-	-	-	-
Balance as at 31 December, 2020	-	880.85	14.46	(183.59)	(1.25)	(40.30)	(11.46)	(223.89)
Indian								
1) Tork Motors Private Limited (including subsidiaries) (up to November 2021)								
Balance as at 31 March, 2022	-	-	-	-	-	-	-	-
Balance as at 31 March, 2021	-	334.51	2.72	(34.50)	0.04	1.42	(1.69)	(33.08)

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

53. Statutory Group Information (Contd.)

In ₹ Million

Name of the entity in the group	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) Ferrovia Transrail Solutions Private Limited								
Balance as at 31 March, 2022	-	(14.47)	0.05	5.19	-	0.02	0.04	5.21
Balance as at 31 March, 2021	-	(19.68)	0.76	(9.70)	-	0.03	(0.51)	(10.00)
3) Aeron Systems Private Limited								
Balance as at 31 March, 2022	-	245.36	(0.03)	(3.41)	-	0.01	(0.03)	(3.40)
Balance as at 31 March, 2021	-	254.53	0.91	(11.54)	-	0.13	(0.58)	(11.41)
Joint Ventures								
(accounting as per the equity method)								
Foreign								
1) REFU Drive GmbH (including subsidiary)								
Balance as at 31 March, 2022	-	563.35	(1.52)	(163.65)	0.03	0.69	(0.46)	(60.71)
Balance as at 31 December, 2020	-	919.41	4.76	(60.39)	(0.01)	(0.32)	(0.32)	(6.26)
Indian								
1) BF Premier Energy Systems Private Limited								
Balance as at 31 March, 2022	-	(0.17)	-	(0.11)	-	-	-	(0.11)
Balance as at 31 March, 2021	-	(0.06)	-	(0.02)	-	-	-	(0.02)
Adjustments arising out of consolidation								
March 31, 2022	(25.36)	(16,808.41)	(4.64)	(499.33)	(19.15)	(450.24)	(8.02)	(1,051.82)
March 31, 2021	(21.69)	(11,814.57)	0.46	(5.84)	24.57	791.94	40.25	786.10
March 31, 2022 - Group	**100.00**	**66,267.51**	**100.00**	**10,770.61**	**100.00**	**2,351.41**	**100.00**	**13,122.02**
March 31, 2021 - Group	**100.00**	**54,468.14**	**100.00**	**(1,269.66)**	**100.00**	**3,222.90**	**100.00**	**1,953.24**

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

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 person or entities (Ultimate Beneficiaries)

For year ended March 31, 2022

Investments

The Holding Company has investments in following subsidiaries for being further invested in step-down subsidiaries of the Holding Company

Sl.No.	Name of the subsidiary	Date of investment into subsidiary	Amount invested in subsidiary (₹ in million)	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary (₹ in million)
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, India *	September 07, 2021	750.00	BF Industrial Technology and Solutions Limited	September 07, 2021	750.00
4	BF Industrial Solutions Limited, India #	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

Investment in optionally convertible Debentures

* Amount repaid on the same date

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

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 person or entities (Ultimate Beneficiaries) (contd.)

For year ended March 31, 2022

Loans

The Holding Company has given loans to following subsidiaries for being further invested in step-down subsidiaries of the Holding Company

Sl.No.	Name of the subsidiary	Date on which loan was given to subsidiary	Amount invested in subsidiary (₹ in million)	Name of the beneficiary	Date on which loan was given by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary (₹ in million)
1	Bharat Forge America Inc.	March 14, 2022	153.22	Bharat Forge Aluminium USA, Inc.	March 14, 2022	153.22

For year ended March 31, 2021

Investments

The Holding Company has investments in following subsidiaries for being further invested in step-down subsidiaries of the Holding Company

Sl.No.	Name of the subsidiary	Date of investment into subsidiary	"Amount invested in subsidiary(₹ in million)	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	"Amount invested by Subsidiary into beneficiary(₹ in million)
1	Bharat Forge America Inc.	December 03, 2020	443.31	Bharat Forge Aluminium USA, Inc.	December 03, 2020	443.31

Loans

The Holding Company has given loans to following subsidiaries for being further invested in step-down subsidiaries of the Holding Company

Sl.No.	Name of the subsidiary	Date on which loan was given to subsidiary	"Amount invested in subsidiary(₹ in million)	Name of the beneficiary	Date on which loan was given by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary (₹ in million)
1	Bharat Forge Global Holding GmbH #	May 15, 2020	572.81	Bharat Forge CDP GmbH, Germany	May 15, 2020	319.14
				Bharat Forge Aluminiumtechnik GmbH (BFAT), Germany	May 15, 2020	253.67
2	Bharat Forge America Inc. $	July 08, 2020	375.20	Bharat Forge Aluminium USA, Inc.	July 08, 2020	375.20

Loan converted into equity on May 18, 2020

$ Loan converted into equity on July 8, 2020

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

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 person or entities (Ultimate Beneficiaries) (contd.)

For year ended March 31, 2022

Statement of compliance

With regard to the investments made, loan 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

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

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 person or entities (Ultimate Beneficiaries) (contd.)

Particulars of the intermediaries/ beneficiaries / ultimate beneficiaries

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 person or entities (Ultimate Beneficiaries)

(a) Kalyani Powertrain Limited ('KPL')

Investments

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 America Inc.	September 09, 2021	347.57	Kalyani Mobility Inc. ('KMI')	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. ('KMI')	February 10, 2022	149.98
		July 20, 2021	400.00	Tork Motors Private Limited #	November 24, 2021	399.98

\# Optionally convertible debentures which have been subsequently converted into shares

Statement of compliance

With regard to the investments made by KPL into KPM, as on March 31, 2022, KPL has complied with the relevant provisions of the Foreign Exchange ManagementAct, 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 ult imate beneficiaries

1 Tork Motors Pvt Ltd, India

Registered office : Plot No. 4/25, Sector No.10, PCNTDA, Pune 411026

Relationship with the beneficiary : Wholly owned subsidiary

2 Kalyani Mobility Inc.

Registered office : 160, Mine lake Court, Suite 200, Raleigh, North Carolina 27615, USA

Relationship with the beneficiary : Wholly owned subsidiary

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

54.2 Details of funds received by components of the group from Holding Company (Financing party), for lending or investing in components or other person or entities (Ultimate Beneficiaries) (contd.)

(b) BF Industrial Solutions Limited, India *

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*	September 07, 2021	750.00	BF Industrial Technology and Solutions Limited	September 07, 2021	750.00
2	Bharat Forge 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

Optionally convertible debentures which have been subsequently converted into shares

* Amount repaid back on the same date

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

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 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 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, investment in mutual funds, FVTOCI investments and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at March 31, 2022 and March 31, 2021.

The 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, 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:

- 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, 2022 and March 31, 2021 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 Group's exposure to the risk of changes in 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 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 tenor 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 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, 2022, 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, 2022 was ₹ 1,604.05 million and for year ended March 31, 2021 was ₹ 1,073.59 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

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

55. Financial risk management objectives and policies (contd.)

impact on floating rate long term borrowings, as follows:

Particulars	Change in basis points	Effect on profit before tax and equity	
		March 31, 2022	March 31, 2021
USD	+/- 50	28.42	33.62
EUR*	+50	59.03	66.91
EUR*	-50	(35.63)	(37.52)

*During 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 a 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 an 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 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 to the repayment date to avoid rupee volatility in 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, 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 fair value of the outstanding derivative in the financial statements. The impact on the Company's pre-tax equity due to changes in fair value of the outstanding forward contracts as follows:

Change in rate	Effect on OCI (in ₹ million)		Effect on net profit / (Loss) (in ₹ million)	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
USD/INR -1	628.22	561.23	7.03	Nil
EUR/INR -1	189.02	151.37	3.03	Nil
EUR/USD -0.01	Nil	Nil	24.91	19.33

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 Group's profit/loss before tax is due to 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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

55. Financial risk management objectives and policies (contd.)

Change in rate	Effect on Other Comprehensive Income (in ₹ million)		Effect on net profit / (Loss) before tax and equity (in ₹ million)	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
USD/INR -1	50.36	34.33	84.86	137.05
EUR/INR -1	41.81	29.68	89.55	102.80

Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the on-going purchase of steel. Due to 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 case of such pass-through arrangement.

Commodity price sensitivity

The Group has a back to back pass through arrangements for volatility in raw material prices for most of the customers. However, in few cases there may be lag effect in 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 ₹ 4,542.55 million (March 31, 2021: ₹ 974.23 million). Sensitivity analysis of major investments has been provided in Note 51.

At the reporting date, the exposure to listed equity securities at fair value was ₹ 647.32 million (March 31, 2021: ₹ 263.96 million). Change of 10% on the NSE market index could have an impact of approximately ₹ 64.73 million (March 31, 2021: ₹ 26.40 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 and zero-coupon bonds 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 and zero- coupon bonds, the Group diversifies its portfolio. Diversification and investment in the portfolio is done in accordance with 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 ₹ 48.86 million (March 31, 2021: ₹ 58.80 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 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, having long standing relationship with the Group. Outstanding customer receivables are regularly monitored and reconciled. At March 31, 2022, receivable from the Group's top 5 customers accounted for approximately 52.42% (March 31, 2021: 25.26%) of all the receivables outstanding. 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 in to homogeneous groups and assessed for impairment collectively. The calculation is based on historical data and subsequent expectation of receipts. The maximum exposure to credit risk at the reporting date is the carrying value of

Notes to Consolidated Financial Statements
for the year ended March 31, 2022 (Contd.)

55. Financial risk management objectives and policies (contd.)

each class of financial assets disclosed in Note 12. The Group does not hold collateral as security except in 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.

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 regular basis and the said limits gets revised as and when appropriate. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through 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, 2022 and March 31, 2021 is the carrying amounts as illustrated in the respective notes except for financial guarantees. With respect to financial derivative instruments refer note

Liquidity risk

Cash flow forecasting is performed by Treasury function. The Group's liquidity requirements are monitored at the Holding Company and individual component level by respective treasury functions to ensure 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 ₹ 20,042.47 million (March 31, 2021: ₹ 23,520.68 million) and other liquid assets of ₹ 5,982.56 million (March 31, 2021: ₹ 4,689.79 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 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 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, 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**
Settlement for anti-trust proceedings	304.37	2,531.93	-	**2,836.30**
	56,869.73	**21,862.72**	**1,645.78**	80,378.23
March 31, 2021				
Borrowings	23,625.88	21,494.43	677.22	**45,797.53**
Trade and other payables	12,068.36	-	-	**12,068.36**
Lease Liabilities	506.01	1,669.96	576.88	**2,752.85**
Other financial liabilities	5,431.95	1.28	-	**5,433.23**
Settlement for anti-trust proceedings	102.31	2,783.59	-	**2,885.90**
	41,734.51	**25,949.26**	**1,254.10**	68,937.87

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

The management believes that the probability of any outflow on account of financial guarantees and letter of support issued by the Group being called on is remote. Hence the same has not been included in the above table.

56. 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, 2022	As at March 31, 2021
Borrowings	56,545.38	49,953.72
Less: Cash and other liquid assets	26,025.03	28,210.13
Net debt	**30,520.35**	**21,743.59**
Equity	**65,706.74**	**54,468.14**
Net debt / equity Ratio	**0.46**	**0.40**

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. In relation to one of the subsidiary, which was not able to fulfil the debt obligations the group has subsequent to year end obtained waiver letter from the lender.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2022 and March 31, 2021.

57. 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 23, 2022, MCA notified the Companies (Indian Accounting Standards) Amendment Rules, 2022 which are applicable for annual periods beginning on or after April 01, 2022. Details of changes and preliminary analysis of its expected impact are as follows:

(a) Amendments to 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 Group has already transitioned to Ind-AS, there is no impact on its consolidated financial statements.

(b) Amendments to Ind-AS 103: Business Combinations

The amendment specifies that while applying acquisition method identifiable assets and liabilities should meet the definition of assets and liabilities as specified in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date and future costs cannot be included as part of liabilities. The Group has evaluated the amendment and there is no impact on its consolidated financial statements.

(c) Amendments to Ind-AS 109: Financial Instruments

This amendment clarifies the meaning of the term "substantially different", in case of repurchase of debt instrument by the issuer even when issuer in market maker and the related accounting treatment in case of extinguishment of debt or continuation

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

of debt. The Group has evaluated the impact of amendment on its consolidated financial statements and the impact is not expected to be material.

(d) Amendments to Ind-AS 16: Property, plant and equipment

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The Group has evaluated the amendment and there is no impact on its consolidated financial statements.

(e) Amendments to Ind-AS 37: Provisions, contingent liabilities and contingent assets

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The Group has evaluated the amendment and there is no impact on its consolidated financial statements.

58. Effect of global health pandemic relating to COVID-19

The ongoing spread of COVID-19 has impacted business in various countries including India and there have been disruptions to regular business operations due to COVID response measures undertaken in certain geographies. The Group has made assessment of liquidity, recoverable values of its financial and non-financial assets, financial and non-financial liabilities, carrying value of its subsidiaries including possible obligations arising from any ongoing negotiations with customers, vendors and regulatory exposures across businesses and geographies and has concluded that there are no material adjustments required in the financial statements. The management believes that it has assessed and taken all the possible impacts known from these events wherever the possible outcome is known. However, given the effect of these on the overall economic activity and in particular in the industry in which the Group operates, the impact assessment of COVID-19 is a continuous process, given the significant estimation and uncertainties associated with its nature, duration and outcome of any negotiations. The impact of global health pandemic might be different from that estimated as at the date of approval of these financial statements. The Group will continue to closely monitor any material changes to future economic conditions and its consequential impact on its financial statements.

59. Acquisition of non-controlling interest in Kalyani Strategic Systems Limited

During the year ended March 31, 2021, board of directors of the Holding Company had passed resolution for acquisition of non-controlling interest in KSSL. During the current year, on receipt of necessary approval from 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. The Group has recognised 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.

60. 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 year, the Board of Directors of the Holding Company considered the above and has decided to align the accounting periods for consolidation purposes of all the subsidiaries, associates and joint ventures for better presentation of operating performance of the Group. As a result, the accounting year of those foreign components have been aligned with that of the Holding Company. Consequently, the financial statements of these components have been 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 accounting period on key financial statement indicators in relation to the Group is presented below:

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

(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)

61. Employee share-based payments

One of the step down subsidiary company, 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 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 fair value of the share options was estimated at the grant date using fair value at which shares were issued to the holding company considering the terms and conditions upon which the share options were granted. The exercise price of the share options is the face value i.e. Rs 10. The contractual term of each option granted is 3 years.

(In ₹ Million)

Particulars	March 31, 2022	March 31, 2021*
Expense arising from equity-settled share-based payment transactions	16.29	-

*TMPL was not a subsidiary of the Group as at March 31, 2021

Movement in share options post acquisition of TMPL by the Group:

(In ₹ Million)

Particulars	Number of options
Outstanding as at acquisition date	1,223
Granted during the period	-
Forfeited during the period	-
Exercised during the period	-
Expired during the period	25
Outstanding at March 31, 2022	1,198
Exercisable at March 31, 2022	650

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

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 has been determined based on the price at which equity shares of the TMPL were issued to external investors.

62. Acquisition of JS Auto Cast Foundry India Private Limited

The Holding Company, through its wholly-owned subsidiary - BF Industrial Solutions Limited ("BFISL"), has entered into a Share Purchase Agreement ("SPA") for potential acquisition of 100% shareholding of JS Auto Cast Foundry India Private Limited ("JS Auto"), a Coimbatore based casting and machining Company. The completion of acquisition shall be subject to fulfilment of conditions precedent and in accordance with the terms agreed upon in the SPA.

63. Other statutory information

63.1. Relationship 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	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 Instauments 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

Notes to Consolidated Financial Statements

for the year ended March 31, 2022 (Contd.)

(In ₹ Million)

Name of the struck off company	Balance outstanding	Nature of transaction	Relationship with the struck off company
March 31, 2021			
Bharat Forge Limited (Holding Company)			
Havinhomes Reality & Consulting Services Private Limited	0.01	Payables	Vendor
PALS Specalised Tooling System Private Limited*	-	Payables	Vendor
Wisdom Solutions Private Limited*	-	Payables	Vendor

* 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.

63.2. There are no proceedings initiated or pending against the Group for holding any Benami property under Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

63.3. The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

63.4. The Company does not have any charge which is yet to be registered with Registrar of Companies beyond the statutory period. With regard to satisfaction of charges, few cases of the company is outstanding with ROC due to technical reasons and 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.

63.5. During the year ended March 31, 2022, 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).

63.6. The Group has not revalued any property, plant and equipment or intangible assets.

63.7. During the year ended March 31, 2022, the Group was not party to any approved scheme which needs approval from competent authority in terms of sections 230 to 237 of the Companies Act, 2013.

63.8. 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.

64. Previous year figures have been regrouped/ reclassified as considered necessary pursuant to amendments in Schedule III of the Companies Act, 2013, to conform with current period presentation wherever applicable.

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Huzefa Ginwala
Partner
Membership Number: 111757

Place: Pune
Date: May 16, 2022

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 & CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 16, 2022

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part “A”: Subsidiaries

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	Jan 21 to Dec 21	EUR	84.66	423.30	2,898.28	8,515.01	5,193.43	6,493.37	442.84	709.50	90.64	618.86	100%
2	Bharat Forge CDP GmbH	Jan 21 to Dec 21	EUR	84.66	42.33	3,527.65	9,901.89	6,331.91	131.22	14,786.09	435.98	31.27	404.71	100%
3	Bharat Forge Holding GmbH	Jan 21 to Dec 21	EUR	84.66	2.12	1,085.79	1,564.42	476.52	1,443.56	-	430.50	-	430.50	100%
4	Bharat Forge Aluminiumtechnik Gmbh	Jan 21 to Dec 21	EUR	84.66	702.68	1,379.15	11,516.42	9,434.59	-	6,665.17	434.08	-	434.08	100%
5	Bharat Forge Kilsta AB	Jan 21 to Dec 21	SEK	8.22	164.40	231.90	4,713.55	4,317.25	-	7,454.67	172.54	-	172.54	100%
6	Bharat Forge Daun GmbH	Jan 21 to Dec 21	EUR	84.66	4.23	299.46	1,331.88	1,028.18	-	1,465.33	150.72	1.46	149.26	100%
7	Mecanique Generale Langroise	Jan 21 to Dec 21	EUR	84.66	50.80	133.00	289.79	105.99	-	284.41	(50.86)	-	(50.86)	100%
8	Bharat Forge America Inc.	Jan 21 to Dec 21	USD	75.81	0.00	1,122.25	2,938.70	1,816.45	1,391.38	81.07	(207.11)	0.09	(207.20)	100%
9	Bharat Forge PMT Technologie LLC	Jan 21 to Dec 21	USD	75.81	7.39	1,244.54	1,955.68	703.75	-	2,349.29	(13.90)	-	(13.90)	100%
10	Bharat Forge Tennessee Inc.	Jan 21 to Dec 21	USD	75.81	0.00	522.63	571.13	48.50	281.27	27.29	6.00	0.10	5.90	100%
11	Bharat Forge Aluminium USA, Inc.	Jan 21 to Dec 21	USD	75.81	0.01	1,349.68	6,270.40	4,920.72	-	-	(283.00)	-	(283.00)	100%
12	Kalyani Mobility Inc (formerly Kalyani Precision Machining Inc.)	Jan 21 to Dec 21	USD	75.81	0.00	263.34	263.34	-	-	-	(96.72)	-	(96.72)	100%
13	Bharat Forge International Limited	Apr 21 to Mar 22	USD	75.81	7.94	1,605.74	19,752.36	18,138.68	130.34	26,935.65	454.28	93.14	361.14	100%
14	BF Infrastructure Limited	Apr 21 to Mar 22	INR	1.00	2,239.67	(1,924.47)	390.49	75.30	0.05	92.05	23.30	-	23.30	100%
15	Kalyani Strategic Systems Limited	Apr 21 to Mar 22	INR	1.00	421.33	(30.47)	481.06	90.20	200.01	56.08	(15.93)	0.00	(15.94)	100%
16	Kalyani Rafael Advanced Systems Private Limited	Apr 21 to Mar 22	INR	1.00	398.03	(32.96)	891.21	526.15	-	750.93	2.24	1.45	0.79	50%
17	BF Elbit Advanced Systems Private Limited	Apr 21 to Mar 22	INR	1.00	19.80	(148.79)	29.92	158.91	-	-	(0.02)	-	(0.02)	51%
18	Analogic Controls India Limited	Apr 21 to Mar 22	INR	1.00	184.90	(135.57)	69.48	20.15	-	27.44	(20.87)	0.01	(20.87)	100%
19	BFIL-CEC JV	Apr 21 to Mar 22	INR	1.00	-	(1.76)	6.28	8.04	-	-	(0.10)	-	(0.10)	74%
20	Kalyani Centre for Precision Technology Limited	Apr 21 to Mar 22	INR	1.00	690.88	(13.71)	884.63	207.46	-	265.17	12.96	6.31	6.65	100%
21	Eternus Performance Material Private Limited	Apr 21 to Mar 22	INR	1.00	1.63	(3.55)	39.73	41.65	-	6.72	(1.25)	(0.17)	(1.08)	51%
22	Kalyani Powertrain Limited	Apr 21 to Mar 22	INR	1.00	1,623.24	(22.19)	1,715.49	114.43	1.20	-	(16.44)	-	(16.44)	100%
23	Tork Motors Private Limited	Apr 21 to Mar 22	INR	1.00	0.42	461.83	620.63	158.38	75.87	44.62	(83.24)	-	(83.24)	64.29%
24	Lycan Electric Private Limited	Apr 21 to Mar 22	INR	1.00	1.33	(2.91)	2.02	3.60	-	-	(0.18)	-	(0.18)	64.29%
25	BF Industrial Solutions Limited (Formerly Nouveau Power and Infrastructure Private Limited)	Apr 21 to Mar 22	INR	1.00	920.00	(7.18)	921.52	8.70	900.50	1.50	(7.04)	-	(7.04)	100%
26	BF Industrial Technology & Solutions Limited (Formerly Sanghvi Forging and Engineering Limited)	Apr 21 to Mar 22	INR	1.00	900.50	(271.00)	918.87	289.37	-	627.94	250.39	8.67	241.72	100%

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "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

Sr. No.	Name of Associates/Joint Ventures	Ferrovia Transrail Solutions Private Limited	BF Premier Energy Systems Private Limited	Aeron Systems Private Limited	Refu Drive GmbH
1	Latest audited Balance Sheet Date	March 31, 2022	March 31, 2022	March 31, 2022	December 31, 2021
2	Shares of Associate/Joint Ventures held by the company on the year end				
i	Nos.	4,900	100,000	136,500	12,500
ii	Amount of Investment in Associates/Joint Venture	0.05	1.00	140.00	919.14
iii	Extend of Holding %	49.00%	50.00%	37.14%	50.00%
3	Description of how there is significant influence	Note-A	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	Consolidated by equity method
5	Net worth attributable to Shareholding as per latest audited Balance Sheet	(7.09)	(0.09)	91.13	274.82
6	Profit / Loss for the year				
i	Considered in Consolidation	5.21	(0.06)	(3.41)	(163.65)
ii	Not Considered in Consolidation	-	(0.05)	(5.78)	(163.64)

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 & CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 16, 2022

NOTES

NOTES

BHARAT FORGE | KALYANI

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