Independent Auditor's Report

To the Members of Bharat Forge Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Bharat Forge Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associates and its joint ventures, which comprise the consolidated balance sheet as at 31 March 2023, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate/consolidated financial statements of such subsidiaries and associate as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint ventures as at 31 March 2023, of its consolidated profit and other comprehensive loss, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associates and joint ventures in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of reports of the other auditors referred to in paragraph (a) of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment and based on the consideration of reports of other auditors on separate/consolidated financial statements of components audited by them, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report (Contd.)

Revenue from Sale of Products

See Note 2 F. and Note 24 to consolidated financial statements

The key audit matter	How the matter was addressed in our audit
The Group's revenue is derived primarily from sale of goods. The Group manufactures specialised forged and machined products as per specifications provided by its customers. Revenue from sale of goods is recognised at a point in time when performance obligation is satisfied and is based on the transfer of control to the customer as per terms of the contract with them which may vary for each customer. The Group and its external stakeholders focus on revenue as a key performance metric. Revenue recognition has been identified as a key audit matter as there could be incentives or external pressures to meet expectations resulting in revenue being overstated or recognised before the control has been transferred.	In view of the significance of the matter we and other auditors applied the following audit procedures in this area, to obtain sufficient appropriate audit evidence: • We and other auditors assessed the appropriateness of Group's accounting policies for revenue recognition by comparing with applicable accounting standards. • We and other auditors evaluated the design, implementation and operating effectiveness (wherever applicable) of key internal controls over recognition of revenue. • On a sample basis, we and other auditors tested revenue transactions recorded during the year by verifying the underlying documents to assess whether revenue is recognised appropriately when control is transferred. • We and other auditors tested, on a sample basis specific revenue transactions recorded before and after the financial year-end date to assess whether revenue is recognised in the correct financial period in which control if transferred. • We and other auditors scrutinised journal entries related to revenue recognised during the year based upon specified risk-based criteria, to identify unusual or irregular items.

Independent Auditor's Report (Contd.)

Assessment of impairment of Goodwill and Property, Plant and Equipment (PPE) in relation to Cash Generating Units (CGU) at certain wholly owned subsidiaries

See Note 2 P. and Note 3 to consolidated financial statements

The key audit matter	How the matter was addressed in our audit
The respective companies in the group periodically assess if there are any impairment indicators for recognising impairment loss in respect of the CGUs. An annual impairment test is done for those CGUs which include Goodwill. As at 31 March 2023, certain subsidiaries in India, Germany, USA and Sweden identified indicators for impairment. The impairment assessment of the CGUs of such subsidiaries involves significant judgements and estimates including future business projections, discount rates and other assumptions. Accordingly, this matter has been identified as a key audit matter.	The audit procedures performed by the respective auditors of those subsidiaries included the following: • Obtained understanding of the respective subsidiary's process for assessing the indicators of impairment of the CGU and the process followed for estimation of the recoverable value. • Evaluated the design and implementation of controls. • Assessed the methodology used by the subsidiary to estimate the recoverable value of the relevant CGU. • Evaluated the assumptions around key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates. • Performed sensitivity analysis of key assumptions used to determine which assumptions could change the outcome of impairment assessment. • Involved specialists to assist in evaluating the impairment model, assumptions and estimates, where applicable.

Other Information

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the financial statements and auditor's report thereon.

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

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

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive

Independent Auditor's Report (Contd.)

income, consolidated statement of changes in equity and consolidated cash flows of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and the respective Board of Directors of its associates and joint ventures are responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

Independent Auditor's Report (Contd.)

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements/financial information of such entity or business activities within the Group and its associates and joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements/financial information of such entity included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph (a) of the section titled "Other Matters" in this audit report.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

a. The consolidated financial statements of the Group and its associates and joint ventures for the year ended 31 March 2022 were audited by the predecessor auditor who had expressed an unmodified opinion on 16 May 2022.

b. We did not audit the financial information of 30 subsidiaries, whose financial information reflects total assets (before consolidation adjustments) of ₹ 92,138 million as at 31 March 2023, total revenues (before consolidation adjustments) of ₹ 83,919 million and net cash outflows (before consolidation adjustments) amounting to ₹ 697 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Holding Company's share of net loss

Independent Auditor's Report (Contd.)

(and other comprehensive loss) of ₹ 1 million for the year ended 31 March 2023, in respect of one associate, whose financial information has not been audited by us. These financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate is based solely on the reports of the other auditors.

One of above subsidiaries is located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in its country and which has been audited by the other auditor under generally accepted auditing standards applicable in its country. The Holding Company's management has converted the financial information of such subsidiary located outside India from accounting principles generally accepted in its country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India is based on the reports of the other auditor and the conversion adjustments prepared by the management of the Holding Company and audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

c. The financial information of three subsidiaries, whose financial information reflects total assets (before consolidation adjustments) of ₹ 35 million as at 31 March 2023, total revenues (before consolidation adjustments) of ₹ 12 million and net cash inflows (before consolidation adjustments) amounting to ₹ 0.02 million for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. The consolidated financial statements also include the Group's share of net loss (and other comprehensive loss) of ₹ 334 million for the year ended 31 March 2023, as considered in the consolidated financial statements, in respect of two associates and four joint ventures, whose financial information have not been audited by us or by other auditors. This unaudited financial information have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associates, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of this matter with respect to the financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2 A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate/consolidated financial statements of such subsidiaries and associate as were audited by other auditors, as noted in the "Other Matters" paragraph, we report, to the extent applicable, that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors of the Holding Company as on 31 March 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate company incorporated in India, none of the directors of the Group companies, its associate companies and joint venture companies incorporated in India is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies and associate company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate/consolidated financial statements of the subsidiaries and associate, as noted in the "Other Matters" paragraph:

a. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2023 on the consolidated financial position of the Group. Refer Note 41 to the consolidated financial statements.

b. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts. Refer Note 9 to the consolidated financial statements in respect of such items as it relates to the Group.

c. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company, except for delays in depositing INR 0.55 million ranging from 7 years to 18 years which is unpaid as at 31 March 2023.

d (i) The respective management of the Holding Company and its subsidiary companies and associate company incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary companies

Independent Auditor's Report (Contd.)

and associate company respectively that, to the best of their knowledge and belief, other than as disclosed in the Note 54.1 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiary companies and associate company incorporated in India to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiary companies and associate company incorporated in India ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The respective management of the Holding Company and its subsidiary companies and associate company incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary companies and associate company respectively that, to the best of their knowledge and belief, other than as disclosed in the Note 54.2 to the consolidated financial statements, no funds have been received by the Holding Company or any of such subsidiary companies and associate company incorporated in India from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiary companies and associate company incorporated in India shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiary companies and associate company incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditors notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

e. The interim dividend declared and paid by the Holding Company during the year and until the date of this audit report is in compliance accordance with Section 123 of the Act. The final dividend paid by the Holding Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend. As stated in Note 17 to the consolidated financial statements, the respective Board of Directors of the Holding Company have proposed final dividend for the year which is subject to the approval of the respective members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Holding Company or any of such subsidiary companies and associate company incorporated in India only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

Independent Auditor's Report (Contd.)

C. In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies and associate company incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary companies and associate company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies and associate company is not in excess of the limit laid down under Section 197 of the Act. However, the re-appointment of the Chairman and Managing Director for the period from 30 March 2023 to 28 March 2028 and the remuneration for this period are subject to approval of the shareholders, for which the Holding Company has started the process of obtaining approval by postal ballot, in accordance with the provisions of the Companies Act, 2013 (Also refer note 48 (iv) to the consolidated financial statements). The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No.:101248W/W-100022

Shiraz Vastani
Partner
Membership No.: 103334
ICAI UDIN:23103334BGYMRM1107

Place: Pune
Date: 05 May 2023

Independent Auditor's Report (Contd.)

Annexure A to the Independent Auditor's Report on the Consolidated Financial Statements of Bharat Forge Limited for the year ended 31 March 2023

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(xxi) In our opinion and according to the information and explanations given to us, following companies incorporated in India and included in the consolidated financial statements, have unfavourable remarks, qualification or adverse remarks given by the respective auditors in their reports under the Companies (Auditor's Report) Order, 2020 (CARO):

Sr. No.	Name of the entities	CIN	Holding Company/ Subsidiary/JV/ Associate	Clause number of the CARO report which is unfavourable or qualified or adverse
1	Bharat Forge Limited	L25209PN1961PLC012046	Holding Company	(i) (c), (iii) (c), (iii) (e), (vii) (a)
2	BF Industrial Solutions Limited	U29100PN2011PLC138621	Subsidiary	(xvii)
3	Kalyani Powertrain Limited	U29308PN2020PLC194429	Subsidiary	(iii) (e), (vii) (a), (xvii)
4	Lycan Electric Private Limited	U50200PN2015PTC156029	Subsidiary	(xvii)
5	Kalyani Strategic Systems Limited	U31902PN2010PLC138025	Subsidiary	(iii) (c) (xvii)
6	Electroforge Limited	U31909PN2022PLC213390	Subsidiary	(xvii)
7	Kalyani Lightweighting Technology Solutions Limited	U29299PN2022PLC213002	Subsidiary	(xvii)
8	Kalyani Centre For Precision Technology Limited	U29304PN2019PLC188666	Subsidiary	(ii) (b)
9	BF Infrastructure Limited	U45203PN2010PLC136755	Subsidiary	(xvii)
10	Sagar-Manas Technologies Limited	U29100PN2022PLC209117	Subsidiary	(xvii)
11	Ferrovia Transrail Solution Private Limited	U45300DL2012PTC239645	Subsidiary	(xvii)
12	Tork Motors Private Limited	U34104PN2010PTC135855	Subsidiary	(ix) (a) (xvii)
13	BF Elbit Advanced Systems Private Limited	U29270PN2012PTC144268	Subsidiary	(xvii)
14	Kalyani Rafael Advanced Systems Private Limited	U29270PN2015PTC156252	Subsidiary	(vii) (a)

Independent Auditor's Report (Contd.)

The above does not include comments, if any, in respect of the following entities as the CARO report relating to them has not been issued by its auditor till the date of principal auditor's report.

Name of the entities	CIN	Subsidiary/JV/ Associate
Eternus Performance Materials Private Limited	U74900PN2012PTC144091	Subsidiary
Avaada MHVidarbha Private Limited	U40106UP2021PTC144594	Associate
BF Premier Energy Systems Private Limited	U24292PN2015PTC154278	Joint Venture
BF-NTPC Energy Systems Limited	U40106DL2008PLC179793	Joint Venture
Refu Drive India Private Limited	U31909PN2019PTC185291	Joint Venture

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.:101248W/W-100022

Shiraz Vastani
Partner
Membership No.: 103334
ICAI UDIN:23103334BGYMRM1107

Place: Pune
Date: 05 May 2023

Independent Auditor's Report (Contd.)

Annexure B to the Independent Auditor's Report on the consolidated financial statements of Bharat Forge Limited for the year ended 31 March 2023

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of Bharat Forge Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company and such companies incorporated in India under the Act which are its subsidiary companies, its associate companies and joint venture companies, as of that date.

In our opinion and based on the consideration of reports of the other auditors on internal financial controls with reference to financial statements of subsidiary companies and associate company, as were audited by the other auditors, the Holding Company and such companies incorporated in India which are its subsidiary companies, its associate companies and joint venture companies, have, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The respective Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the respective company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

Independent Auditor's Report (Contd.)

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies and associate company in terms of their reports referred to in the other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to 16 subsidiary companies and one associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

The internal financial controls with reference to financial statements insofar as it relates to one subsidiary company, one associate company and three joint venture companies, which are companies incorporated in India and included in these consolidated financial statements, have not been audited either by us or by other auditors. In our opinion and according to the information and explanations given to us by the Management, such unaudited subsidiary company, associate company and joint venture companies are not material to the Holding Company.

Our opinion is not modified in respect of above matters.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.:101248W/W-100022

Shiraz Vastani
Partner
Membership No.: 103334
ICAI UDIN:23103334BGYMRM1107

Place: Pune
Date: 05 May 2023

Consolidated Balance Sheet

as at March 31, 2023

In ₹ Million

			Notes	As at March 31, 2023	As at March 31, 2022
Assets					
I.	**Non-current assets**				
	(a)	Property, plant and equipment	3	52,723.01	43,964.66
	(b)	Capital work-in-progress	3	6,963.86	11,247.55
	(c)	Investment property	4	2.89	2.89
	(d)	Goodwill	3	2,954.72	506.43
	(e)	Other intangible assets	5	816.46	690.35
	(f)	Intangible assets under development	5	47.75	-
	(g)	Right-of-use asset	43	5,112.02	3,535.54
	(h)	Investment in associates and joint ventures	6	586.52	805.22
	(i)	Financial assets			
		(i) Investments	7	14,601.13	6,152.10
		(ii) Loans	8	56.78	169.61
		(iii) Trade receivables	12	113.25	113.25
		(iv) Derivative instruments	9	822.17	2,662.32
		(v) Other financial assets	10	570.14	677.79
	(j)	Deferred tax assets (net)	21	1,495.30	1,171.07
	(k)	Income tax assets (net)		802.48	550.24
	(l)	Other assets	14	6,153.21	4,530.74
				93,821.69	**76,779.76**
II.	**Current assets**				
	(a)	Inventories	11	31,262.54	27,104.57
	(b)	Financial assets			
		(i) Investments	7	10,500.56	19,080.24
		(ii) Trade receivables	12	30,874.57	21,622.95
		(iii) Cash and cash equivalents	13	5,087.13	5,584.24
		(iv) Other bank balances	13	5,308.06	445.93
		(v) Loans	8	127.02	166.77
		(vi) Derivative instruments	9	1,325.53	1,361.34
		(vii) Other financial assets	10	734.07	753.77
	(c)	Other assets	14	4,800.70	3,189.77
				90,020.18	**79,309.58**
	Total Assets			**183,841.87**	**156,089.34**
Equity and Liabilities					
	Equity				
	(a)	Equity share capital	15	931.27	931.27
	(b)	Other equity	16	66,123.99	64,775.47
	Equity attributable to equity holders of the parent			**67,055.26**	**65,706.74**
	Non-controlling interests		37	360.72	560.77
	Total equity			**67,415.98**	**66,267.51**
	Liabilities				
I.	**Non-current liabilities**				
	(a)	Financial liabilities			
		(i) Borrowings	18	17,512.72	17,873.43
		(ii) Lease liabilities	43	4,161.77	2,835.16
		(iii) Derivative instruments	19a	146.08	-
		(iv) Other financial liabilities	19	391.09	247.65
	(b)	Provisions	20	1,411.73	1,760.71
	(c)	Deferred tax liabilities (net)	21	2,153.27	2,889.16
	(d)	Other liabilities	23	7,880.66	3,073.52
				33,657.32	**28,679.63**
II.	**Current liabilities**				
	(a)	Financial liabilities			
		(i) Borrowings	18	51,010.61	38,671.95
		(ii) Lease liabilities	43	447.27	335.72
		(iii) Trade payables	22		
		Dues to micro enterprises and small enterprises		493.46	100.91
		Dues to other than micro enterprises and small enterprises		21,019.94	16,212.74
		(iv) Derivative instruments	19a	46.38	-
		(v) Other financial liabilities	19	1,799.44	1,264.37
	(b)	Other liabilities	23	6,563.98	3,141.03
	(c)	Provisions	20	901.32	916.45
	(d)	Current tax liabilities (net)		486.17	499.03
				82,768.57	**61,142.20**
	Total liabilities			**116,425.89**	**89,821.83**
	Total equity and liabilities			**183,841.87**	**156,089.34**

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Shiraz Vastani
Partner
Membership Number: 103334

Place: Pune,
Date: May 05, 2023

For and on behalf of the Board of Directors of Bharat Forge Limited

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

G. K. Agarwal
Deputy Managing Director
DIN : 00037678

Kishore Saletore
Executive Director and CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 05, 2023

Consolidated Statement of Profit and Loss

for the year ended March 31, 2023

In ₹ Million

	Notes	Year ended March 31, 2023	Year ended March 31, 2022 (Refer note 58)
Income			
Revenue from operations	24	129,102.59	104,610.78
Other income	25	1,728.57	1,959.00
Total income [i]		**130,831.16**	**106,569.78**
Expenses			
Cost of raw materials and components consumed	26	60,649.93	46,175.79
Purchase of traded goods		1,664.03	1,883.13
(Increase) in inventories of finished goods, work-in-progress, traded goods, dies and scrap	27	(2,700.43)	(5,899.30)
Employee benefits expense	28	15,631.00	14,646.83
Finance costs	29	2,986.20	1,604.05
Depreciation, amortisation and impairment expense	30	7,355.86	7,303.01
Other expenses	31	36,182.83	27,644.98
Total expenses [ii]		**121,769.42**	**93,358.49**
Profit before share of (loss) of associates and joint ventures, exceptional items and tax [i - ii]		**9,061.74**	**13,211.29**
Share of (loss) of associates and joint ventures		(333.48)	(329.30)
Income tax expense/(credit)		0.90	0.90
Share of (loss) of associates and joint ventures		**(334.38)**	**(330.20)**
Profit before exceptional items and tax		**8,727.36**	**12,881.09**
Exceptional items gain/(loss)	32	(457.91)	924.05
Profit before tax		**8,269.45**	**13,805.14**
Income tax expense	21		
Current tax		3,951.57	3,529.58
Deferred tax (credit)		(765.99)	(495.05)
Income tax expense		**3,185.58**	**3,034.53**
Profit for the year		**5,083.87**	**10,770.61**
Other comprehensive income			
Other comprehensive income/(loss) not to be reclassified to profit and loss in subsequent periods (net of tax)			
- Re-measurement gains on defined benefit plans	33	358.64	362.73
- Net gain on FVTOCI equity securities	33	242.59	2,025.46
- Share of other comprehensive income of associates and joint ventures	33	(0.89)	0.57
		600.34	**2,388.76**
Income tax effect	33	**(121.04)**	**(499.29)**
(A)		**479.30**	**1,889.47**

Consolidated Statement of Profit and Loss

for the year ended March 31, 2023 (contd.)

In ₹ Million

	Notes	Year ended March 31, 2023	Year ended March 31, 2022 (Refer note 58)
Other comprehensive income/(loss) to be reclassified to profit and loss in subsequent periods (net of tax)			
- Non-controlling interest reserve [Refer note 59]	33	-	(148.19)
- Net movement on cash flow hedges	33	(2,103.56)	1,008.09
- Foreign Currency Translation reserve	33	397.45	(152.11)
		(1,706.11)	**707.79**
Income tax effect	**33**	**529.43**	**(245.85)**
(B)		**(1,176.68)**	**461.94**
Other comprehensive income for the year (net of tax) [A+B]		**(697.38)**	**2,351.41**
Total comprehensive income for the year (net of tax)		**4,386.49**	**13,122.02**
Of the total comprehensive income above,			
Attributable to:			
Equityholders of the parent		4,586.54	13,168.82
Non-controlling interests		(200.05)	(46.80)
Of the total comprehensive income above,			
Profit for the year			
Attributable to:			
Equityholders of the parent		5,283.64	10,817.56
Non-controlling interests		(199.77)	(46.95)
Of the total comprehensive income above,			
Other comprehensive income/(loss) for the year			
Attributable to:			
Equityholders of the parent		(697.10)	2,351.26
Non-controlling interests		(0.28)	0.15
Earnings per equity share [nominal value per share ₹ 2/- (March 31, 2022: ₹ 2/-)]	**34**		
Basic		11.35	23.23
Diluted		11.35	23.23

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Shiraz Vastani
Partner
Membership Number: 103334

Place: Pune
Date: May 05, 2023

For and on behalf of the Board of Directors of Bharat Forge Limited

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

G. K. Agarwal
Deputy Managing Director
DIN : 00037678

Kishore Saletore
Executive Director and CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 05, 2023

Consolidated Statement of changes in equity

for the year ended March 31, 2023

A. Equity share capital:

Equity shares of ₹ 2/- each issued, subscribed and fully paid

	No.
As at March 31, 2023	465,588,632
As at March 31, 2022	465,588,632
As at April 1, 2021	465,588,632

For the year ended 31st March 2023

In ₹ Million

Balance as on April 1, 2022	Changes in equity share capital during the current year	Balance as on March 31, 2023
931.27	-	931.27

For the year ended 31st March 2022

In ₹ Million

Balance as on April 1, 2021	Changes in equity share capital during the current year	Balance as on March 31, 2022
931.27	-	931.27

B. Other equity

In ₹ Million

Particulars	Attributable to the equity holders of the parent											
	Reserves and Surplus (Refer note 16)					Items of OCI (Refer note 16)						
	Securities premium	Capital reserves	Employee stock option outstanding	General reserve	Retained Earnings	Foreign currency translation reserve (FCTR)	Equity instruments through other comprehensive income	Non-controlling interest reserve	Cash flow hedge reserve	Sub Total	Non Controlling interests	Total
Balance as at April 1, 2022	6,930.89	15.50	16.29	3,230.48	48,867.41	1,074.38	1,974.15	(148.19)	2,814.56	64,775.47	560.77	65,336.24
- Profit/(Loss) for the year	-	-	-	-	5,283.64	-	-	-	-	5,283.64	(199.77)	5,083.87
- Other Comprehensive Income/(Loss)	-	-	-	-	248.48	397.45	231.10	-	(1,574.14)	(697.11)	(0.28)	(697.39)
- Compensation options granted during the year [Refer note 16 (d)]	-	-	21.11	-	-	-	-	-	-	21.11	-	21.11
	-	**-**	**21.11**	**-**	**5,532.12**	**397.45**	**231.10**	**-**	**(1,574.14)**	**4,607.64**	**(200.05)**	**4,407.59**
Transaction with owners in their capacity as owners												
- Final equity dividend	-	-	-	-	(2,560.74)	-	-	-	-	(2,560.74)	-	(2,560.74)
- Interim equity dividend	-	-	-	-	(698.38)	-	-	-	-	(698.38)	-	(698.38)
Balance as at March 31, 2023	6,930.89	15.50	37.40	3,230.48	51,140.41	1,471.83	2,205.25	(148.19)	1,240.42	66,123.99	360.72	66,484.71

Consolidated Statement of changes in equity

for the year ended March 31, 2023 (contd.)

B. Other equity (contd.)

In ₹ Million

Particulars	Securities premium	Capital reserves	Employee stock option outstanding	General reserve	Retained Earnings	Foreign currency translation reserve (FCTR)	Equity instruments through other comprehensive income	Non-controlling interest reserve	Cash flow hedge reserve	Sub Total	Non Controlling interests	Total
	Attributable to the equity holders of the parent											
	Reserves and Surplus (Refer note 16)					Items of OCI (Refer note 16)						
Balance as at April 1, 2021	**6,930.89**	**15.50**	**16.29**	**3,230.48**	**39,417.42**	**1,226.49**	**346.82**	**-**	**2,052.32**	**53,236.21**	**316.95**	**53,553.16**
- Profit/(Loss) for the year	-	-	-	-	10,817.56	-	-	-	-	10,817.56	(46.95)	10,770.61
- Other Comprehensive Income/(Loss)	-	-	-	-	261.99	(152.11)	1,627.33	(148.19)	762.24	2,351.26	0.15	2,351.41
- Compensation options granted during the year [Refer note 16 (d)]	-	-	-	-	-	-	-	-	-	-	-	-
	-	**-**	**-**	**-**	**11,079.55**	**(152.11)**	**1,627.33**	**(148.19)**	**762.24**	**13,168.82**	**(46.80)**	**13,122.02**
Acquisition of subsidiary's non-controlling interest (net) [Refer note 59]	-	-	-	-	-	-	-		-	-	290.62	290.62
Transaction with owners in their capacity as owners												
- Final equity dividend	-	-	-	-	(931.18)	-	-	-	-	(931.18)	-	(931.18)
- Interim equity dividend	-	-	-	-	(698.38)	-	-	-	-	(698.38)	-	(698.38)
Balance as at March 31, 2022	**6,930.89**	**15.50**	**16.29**	**3,230.48**	**48,867.41**	**1,074.38**	**1,974.15**	**(148.19)**	**2,814.56**	**64,775.47**	**560.77**	**65,336.24**

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Shiraz Vastani
Partner
Membership Number: 103334

Place: Pune
Date: May 05, 2023

For and on behalf of the Board of Directors of **Bharat Forge Limited**

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

G. K. Agarwal
Deputy Managing Director
DIN : 00037678

Kishore Saletore
Executive Director and CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 05, 2023

Consolidated Cash flow statement

for the year ended March 31, 2023

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Operating activities		
Profit after exceptional items & before tax	8,269.45	13,805.14
Add/(Less): Share of (loss) of associates and joint ventures (net of tax)	(334.38)	(330.20)
	8,603.83	14,135.34
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	7,355.86	7,303.01
Unrealised foreign exchange (gain)/MTM (net)	(412.88)	(502.98)
Interest income	(291.94)	(219.86)
Liabilities/provision no longer required written back	(98.10)	(246.41)
Provision for doubtful debts and advances (net) including expected credit loss	70.44	111.88
Bad debts/advances written off	72.46	5.16
Finance costs	2,986.03	1,604.26
(Gain) on sale of property, plant and equipment (net)	(42.72)	(223.46)
Dividend income from investment	(5.11)	(4.41)
Net loss/(gain) on sale of financial investments	(1,432.67)	(903.83)
Net loss/(gain) on fair valuation of financial instruments (FVTPL)	654.12	129.10
Share based payment expense	21.11	16.29
Non-cash exceptional items	-	(1,140.06)
Effects of consolidation	-	788.35
Operating profit before working capital changes	17,480.43	20,852.38
Working capital adjustments		
(Increase)/decrease in trade receivables	(7,687.58)	(8,035.43)
(Increase)/decrease in inventories	(3,623.38)	(9,076.27)
(Increase)/decrease in other financial assets	247.03	711.99
(Increase)/decrease in other assets	(1,531.41)	(799.59)
Increase/(decrease) in provisions	(320.57)	(166.82)
Increase/(decrease) in trade payables	4,338.99	4,328.65
Increase/(decrease) in other financial liabilities	62.51	37.14
Increase/(decrease) in other liabilities	8,150.97	731.76
Cash generated from operations	17,116.99	8,583.81
Income taxes paid (net of refunds)	(4,172.33)	(3,525.33)
Net cash flow from operating activities (I)	12,944.66	5,058.48
Investing activities		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress, capital creditors and capital advances)	(9,961.82)	(10,683.30)
Proceeds from sale of property, plant and equipment and intangible assets	263.18	1,036.96
Investments in joint venture/associates	(113.75)	-
Acquisition of a subsidiary, net of cash acquired	(3,376.73)	(1,441.80)
Loan given to joint venture/associates	(4.28)	(122.41)
Proceeds from loan given to joint venture/associates	11.56	67.49
Loan given to employees/others	-	(121.84)
Proceeds from loan given to employees/others	-	90.54
Investments in mutual funds, fixed deposits and other deposits	(113,521.16)	(83,807.90)
Proceeds from sale of financial instruments including fixed deposits	109,816.43	87,853.52
Interest received	168.13	223.83
Dividend received	5.11	4.41
Net cash flows (used in) investing activities (II)	(16,713.33)	(6,900.50)

Consolidated Cash flow statement

for the year ended March 31, 2023 (contd.)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Financing activities		
Dividend paid on equity shares	(3,252.83)	(1,641.68)
Interest paid on lease liability	(276.07)	-
Interest paid on borrowing and other liabilities	(2,111.42)	(1,444.12)
Acquisition of non-controlling interest	-	(329.68)
Payment of principal portion of lease liabilities	(368.84)	(579.81)
Proceeds from borrowings including bill discounting	77,101.66	66,810.15
Repayment of borrowings including bill discounting	(68,289.81)	(59,713.20)
Net cash flows from financing activities (III)	**2,802.69**	**3,101.66**
Net (decrease)/increase in cash and cash equivalents (I + II + III)	**(965.98)**	**1,259.64**
Net foreign exchange difference	**57.58**	**3.56**
Cash and cash equivalents at the beginning of the year*	**5,584.24**	**4,473.15**
Cash and cash equivalents at the end of the year*	**4,675.84**	**5,736.35**
Foreign currency translation reserve movement	**397.42**	**(152.11)**
Cash and cash equivalents on acquisition of subsidiary	**13.87**	**-**
Cash and cash equivalents at the end of the year*	**5,087.13**	**5,584.24**

* Excluding earmarked balances (on unclaimed dividend and unspent CSR accounts)

Cash and Cash equivalents for the purpose of cash flow statement

In ₹ Million

	Year ended March 31, 2023	Year ended March 31, 2022
Bank Balances		
In cash credit and current accounts	4,924.34	4,889.16
Deposits with original maturity of less than three months	160.21	549.93
Cash on hand	2.58	145.15
Total	**5,087.13**	**5,584.24**

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Shiraz Vastani
Partner
Membership Number: 103334

Place: Pune
Date: May 05, 2023

For and on behalf of the Board of Directors of Bharat Forge Limited

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

G. K. Agarwal
Deputy Managing Director
DIN : 00037678

Kishore Saletore
Executive Director and CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 05, 2023

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

1. Corporate Information

The consolidated financial statements comprise financial statements of Bharat Forge Limited ("the Holding Company") and its subsidiaries (collectively, the Group) and the Group's interest in associates and Joint Ventures for the year ended March 31, 2023. Bharat Forge Limited ("the Company") is a public Company domiciled in India. Its shares are listed on two stock exchanges in India. The Group is engaged in the manufacturing, assembling and selling of forged and machined components including aluminium castings for the auto and industrial sector and also in the manufacturing and assembly of electric vehicle related components. The Group caters to both domestic and international markets. The registered office of the Company is located at Mundhwa, Pune. The Holding Company's CIN is L25209PN1961PLC012046. The consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors on May 5, 2023.

2. Significant accounting policies

2.1 Basis of preparation

These consolidated financial statements ('CFS') of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the CFS.

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments;
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

In addition, the carrying values of recognised assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The consolidated financial statements are presented in INR and all values are rounded to the nearest million (INR 000,000), except when otherwise indicated.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiaries as at March 31, 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

2.2 Basis of consolidation (contd.)

- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Till the financial year ended March 31, 2021, the consolidated financial statements in respect of overseas subsidiaries (other than Bharat Forge International Limited), associates and joint ventures including their respective subsidiaries/associates were drawn for the year ended December 31, 2020, whereas the financial statements of the Holding Company were drawn for the year ended March 31, 2021.

During the previous year, the Board of Directors of the Holding Company had decided to align the accounting year of overseas subsidiaries, associates and joint ventures (other than components with the accounting year of the Holding Company). Consequently, the financial statements of these components had been prepared for 15 months from January 1, 2021 to March 31, 2022, whereas the financial statements of the Holding Company are drawn for 12 months starting from April 1, 2021 to March 31, 2022. Hence current year consolidated financials are not directly comparable to the consolidated financials of the year ended March 31, 2022.

The financial statements of Bharat Forge International Limited have been prepared for the year ended March 31, 2023 and March 31, 2022. The financial statements of Indian subsidiaries/associates/jointly controlled entities have been drawn for the year ended March 31, 2023 and March 31, 2022.

Consolidation procedure:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, the income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

2.2 Basis of consolidation (contd.)

b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c) Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in the statement of profit and loss
- Reclassifies the parent's share of components previously recognised in OCI to the statement of profit and loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

When the proportion of the equity held by non-controlling interest changes, the Group adjusts the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, is directly recognised in equity and attributed to the owners of the parent.

2.3 Summary of significant accounting policies

A. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred at the acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

A. Business combinations and goodwill (contd.)

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that the outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured on the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively
- Potential tax effects of temporary differences and carry forwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are accounted for in accordance with Ind AS 12

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in the statement of profit and loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the fair value of the net assets assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

A. Business combinations and goodwill (contd.)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

Where goodwill has been allocated to a cash generating unit and part of the operation within that unit is disposed off, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

B. Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

B. Investment in associates and joint ventures (contd.)

The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in the OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, forms part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group recognises the share of profit/(loss) of associates and joint ventures in the statement of profit and loss and then calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit and loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the statement of profit and loss.

C. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in a normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

C. Current versus non-current classification (contd.)

- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in a normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

D. Foreign currencies

The Group's consolidated financial statements are presented in INR, which is also the parent's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Group's monetary items at the closing rate are recognised as income or expense in the period in which they arise except for differences pertaining to Long Term Foreign Currency Monetary Items as mentioned subsequently.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or the statement of profit and loss are also recognised in OCI or the statement of profit and loss, respectively).

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

D. Foreign currencies (contd.)

Exchange Differences

The Group had availed the option available under Ind AS 101 para D13 AA and is continuing the policy adopted for accounting for exchange differences arising from the translation of long term foreign currency monetary items recognised in the financial statements for the year ending March 31, 2016. Hence, such exchange differences are accounted as below:

- Exchange differences arising on long-term foreign currency monetary items related to the acquisition of property, plant and equipment are capitalised and depreciated over the remaining useful life of the asset.
- Exchange differences arising on other long-term foreign currency monetary items are accumulated in the FCMITDA through Other Comprehensive Income (OCI). The amortisation of the balance of FCMITDA is transferred to the statement of profit and loss over the remaining life of the respective monetary item.
- All other exchange differences are recognised as income or as expense in the period in which they arise.

For the purpose of (a) and (b) above, the Group treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.

Further, the Group does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the statement of profit and loss.

Any goodwill arising in the acquisition/business combination of a foreign operation on or after April 1, 2015 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/acquisitions, which occurred before the date of transition to Ind AS (April 1, 2015), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, viz., April 1, 2015. Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

E. Fair value measurement

The Group measures financial instruments at fair value except those measured at amortised cost at each balance sheet date.

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

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

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

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

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

External valuers are involved in the valuation of significant assets, such as properties and unquoted financial assets. The involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

E. Fair value measurement (contd.)

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions (note 35)
- Quantitative disclosures of fair value measurement hierarchy (note 51)
- Investment in unquoted equity shares (note 7)
- Investment properties (note 4)
- Financial instruments (including those carried at amortised cost) (note 52)

F. Revenue from contracts with customers

Revenue from contracts with customers is recognised when the control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The policy of recognising the revenue is determined by the five stage model proposed by Ind AS 115 "Revenue from contract with customers".

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 35.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the control of the asset is transferred to the customer, generally on the date of bill of lading for export sales and generally on delivery for domestic sales. In the case of certain subsidiaries, revenue recognition is based on ex-factory/ex-works incoterms wherein the goods are made available at the subsidiary company's factory location to be picked up by the customers. The performance obligation is met at the time of goods being made available for pick up by customers. The normal credit term is 30 to 240 days upon delivery.

In the case of bill and hold arrangements, revenue is recognised when the Group completes its performance obligation to transfer the control of the goods to the customer in accordance with the agreed upon specifications in the contract for which the customer has accepted the control. Such goods are identified and kept ready for delivery based on which revenue is recognised.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer, if any.

Tooling income

Revenue from tooling income is recognised at the point in time when the control of the die is transferred, which is on receipt of the customer's approval as per the terms of the contract (referred to as the production parts approval process or PPAP) as per the terms of the contract.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

F. Revenue from contracts with customers (contd.)

Sale of services

Revenue from the sale of services is in nature of job work on customer product which normally takes 1–4 days maximum and hence revenue is recognised when products are sent to customer on which job work is completed. The normal credit period is 60 days.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before the payment of the consideration is due). Trade receivables that do not contain a significant financing component are measured at transaction price. Refer to accounting policies of financial assets in Note 2.2-R Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

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

G. Other Income

Interest income

For all financial assets measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in "other income" in the statement of profit and loss.

Dividends

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

H. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant or subsidy relates to revenue, it is recognised as income/netted off with expenses on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and is allocated to the statement of profit and loss over the periods and in the proportions in which depreciation on those assets is charged.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

H. Government grants (contd.)

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

Export incentives

Income from export incentives is accounted for on the export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim are fulfilled.

I. Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

I. Taxes (contd.)

- In respect of deductible temporary differences associated with investments in associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Indirect taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of indirect taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet

J. Property, plant and equipment

Property, plant and equipment, are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss (if any). On transition to Ind AS, the group has elected to continue with the carrying value of all of its property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment. Internally manufactured plant and equipment are capitalised at cost, including non-creditable indirect taxes after deducting the net proceeds from selling any items produced while bringing the asset to the required location and condition, wherever applicable. All significant costs relating to the acquisition and installation of property, plant and equipment/ investment property are capitalised. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 **Summary of significant accounting policies (contd.)**

J. **Property, plant and equipment (contd.)**

of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for provision are met.

On transition to Ind AS, the group has elected to continue with the carrying value of all of its property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

The identified components are depreciated over their useful lives, the remaining asset is depreciated over the life of the principal asset.

Depreciation for identified components is computed on a straight line method based on useful lives, determined based on internal technical evaluation as follows:

Type of assets	Useful life estimated by management (years)
Building - Factory	8 – 50
Buildings – Others	5 – 60
Plant and machinery (including dies)	1 – 23
Plant and machinery – Windmill	19
Plant and machinery – continuous processing plant	18
Plant and Machinery - computer	3
Office equipment	3 – 11
Railway sidings	10
Power Line	6
Electrical installation	10
Factory equipments	2 – 10
Furniture and fixtures	10
Vehicles	3 – 9
Aircraft	6 – 18

Expenditure on power line is amortised on a straight-line basis over a period of six years.

The Holding Company and its Indian subsidiaries, based on the technical assessment made by a technical expert and management estimate, depreciate certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect a fair approximation of the period over which the assets are likely to be used.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 **Summary of significant accounting policies (contd.)**

J. **Property, plant and equipment (contd.)**

Freehold land is carried at cost.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

K. **Investment Properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Though the Group measures investment property using cost-based measurements, the fair value measurement of investment property is disclosed in a note 4. Fair values are determined based on a periodic evaluation performed by an accredited external independent valuer applying valuation model.

The investment properties held by the Group are in the nature of freehold land, hence are not subject to depreciation.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

In determining the amount of consideration from the derecognition of investment property, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

L. **Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

L. Intangible Assets (contd.)

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the net carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Group amortises intangible assets on a straight line basis over the useful life of the asset as mentioned below:

Type of Asset	Useful life estimated by management (years)
Computer software	3 – 5
Development costs	10
Patents	10
Technology license	5
Customer contracts	2
Technical know-how	3

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of the carrying value of another asset.

During the period of development, the asset is tested for impairment annually.

M. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs w.r.t. borrowing taken on or after April 1, 2016.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

N. Leases

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

Group as a lessee

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

i) **Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Type of Asset	Useful life estimated by management (years)
Buildings	2-18
Plant and machinery	3-15
Motor vehicles and other equipment	3-5
Leasehold Land	99

If the ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to accounting policies in Note 2.3-P Impairment of non-financial assets.

ii) **Lease liabilities**

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

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

N. Leases (contd.)

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

O. Inventories

The cost of inventories have been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and components, stores and spares and loose tools are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Costs are determined on a weighted average basis.

Work-in-progress and finished goods are valued at the lower of cost and net realisable value. The cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. The cost of work-in-progress and finished goods is determined on a weighted average basis.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

O. Inventories (contd.)

Traded goods are valued at lower of cost and are determined on a weighted average basis and net realisable value.

Dies are valued at cost or net realisable value. The cost includes direct material and labour and a proportion of manufacturing overheads based on normal operating capacity. The cost of dies is determined on a weighted average basis.

Scrap is valued at net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. The comparison of cost and net realisable value is made on an item-by-item basis.

P. Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Intangible assets under development are tested for impairment annually.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

P. Impairment of non-financial assets (contd.)

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Q. Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the consolidated financial statements. A disclosure for a contingent liability is made where there is a possible obligation arising out of a past event, the existence of which will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation arising out of a past event where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

R. Post-employment and other employee benefits

Provident fund

The Holding Company operates a defined benefit plan for the eligible employees to provide employee benefit in the nature of a provident fund. For the employees of the Group which are not covered under the above plan, a separate plan is operated which is a defined contribution plan.

The eligible employees of the Holding Company receive benefits from a provident fund, which is a defined benefit plan. Both the employee and the Holding Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

R. Post-employment and other employee benefits (contd.)

The Holding Company contributes a part of the contributions to the "Bharat Forge Group Limited Staff Provident Fund Trust". The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the Government. The Holding Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The cost of providing benefits under above mentioned defined benefit plan is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date, which recognises each period of service as giving rise to an additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

With respect to the employees of the Group who are not covered under the above scheme, a portion of the provident fund is contributed to the Government administered pension fund which is a defined contribution scheme.

The Holding Company and its Indian subsidiaries have no obligation, other than the contribution payable to the provident fund. The Holding Company and its Indian subsidiaries recognises contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then the excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity

The Holding Company and some of its Indian subsidiaries operate two defined benefits plan for its employees viz. gratuity and special gratuity scheme, whereas, the overseas subsidiaries operate only one defined benefit plan for gratuity payable to its employees. Payment for present liability of future payment of gratuity is being made to approved gratuity funds. The special gratuity scheme is unfunded. The cost of providing benefits under these plans is determined on the basis of actuarial valuation at each year end. A separate actuarial valuation is carried out for each plan using the project unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

R. Post-employment and other employee benefits (contd.)

Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in the statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Superannuation

Retirement benefit in the form of a superannuation plan is a defined contribution plan. Defined contributions to Life Insurance Corporation for employees covered under the Superannuation scheme are accounted at the rate of 15% of such employees' basic salary. The Group recognises expense toward the contribution paid/payable to the defined contribution plan as and when an employee renders the relevant service. If the contribution already paid exceeds the contribution due for service before the balance sheet date, the Group recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund. If the contribution already paid is lower than the contribution due for service before the balance sheet date, the Group recognises that difference excess as a liability. The Group has no obligation, other than the contribution payable to the superannuation fund.

Privilege leave benefits

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as a short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Group presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as a non-current liability.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

R. Post-employment and other employee benefits (contd.)

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of these benefits; and (b) when the entity recognises the cost for a restructuring that is within the scope of Ind AS 37 and involves payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Other long-term employee benefits

In the case of certain overseas subsidiaries, there are long term employee benefits in the nature of pension plans, jubilee scheme and early retirement scheme. Long-term employee benefits are defined benefit obligations and are provided for on the basis of an actuarial valuation. A separate actuarial valuation is carried out for each plan using the project unit credit method.

Actuarial gains and losses for all defined benefit plans are recognised in full in the period in which they occur in the consolidated statement of profit and loss.

S. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets excluding trade receivables are initially measured at fair value. Trade receivables that do not contain a significant financing component are measured at transaction price. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets measured at fair value through profit or loss) are added to the fair value measured on initial recognition of financial asset. Transaction costs directly attributable to the acquisition of financial assets measured at fair value through profit or loss are recognised in consolidated profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into three categories:

- Financial assets at amortised cost
- Financial assets, derivatives and equity instruments at fair value through profit and loss (FVTPL)
- Financial assets, equity and derivative instruments measured at fair value through other comprehensive income (FVTOCI)

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

S. Financial instruments (contd.)

Financial assets at amortised cost

A 'Financial asset' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to exchange traded funds, trade and other receivables.

The Company intends to hold its investment in open ended target maturity funds (i.e. exchange traded funds/ETF) till maturity. It may be noted that these funds have a pre-determined maturity date. These funds follow a passive buy and hold strategy; in which the existing underlying investment bonds are expected to be held till maturity unless sold for meeting redemptions or rebalancing requirements as stated in the scheme document. In our view, such strategy mitigates intermittent price volatility in open ended target maturity fund's underlying investments; and investors who remain invested until maturity are expected to mitigate the market/volatility risk to a large extent. These funds can invest only in plain vanilla INR bonds with fixed coupon and maturity; and cannot invest in floating rate bonds. Based on this, the Company believes that the investments in open ended target maturity funds meet the requirements of the SPPI test as per the requirements of Ind AS 109.

Financial assets at FVTOCI

A 'Financial asset' is classified at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI

Financial assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Group recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI financial assets is reported as interest income using the EIR method.

Financial assets at FVTPL

FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

S. Financial instruments (contd.)

In addition, the Group may elect to designate a financial asset, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Financial assets included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

Equity investments

All equity investments in the scope of Ind AS 109 are measured at fair value. For all equity instruments not held for trading, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on the sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

S. Financial instruments (contd.)

Impairment of financial assets

In accordance with Ind AS 109, the Group applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Lease receivables under Ind AS 116
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115
- Financial assets that are measured at FVTOCI

The Group follows a 'simplified approach' for recognition of impairment loss allowance on trade receivables.

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

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

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

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

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

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

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

S. Financial instruments (contd.)

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

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

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

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

- Debt instruments measured at FVTOCI:

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss include financial liabilities designated upon initial recognition as at fair value through profit and loss. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

S. Financial instruments (contd.)

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variables, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit and loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit and loss, unless designated as effective hedging instruments.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

S. Financial instruments (contd.)

Offsetting of financial instruments

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

T. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit and loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to the statement of profit and loss when the hedged item affects the statement of profit and loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, the hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as a charge.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

2.3 **Summary of significant accounting policies (contd.)**

T. Derivative financial instruments and hedge accounting (contd.)

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through the statement of profit and loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in trade receivables. The change in fair value is recognised as an asset or liability with corresponding gain or loss recognised in the statement of profit and loss.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in the statement of profit and loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the statement of profit and loss.

Cash flow hedges

Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in the statement of profit and loss. Refer to note 50 for more details.

Amounts recognised as OCI are transferred to the statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

U. Cash and cash equivalents

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

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above and net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

2.3 **Summary of significant accounting policies (contd.)**

V. Dividend to equity holders of the Group

The Group recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

W. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing a performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

X. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

Y. Share based payments

- Employees of one of the components of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in Note 61.
- For options which are granted post acquisition date, the cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.
- Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

2.3 Summary of significant accounting policies (contd.)

Y. Share based payments (contd.)

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

2.4 Changes in accounting policies and new and amended standards

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 Apr 2022. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective:

(a) Ind-AS 101: First-time Adoption of Indian Accounting Standards

Simplifies the application of Ind AS 101 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences. The amendment does not have any impact on the financial statements of the Group

(b) Ind-AS 103: Business Combinations

The amendment adds a new exception in Ind AS 103 for liabilities and contingent liabilities. The amendment does not have any material impact on the financial statements of the Group.

(c) Ind-AS 109: Financial Instruments

The amendment clarifies which fees an entity includes when it applies the '10%' test in assessing whether to derecognise a financial liability. The amendment does not have any material impact on the financial statements of the Group.

(d) Ind-AS 16: Property, plant and equipment

The amendment clarifies that an entity shall deduct from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The amendment does not have any material impact on the financial statements of the Group.

(e) Ind-AS 37: Provisions, Contingent liabilities and contingent assets

The amendment explains that the cost of fulfilling a contract comprises: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The amendment does not have any material impact on the financial statements of the Group.

(f) Ind AS 41: Agriculture

The amendment removes the requirement in Ind AS 41 for entities to exclude cash flows for taxation when measuring fair value. The amendment does not have any impact on the financial statements of the Group.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

3. Property, plant and equipment

In ₹ Million

	Freehold land	Building	Plant and machinery (Note b)	Railway siding	Office equipment	Electrical installation	Factory equipment	Sub Total (A)
Cost								
As at April 1, 2021	814.34	11,282.12	52,776.92	0.02	179.54	258.06	3,662.87	68,973.87
Foreign Currency Translation Reserve	(18.92)	(224.25)	(849.86)	-	1.16	-	(157.94)	(1,249.81)
Additions	-	477.71	5,848.54	-	21.19	-	467.03	6,814.47
Additions on acquisition of subsidiary	30.38	193.27	343.68	-	1.81	-	-	569.14
Disposals	-	(0.52)	(735.93)	-	(23.31)	-	(250.56)	(1,010.32)
Other adjustments								
- Borrowing cost [Refer note a]	-	0.81	64.47	-	-	-	0.30	65.58
- Exchange differences	(1.02)	-	-	-	0.67	-	-	(0.35)
As at March 31, 2022	824.78	11,729.13	57,447.82	0.02	181.06	258.06	3,721.70	74,162.58
Foreign Currency Translation Reserve	19.06	397.79	907.77	-	3.91	0.28	179.15	1,507.96
Additions	-	2,304.73	10,010.72	-	58.60	7.06	522.45	12,903.56
Additions on acquisition of subsidiary	295.84	245.58	1,362.67	-	4.47	50.68	-	1,959.24
Disposals	(28.61)	(37.43)	(1,066.32)	-	(3.47)	(0.01)	(43.21)	(1,179.05)
Other adjustments - Borrowing Cost			24.53					24.53
As at March 31, 2023	1,111.07	14,639.80	68,687.19	0.02	244.57	316.07	4,380.09	89,378.82
Depreciation and impairment								
As at April 1, 2021	-	2,181.57	22,486.69	-	93.19	149.68	2,007.42	26,918.55
Foreign Currency Translation Reserve	-	(66.41)	(483.67)	-	0.74	-	(101.69)	(651.03)
Charge for the year	-	536.55	5,237.55	-	26.82	6.74	496.58	6,304.24
Disposals	-	(0.51)	(739.34)	-	(22.15)	-	(127.00)	(889.00)
Other adjustments								
- Others [Refer note c]	-	-	-	-	-	-	-	-
As at March 31, 2022	-	2,651.20	26,501.23	-	98.60	156.42	2,275.31	31,682.76
Foreign Currency Translation Reserve	-	80.75	504.35	-	2.50	0.28	124.40	712.28
Additions	-	-	-	-	-	-	-	-
Additions on acquisition of subsidiary	-	16.14	109.62	-	0.46	7.44	-	133.66
Charge for the year	-	496.44	5,593.75	-	33.07	10.37	368.57	6,502.20
Disposals	-	(21.47)	(900.11)	-	(2.71)	-	(32.45)	(956.74)
Other adjustments	-	-	0.07	-	(0.07)	-	-	-
As at March 31, 2023	-	3,223.06	31,808.91	-	131.85	174.51	2,735.83	38,074.16
Net block								
As at March 31, 2022	824.78	9,077.93	30,946.59	0.02	82.46	101.64	1,446.39	42,479.82
As at March 31, 2023	1,111.07	11,416.74	36,878.28	0.02	112.72	141.56	1,644.26	51,304.66

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

3. Property, plant and equipment (contd.)

In ₹ Million

	Furniture and fixtures	Vehicles and aircraft	Power line	Sub Total (B)	Grand Total (A+B)	Capital work-in-progress
Cost						
As at April 1, 2021	311.37	3,108.75	16.17	3,436.29	72,410.16	9,013.37
Foreign Currency Translation Reserve	0.00	0.31	-	0.31	(1,249.50)	59.50
Additions	11.68	10.70	-	22.38	6,836.85	7,333.40
Additions on acquisition of subsidiary	4.56	1.91	-	6.47	575.61	100.38
Disposals	(12.28)	(1,421.28)	-	(1,433.56)	(2,443.88)	(5,367.74)
Transferred to asset block	-	-	-	-	-	-
Other adjustments						
- Borrowing cost [Refer note a]	-	-	-	-	65.58	106.47
- Exchange differences	(0.67)	-	-	(0.67)	(1.02)	14.40
As at March 31, 2022	314.66	1,700.40	16.17	2,031.23	76,193.81	11,259.78
Foreign Currency Translation Reserve	(18.74)	1.20	-	(17.54)	1,490.42	559.20
Additions	72.10	24.21	-	96.31	12,999.87	7,126.77
Additions on acquisition of subsidiary	22.90	26.43	-	49.33	2,008.57	37.26
Disposals	(2.26)	(8.43)	-	(10.69)	(1,189.74)	(12,025.10)
Other adjustments	-	-	-	-	-	-
- Borrowing cost [Refer note a]	-	-	-	-	24.53	18.18
As at March 31, 2023	388.66	1,743.81	16.17	2,148.64	91,527.46	6,976.09
Depreciation and impairment						
As at April 1, 2021	106.28	1,241.87	6.64	1,354.79	28,273.34	12.23
Foreign Currency Translation Reserve	-	0.01	-	0.01	(651.02)	-
Charge for the year	29.37	262.63	1.43	293.44	6,597.68	-
Disposals	(10.15)	(1,091.68)	-	(1,101.84)	(1,990.84)	-
As at March 31, 2022	125.49	412.83	8.07	546.39	32,229.15	12.23
Foreign Currency Translation Reserve	(4.07)	0.71	-	(3.36)	708.92	-
Additions	-	-	-	-	-	-
Additions on acquisition of subsidiary	3.48	2.79	-	6.27	139.93	-
Charge for the year	41.23	143.52	1.43	186.18	6,688.38	-
Disposals	(0.88)	(4.31)	-	(5.19)	(961.93)	-
As at March 31, 2023	165.25	555.54	9.50	730.29	38,804.45	12.23
Net block						
As at March 31, 2022	189.17	1,287.57	8.10	1,484.84	43,964.66	11,247.55
As at March 31, 2023	223.41	1,188.27	6.67	1,418.35	52,723.01	6,963.86

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

3. Property, plant and equipment (contd.)

(a) Capitalised borrowing costs:

The Group capitalises these borrowing costs in the capital work-in-progress (CWIP) first. The amount of borrowing costs capitalised as other adjustments in the above note reflects the amount of borrowing cost transferred from Capital work-in-progress (CWIP) balances. The borrowing costs capitalised during the year ended March 31, 2023 was ₹ 133.95 million (March 31, 2022: ₹ 151.49 million). The capitalisation rate ranges from LIBOR + 60 bps to LIBOR + 100 bps p.a. and EURIBOR + 60 bps to EURIBOR + 95 bps p.a. refer to note 18(a).

(b) Assets include assets lying with third parties amounting to ₹ 406.56 Million (March 31, 2022: ₹ 156.40 Million).

(c) Other adjustments are related to reclassification within the block of assets.

(d) None of the components in the Group have revalued any property, plant and equipment during the year.

(e) Capital work in progress (CWIP) ageing schedule.

In ₹ Million

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
March 31, 2023					
Projects in progress	5,305.00	390.58	232.35	1,046.42	6,974.35
Projects temporarily suspended	-	37.26	-	-	37.26
Total	**5,305.00**	**427.83**	**232.35**	**1,046.42**	**7,011.61**
March 31, 2022					
Projects in progress	5,995.06	3,992.75	682.82	576.92	11,247.55
Projects temporarily suspended	-	-	-	-	-
Total	**5,995.06**	**3,992.75**	**682.82**	**576.92**	**11,247.55**

There are no projects whose completion is overdue or have exceeded their cost compared to the original plan.

4. Investment property

In ₹ Million

Particulars	Total
Cost	
As at April 1, 2021	**2.89**
Additions	-
Disposals	-
As at March 31, 2022	**2.89**
Additions	-
Disposals	-
As at March 31, 2023	**2.89**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

4. Investment property (contd.)

In ₹ Million

Particulars	Total
Depreciation and impairment	
As at April 1, 2021	**-**
Depreciation for the year	-
As at March 31, 2022	**-**
Depreciation for the year	-
As at March 31, 2023	**-**
Net block	
As at March 31, 2022	**2.89**
As at March 31, 2023	**2.89**

Information regarding income and expenditure of investment property

In ₹ Million

Particulars	March 31, 2023	March 31, 2022
Rental income derived from investment properties (included in Rent in note 25)	3.86	3.12
Direct operating expenses (including repairs and maintenance) generating rental income	-	-
Direct operating expenses (including repairs and maintenance) that did not generate rental income (included in Rates and taxes in note 31)	1.03	1.03
Profit arising from investment properties before depreciation and indirect expenses	**2.83**	**2.09**
Less: Depreciation	-	-
Profit arising from investment properties before indirect expenses	**2.83**	**2.09**

The Group's investment properties consist of three parcels of land situated at Pune, Satara and Chakan.

As at March 31, 2023 and March 31, 2022, the fair values of the properties are ₹ 1,139.56 million and ₹ 2,432.95 million respectively. The Group obtains independent valuations for its investment properties at least annually. These valuations are performed by an accredited independent valuer firm and this firm is a registered valuer as defined under Rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. The best evidence of fair value is current prices in an active market for similar properties, where such information is not available, the Group considers ready reckoner rates. The main input used is the ready reckoner rate. All resulting fair value estimates for investment properties are included in Level 2.

The Group has no restrictions (other than the land for which matter is being subjudice and for which no income has been considered) on the realisability of its investment properties and has no contractual obligations to either construct or develop investment properties or for repairs, maintenance and enhancements. The Group's investment properties consist of three parcels of land situated at Pune, Satara and Chakan. Freehold land parcel includes 25 acres of land situated at Pune and 24.13 acres of land situated at Satara and 8.40 acres of land situated at Chakan, which have been given on lease. Due to certain matters being subjudice, the Group has not executed a lease deed with a related party for one of the said parcels of land.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

4. Investment property (contd.)

Reconciliation of fair value

In ₹ Million

Investment properties	Free hold land
at April 1, 2021	**2,432.95**
Fair value difference	-
Purchases	-
at March 31, 2022	**2,432.95**
Fair value difference	(1,293.39)
Purchases	-
at March 31, 2023	**1,139.56**

The fair value reduction in the current year is on account of change in the basis of ready reckoner rate used for the valuation. Till earlier periods fair value was derived on the basis of the most approximate ready reckoner rate while for the current year, since the notified ready reckoner rate is available, it has been used as the fair value for disclosure purposes. There is no other change in the basis of fair valuation disclosure.

5 Intangible assets and Goodwill

In ₹ Million

Particulars	Computer and Software	Customer contracts	Technical know-how	Development cost	Patents	Technology License	Total	Goodwill	Intangible assets under development
Cost									
As at April 1, 2021	**526.12**	**7.84**	**8.65**	**158.63**	**3.01**	**193.73**	**897.98**	**583.73**	**-**
Foreign Currency Translation Reserve	(7.23)	-	-	(9.07)	(0.19)	-	(16.49)	(32.52)	
Additions	54.73	-	-	1.19	-	369.20	425.12	-	-
Business combination [Refer note 5(a)]	14.45			47.11		293.96	355.52	285.39	
Disposals	(304.94)	-	-	-	-	-	(304.94)	-	
As at March 31, 2022	**283.13**	**7.84**	**8.65**	**197.86**	**2.82**	**856.89**	**1,357.18**	**836.60**	**-**
Foreign Currency Translation Reserve	17.79	-	-	8.74	0.19	-	26.72	29.31	
Additions	154.56	-	-	201.83	0.03	-	356.42	-	106.45
Additions on acquisition of subsidiary	7.59	-	-	-	-	-	7.59	2,433.33	
Disposals/Adjustment	(12.82)	-	-	-	-	-	(12.82)	-	(60.58)
Other adjustments									
- Borrowing cost									1.88
As at March 31, 2023	**450.25**	**7.84**	**8.65**	**408.43**	**3.04**	**856.89**	**1,735.09**	**3,299.24**	**47.75**

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

5 Intangible assets and Goodwill (contd.)

In ₹ Million

Particulars	Computer and Software	Customer contracts	Technical know-how	Development cost	Patents	Technology License	Total	Goodwill	Intangible assets under development
Amortisation and impairment									
As at April 1, 2021	**449.80**	**7.84**	**4.75**	**158.63**	**2.71**	**98.75**	**722.48**	**260.40**	**-**
Foreign Currency Translation Reserve	(6.31)	-	-	(9.07)	(0.18)	-	(15.56)	(17.00)	-
Charge for the year	59.16	-	3.12	3.20	0.17	76.44	142.09	-	-
Disposals	(304.03)	-	-	-	-	-	(304.03)	-	-
Impairment	-	-	-	-	-	-	-	86.77	-
Other adjustments									
- Borrowing cost	5.62			13.35	-	102.88	121.86	-	-
As at March 31, 2022	**204.25**	**7.84**	**7.87**	**166.11**	**2.70**	**278.07**	**666.84**	**330.17**	**-**
Foreign Currency Translation Reserve	12.44	-	-	8.74	0.18	-	21.36	14.35	-
Additions on acquisition of subsidiary	3.73	-	-	-	-		3.73		
Charge for the year	79.90	-	-	35.37	0.03	121.01	236.31	-	-
Disposals	(9.60)	-	-	-	-	-	(9.60)	-	-
As at March 31, 2023	**290.72**	**7.84**	**7.87**	**210.22**	**2.91**	**399.08**	**918.64**	**344.52**	**-**
Net Block									
at March 31, 2022	**78.88**	**-**	**0.78**	**31.75**	**0.12**	**578.82**	**690.35**	**506.43**	**-**
at March 31, 2023	**159.53**	**-**	**0.78**	**198.21**	**0.13**	**457.81**	**816.46**	**2,954.72**	**47.75**

(a) During the previous year, the group had acquired Tork Motors Private Limited which is engaged in the business of design, development, manufacture and distribution of electric motorcycles and three wheeler electric drive train. Accordingly as part of the overall business combination, the group recognised the goodwill amounting to ₹ 285.39 million based on the valuation reports obtained as part of purchase price allocation.

(b) The Group has identified the Company Mécanique Générale Langroise (MGL) as the CGU, to which goodwill has been allocated. MGL is involved in the machining of Oil & Gas and other industrial sector components. The goodwill generated through business combination has been entirely allocated to CGU 'MGL' which pertains to the forging segment. The carrying amount of goodwill as at March 31, 2023 is ₹ 270.87 million (March 31, 2022: ₹ 255.91 million) net of impairment.

(c) During the current year, the group has acquired JS Auto Cast Foundry India Private Limited which is engaged in the business of ductile iron foundry manufacturing raw and machined castings Accordingly as part of the overall business combination, the group recognised the goodwill amounting to ₹ 2,433.34 million based on the valuation reports obtained as part of purchase price allocation **[Refer to note 46]**.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

5 Intangible assets and Goodwill (contd.)

Impairment of Goodwill:

1. BF Infrastructure Limited

The Group performed its annual impairment test for the year March 31, 2023. The Group considers the discounted cash flows, among other factors, when reviewing for indicators of impairment. The calculations use pre-tax cash flow projections based on financial budgets/forecasts approved by the management.

Key assumptions used for value in use calculations

Weighted Average Cost of Capital % (WACC) before tax (discount rate): 21.55% (March 31, 2022: 21.55%)

Terminal growth rate: 5.00% (March 31, 2022: 5.00%)

The discount rate is calculated as follows: WACC = Cost of equity x (1- gearing) + Cost of debt x (1- tax rate) x gearing. The terminal growth rate used is in line with long term inflation rate.

The Group has performed sensitivity analysis around the base assumptions and have concluded that no reasonable changes in key assumptions would cause the recoverable amount of the CGU to be less than the carrying value.

Based on the above assessment, there is no need for impairment of goodwill.

2. Mécanique Générale Langroise (MGL)

The Group performed its annual impairment test for the year March 31, 2023. The Group considers the discounted cash flows, among other factors, when reviewing for indicators of impairment. The calculations use pre-tax cash flow projections based on financial budgets/forecasts approved by the management.

Key assumptions used for value in use calculations

Weighted Average Cost of Capital % (WACC) before tax (discount rate): 12.50% (March 31, 2022: 10.90%)

Terminal growth rate: 1.50% (March 31, 2022: 1.50%)

The discount rate is calculated as follows: WACC = Cost of equity x (1- gearing) + Cost of debt x (1- tax rate) x gearing. The terminal growth rate used is in line with long term inflation rate.

The Group has performed sensitivity analysis around the base assumptions and have concluded that no reasonable changes in key assumptions would cause the recoverable amount of the CGU to be less than the carrying value after impairment.

Based on the above assessment, there is no need for impairment of goodwill in March 31, 2023 (March 31, 2022: ₹ 86.77 million).

3. Tork Motors Private Limited

The Group performed its annual impairment test for the year March 31, 2023. The Group considers the discounted cash flows, among other factors, when reviewing for indicators of impairment. The calculations use pre-tax cash flow projections based on financial budgets/forecasts approved by the management.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

5 Intangible assets and Goodwill (contd.)

Key assumptions used for value in use calculations

Weighted Average Cost of Capital % (WACC) before tax (discount rate): 25.50%

Terminal growth rate: 2.00%

The discount rate is calculated as follows: WACC = Cost of equity x (1- gearing) + Cost of debt x (1- tax rate) x gearing. The terminal growth rate used is in line with the long term inflation rate.

The Group has performed sensitivity analysis around the base assumptions and have concluded that no reasonable changes in key assumptions would cause the recoverable amount of the CGU to be less than the carrying value after impairment.

Based on the above assessment, there is no need for impairment of goodwill.

6. Investment in associates and joint ventures

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
At Cost		
Unquoted equity instruments (fully paid)		
- Investment in associates		
Talbahn GmbH [note 6 (a)]	0.30	0.30
Less: Provision for diminution	(0.30)	(0.30)
	-	-
4,900 (March 31, 2022: 4,900) equity shares of ₹ 10/- each fully paid up in Ferrovia Transrail Solutions Private Limited **[Refer note 6 (g) and note 39 (1)]**	-	-
14,208 (March 31, 2022: 14,208) equity shares of ₹ 10/- each fully paid up in Tork Motors Private Limited **[Refer note 6 (b), note 37 and 39]**	-	-
136,500 (March 31, 2022: 136,500) equity shares of ₹ 10/- each fully paid up in Aeron Systems Private Limited **[Refer note 6 (d) and note 39]**	114.90	116.06
11,375,000 (March 31, 2022: Nil) equity shares of ₹ 10/- each fully paid up in Avaada MHVIDARBHA Private Limited **[Refer note 6 (i) and note 39]**	111.35	-
Nil (March 31, 2022: Nil) ordinary shares of £ 0.00001 each in TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited) [10,094,948 (March 31, 2020: GBP 10,094,948)] **[Refer note 6 (c), note 39 and note 32 (d)]**	-	-
Add: Conversion of Loan note of GBP 3.50 million along with Interest accrued	-	-
Less: Provision for impairment in value of investments [Refer note 32(d)]	-	-
	226.25	**116.06**
Carried over	226.25	116.06

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

6. Investment in associates and joint ventures (contd.)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Brought over	226.25	116.06
-Investments in joint ventures		
7,128,219 (March 31, 2022: 7,128,219) equity shares of ₹ 10/- each fully paid up in BF NTPC Energy Systems Ltd. (BFNTPCESL) **[Refer note 6 (a) and (f)]**	-	-
Nil (March 31, 2022: 100,000) equity shares of ₹ 10/- each fully paid up in BF Premier Energy Systems Pvt. Ltd. (BFPESPL) **[Refer note 6 (h) and 38]**	-	-
12,500 (March 31, 2022: 12,500) ordinary shares of Eur 1.00 each in Refu Drive GmbH [11,350,000 (March 31, 2022: Euro 11,350,000)] **[Refer note 6 (e) and note 38]**	360.27	689.16
Total	**586.52**	**805.22**

a. Not included in the consolidation based on materiality.

b. During the earlier year, the Group had made further investment in Tork Motors Private Limited of ₹ 39.99 million by acquiring 1,895 equity shares of ₹ 10/- each. During the previous year, the Group has made an investment of ₹ 400 million in the form of zero coupon optionally convertible debentures (ZOCD). The Group was holding 48.86% interest in Tork Motors Private Limited ('TMPL') till November 21, 2021 and post conversion of such ZOCDs, the Group holds 64.29% interest in TMPL as at March 31, 2022 and is classified as a subsidiary post that date.

c. The Group holds investments in Tevva Motors Limited (held through TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)), collectively referred to as Tevva. Tevva is a start-up engaged in modular electrification systems for a medium range of commercial vehicles. During the previous year, the Group had further extended the tenure of the convertible loan note amounting to GBP 3.50 million to December 31, 2021. Considering the management's intention to convert the said loan (along with interest accrued thereon) into equity at GBP 13.38 per share, the Group had disclosed the amount of loan as investment in associate as of March 31, 2021. During the previous year, this loan has been converted into equity share capital.

During the previous year, Tevva Motors raised additional funding to finance its operations. Post allotment of equity shares by Tevva Motors to the new investors, Tevva has ceased to be an associate of the Group. Accordingly, the Company has classified it to be an equity instrument held as fair value through other comprehensive income. For further details, refer note 32.

d. During the previous year, the Group has made further investment in Aeron Systems Private Limited of ₹ 60.00 million by acquiring 58,500 equity shares of ₹ 10/- each. On 23rd February, 2023 the holding Company sold 136,500 Equity shares having face value of ₹ 10/- each of Aeron Systems Private Limited to Kalyani Strategic Systems Limited at a fair value of ₹ 1,005/- per share amounting to ₹ 137.18 million on a private placement basis for a consideration other than cash and the same shall rank pari passu with existing equity shares of the Company.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

6. Investment in associates and joint ventures (contd.)

e. During the earlier year, the Group had entered into a Joint Venture Agreement with Refu Elektronik GmbH, Germany and its affiliates/Promoters (REFU) for incorporating a Joint Venture Company i.e. Refu Drive GmbH (JV), under the laws of Germany. During the earlier year, the Holding Company has made an investment of ₹ 892.34 million by acquiring 12,500 equity shares of Eur 1/- each and balance portion pertains to transactions costs that are directly attributable to the investment.

f. During the earlier year, the shareholders of BFNTPCESL at their EGM held on October 9, 2018 decided to voluntarily liquidate the Company and engaged a liquidator to liquidate the Company under the provisions of Section 59 of Insolvency and Bankruptcy Code 2016.

g. During the year the Group acquired additional equity in Ferrovia Transrail Solutions Private Limited (FTSPL) post which, the Group acquired a 100% interest in FTSPL. Accordingly, FTSPL has ceased to be an associate w.e.f March 02, 2023. For further details, refer note 39.

h. During the year BF Premier Energy System Pvt. Ltd. has applied with Registrars of Companies for removing its name pursuant to section 248 (2) of the Companies Act 2013 and Rule 4(1) of the Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016 vide form no STK - 2 on 2nd March, 2023. The said strike-off is approved by the Group and also by its JV partner. The order for the same has not been passed by ROC till 31st March, 2023.

i. During the current year, the Group has invested an amount of ₹ 113.75 million by acquiring 11,375,000 equity shares of ₹ 10 each for procurement of solar power.

7. Investments

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current investments		
(a) Investments designated at amortised cost		
- Debt instruments (unquoted) (fully paid)	1,628.73	500.22
(a)	**1,628.73**	**500.22**
(b) Investments designated at fair value through OCI (FVTOCI) (Refer note 7 (a))		
- Equity instruments (unquoted)		
- Investments in others (Group holds 5% or more of the share capital) fully paid		
38,384,202 (March 31, 2022: 38,384,202) equity shares of ₹ 10/- each fully paid up in Khed Economic Infrastructure Private Limited	988.00	825.26
14,245,000 (March 31, 2022: 14,245,000) equity shares of ₹ 10/- each in Avaada SataraMH Private Limited **[Refer note 7(e)]**	142.45	142.45
2,033,850 (March 31, 2022: 2,033,850) equity shares of ₹ 10/- each in Avaada MHBuldhana Private Limited **[Refer note 7(e)]**	20.34	20.34
1,160,668 (March 31, 2022: 1,160,668) ordinary shares of £ 0.00001 each in TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited) **[Refer note 7(f)]**	2,952.03	2,941.02
Carried over	4,102.82	3,929.07
Carried over	1,628.73	500.22

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

7. Investments (contd.)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Brought over	1,628.73	500.22
Brought over	4,102.82	3,929.07
8,491,812 (March 31, 2022: 8,491,812) Preferred Stock having par value $ 0.00001 in Electron Transport Inc. **[Refer note 7(h)]**	350.21	305.70
- Equity instruments (quoted)		
Investment in others		
613,000 (March 31, 2022: 613,000) equity shares of ₹ 10/- each fully paid up in KPIT Technologies Limited	160.08	368.44
613,000 (March 31, 2022: 613,000) equity shares of ₹ 2/- each fully paid up in Birlasoft Limited	567.09	278.88
Total FVTOCI Investments (b)	**5,180.20**	**4,882.09**
(c) Investments at fair value through profit or loss (FVTPL)		
Equity instruments (unquoted)		
Investments in others (Group holds 5% or more of the share capital)		
504,432 (March 31, 2022: 504,432) equity shares of ₹ 10/- each fully paid up in Gupta Energy Private Limited **[Refer note 7(b)]**	-	-
Investments in private equity fund (unquoted funds)		
1,538,810.22 (March 31, 2022: 1,179,546.87) Units of ₹ 100/- each of Paragon Partners Growth Fund - I	255.92	307.78
Investment in Limited Liability Partnership 14% (31 March 2022: Nil) share in SPI Power LLP **[Refer note 7(i)]**	0.01	-
Investments in mutual funds (quoted funds)	**1,129.77**	**338.52**
Investments in mutual funds (unquoted funds)	**6,406.50**	**123.49**
Total FVTPL Investments (c)	**7,792.20**	**769.79**
Total [(a) + (b)+(c)]	**14,601.13**	**6,152.10**
Current investments		
Investments at fair value through profit or loss (fully paid)		
Investments in mutual funds (quoted funds)	**1,440.80**	**2,942.97**
Investment in mutual funds (quoted funds) by subsidiary companies [Refer note 7(g)]	**-**	**74.54**
Investments in mutual funds (unquoted funds)	**6,086.17**	**16,051.97**
Investment in mutual funds (unquoted funds) by subsidiary companies [Refer note 7(g)]	**2,973.59**	**10.76**
Total	**10,500.56**	**19,080.24**
Aggregate book value of quoted investments	**1,925.09**	**2,955.87**
Aggregate market value of quoted investments	**3,297.74**	**4,003.35**
Aggregate value of unquoted investments	**21,803.94**	**21,228.99**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

7. Investments (contd.)

(a) These investments are designated as FVTOCI as they are not held for trading purpose and are not in similar line of business as the Group.

(b) **Gupta Energy Private Limited**

Shares of GEPL pledged against the facility obtained by Gupta Global Resources Private Limited. This investment is carried at fair value of ₹ Nil.

(c) Investments at fair value through OCI (fully paid) reflect investment in quoted and unquoted equity securities and quoted debt securities. Refer note 51 for determination of their fair values.

(d) Investments at fair value through profit or loss (fully paid) reflect investment in quoted/unquoted equity and debt securities. Refer note 51 for determination of their fair values.

(e) **Avaada MHBuldhana Private Limited [ABPL]**

During the previous year, the Group had made an investment in Avaada MHBuldhana Private Limited (ABPL) of ₹ 20.24 million by acquiring 2,033,850 equity shares of ₹ 10/- each, as a pre-condition for seeking approval from MSEDCL for Open Access permission by ABPL. Hence, the said investment is made subject to, amongst other conditions, obtaining permission by ABPL from relevant government authorities for the consumption of renewable energy by the Company under open access for solar plant of ABPL.

(f) **TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)**

The Company holds investments in Tevva Motors Limited (held through TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)), collectively referred to as Tevva. Tevva is a start-up engaged in modular electrification systems for medium range of commercial vehicles, has raised additional funding to finance its operations. Post allotment of equity shares by Tevva Motors to the new investors, Tevva has ceased to be an associate of the Group from November 8, 2021. Accordingly, the Company has classified it to be an equity instrument held through fair value through other comprehensive income. Also refer note 32.

(g) **Includes investment in quoted mutual funds amounting to ₹ Nil (March 31,2022: ₹ 74.54 million) with respect to Nil (March 31, 2022: 2) the subsidiaries.**

Investment in unquoted mutual funds amounting to ₹ 2,973.59 million (March 31,2022: ₹ 10.76 million) with respect to 2 (March 31, 2022: 1) of the subsidiaries.

Name of the mutual fund plan	March 31, 2023		March 31, 2022	
	Units held	Amount	Units held	Amount
Quoted				
Units of Axis Liquid Fund (G)	-	-	4,518.416	10.62
Units of HDFC Liquid Fund (G)	-	-	6,608.465	27.44
Units of ICICI Pru Liquid Fund (G)	-	-	48,058.997	15.04
Units of Kotak Liquid Fund Reg (G)	-	-	633.136	2.71
Units of SBI Liquid Fund Reg Plan (G)	-	-	3,186.088	10.55
Units of Tata Liquid Fund (G)	-	-	2,453.567	8.18
		-		**74.54**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

7. Investments (contd.)

Name of the mutual fund plan	March 31, 2023		March 31, 2022	
	Units held	Amount	Units held	Amount
Unquoted				
Units of Axis Liquid Fund (G)	273,756.39	679.23	4,577.593	10.76
Units of ICICI Pru Liquid Fund (G)	1,782,068.85	589.25	-	-
Units of Kotak Liquid Fund Reg (G)	115,302.05	520.86	-	-
Units of Kotak Money Market Fund(G)	110,618.13	420.71	-	-
Units of Nippon India Liquid Fund (G)	181,504.41	763.54	-	-
		2,973.59		**10.76**

(h) During the previous year, the Group had made an investment in the preferred stock of Electron Transport Inc, USA having par value of $ 0.00001 amounting to ₹ 305.70 million.

(i) During the current year, the Group has made an investment in SPI Power LLP amounting to ₹ 0.01 million.

8. Loans

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current (Unsecured, considered good)		
Other loans		
Loans to employees	56.78	59.68
Loans to associates and joint ventures [Refer note 6 (c), 45, 47]	-	109.93
Total	**56.78**	**169.61**
Current (Unsecured, considered good)		
Other loans		
Loans to employees	33.53	33.06
Loans to associates and joint ventures [Refer note 6 (c), 45, 47]	-	110.71
Loans to others	93.49	23.00
Total	**127.02**	**166.77**

No loans are due from directors or other officers of the Group, firms in which the director is a partner or private companies in which the director is a director or member either severally or jointly with any other person, except for loans/advances disclosed in Note 45 and 47.

Loans are non derivative financial assets which generate fixed interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.

During the previous year, the Group through its wholly owned subsidiary, Kalyani Powertrain Limited, acquired additional stake in Tork Motors and hence it is classified as a subsidiary as on March 31, 2022. Hence the amount receivable from TMPL has been included as part of loans to subsidiaries in financial statements (Current ₹ 10.50 million and non-current ₹ 17.50 million).

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

9. Derivative instruments

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	822.17	2,525.66
Fair value hedges (FVTPL)		
Cross currency swap	-	136.66
Total	**822.17**	**2,662.32**
Current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	1,247.05	1,317.73
Fair value hedges (FVTPL)		
Cross currency swap	77.02	7.14
Foreign currency forward contracts	1.46	36.47
Total	**1,325.53**	**1,361.34**

Derivative instruments at fair value through OCI reflect the positive change in the fair value of foreign currency forward contracts, designated as cash flow hedges to hedge highly probable forecast sales in US Dollars (USD) and Euro (EUR).

Derivative instruments at fair value through profit or loss reflect the positive change in fair value of cross currency swaps, designated as fair value hedge through which the Holding Company has converted one of its USD loans into a Euro loan to avail the benefit of the negative EURIBOR interest rates. Further, one of the subsidiaries has cross currency swap agreement, designated at fair value hedge through which the company has converted its USD loan to Euro loan to avail the benefit of negative EURIBOR interest rates. They also reflect positive changes in the fair value of foreign currency forward contracts to hedge exposure to changes in the fair value of underlying trade receivables.

10. Other financial assets

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non current		
Government grants*	48.57	350.05
Security deposits	420.03	318.30
Deposits with original maturity for more than twelve months** @	101.54	9.44
Total	**570.14**	**677.79**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

10. Other financial assets (contd.)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Current		
Government grants*	624.62	579.20
Energy credit receivable - windmills	10.32	10.56
Interest accrued on fixed deposits, loan to various parties and others	-	72.62
Security deposits	65.66	1.12
Interest Recoverable	22.77	-
Other receivables***	10.70	90.27
Total	**734.07**	**753.77**

* Includes receivable against various schemes of export incentives and Industrial Promotion Subsidy (IPS) under Package Scheme of Incentives (PSI) 2007, Energy Tax refund, compensation for short time work (Kurzarbeit) and subsidy for capital expansion with respect to some of the subsidiaries. There are no unfulfilled conditions or other contingencies attached to these Government grants.

** ₹ 1.23 (March 31, 2022: ₹ 1.17 million) held as security for various Government authorities and ₹ 1.23 million (March 31, 2022: 1.17 million) under bank lien for bank guarantees issued.

*** Other receivables included sundry balances receivables.

@ During the year, Bharat Forge Limited through the Company has entered into a share purchase agreement with the shareholders of J S Autocast Foundry India Private Limited ("JSA") to purchase 39,68,330 equity shares for a total consideration of ₹ 3,460.98 million as on 01 July 2022. In accordance with the aforementioned share purchase agreement, out of the total purchase consideration a sum of ₹ 100.00 million is payable to the erstwhile shareholders of JSA after a period of 3 years from the date of purchase and the amount so payable is to be deposited in a separate Escrow account to be maintained with ICICI Bank Limited. Also, in accordance with the ESCROW agreement, the balance in the aforementioned ESCROW account is restricted and not available for general use by the Company.

11. Inventories

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Raw materials and components*	7,256.59	6,349.74
Work-in-progress	9,564.13	7,777.52
Finished goods**	11,839.86	10,422.00
Stock of traded goods	3.25	355.26
Stores, spares and loose tools	2,218.16	1,933.80
Dies and dies under fabrication	241.19	187.14
Scrap	139.36	79.11
Total	**31,262.54**	**27,104.57**

* Includes goods in transit March 31, 2023: ₹ 182.73 million

** Includes goods in transit March 31, 2023: ₹ 6,424.67 million

During the year ended March 31, 2023: ₹ 46.05 million [March 31, 2022: ₹ 7.96 million] was recognised as (reversal of expense)/expenses for inventories carried at net realisable value.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

12. Trade receivables

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non current		
Unsecured		
Considered good	117.36	117.36
Significant increase in credit risk	-	-
Total	**117.36**	**117.36**
Less:		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Unsecured (Considered good)	4.11	4.11
Significant increase in credit risk	-	-
	4.11	**4.11**
Total	**113.25**	**113.25**
Current		
Secured		
Considered good	87.82	83.33
Credit impaired	-	-
	87.82	**83.33**
Unsecured		
Considered good (including related parties receivable)	31,081.82	21,755.55
Significant increase in credit risk	-	-
Credit impaired	109.13	104.73
	31,190.95	**21,860.28**
Less:		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Credit impaired	109.13	104.73
Unsecured (considered good)	295.07	215.93
	404.20	**320.66**
Total	**30,874.57**	**21,622.95**

No trade receivables are due from directors or other officers of the Group either severally or jointly with any other person.

For terms and conditions relating to related party receivables, refer note 48.

Trade receivables are non-interest bearing and are generally on terms of 30 to 240 days.

For details of debts due from firms or private companies in which any director is a partner, a director or a member, refer note 48.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

12. Trade receivables (contd.)

Trade receivable ageing schedule

As at March 31, 2023

In ₹ Million

Particulars	Not yet due	Outstanding for following periods from due date of payment: Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues							
(a) Considered good	24,051.77	5,924.47	824.88	234.50	49.93	82.59	31,168.14
(b) Which have significant increase in credit risk	-	-	-	-	-	-	-
(c) Credit impaired	-	-	-	59.07	26.84	23.22	109.13
Unbilled revenue	-	-	-	-	-	-	-
Disputed dues	-	-	-	-	-	118.86	118.86
(a) Considered good	-	-	-	-	-	-	-
(b) Which have significant increase in credit risk	-	-	-	-	-	-	-
(c) Credit impaired	-	-	-	-	-	-	-
Unbilled revenue	-	-	-	-	-	-	-
Total	**24,051.77**	**5,924.47**	**824.88**	**293.57**	**76.77**	**224.67**	**31,396.13**
Loss Allowance	**-**	**(213.57)**	**(62.07)**	**(74.19)**	**(30.13)**	**(28.35)**	**(408.31)**

As at March 31, 2022

In ₹ Million

Particulars	Not yet due	Outstanding for following periods from due date of payment: Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues							
(a) Considered good	17,387.88	4,003.38	275.63	126.23	39.59	123.53	21,956.24
(b) Which have significant increase in credit risk	-	-	-	-	-	-	-
(c) Credit impaired	-	0.04	28.50	24.74	2.83	14.65	70.76
Unbilled revenue	-	-	-	-	-	-	-
Disputed dues							
(a) Considered good	-	-	-	-	-	-	-
(b) Which have significant increase in credit risk	-	-	-	-	-	-	-
(c) Credit impaired	-	-	-	-	-	33.97	33.97
Unbilled revenue	-	-	-	-	-	-	-
Total	**17,387.88**	**4,003.43**	**304.13**	**150.96**	**42.42**	**172.15**	**22,060.97**
Loss Allowance	**-**	**(170.94)**	**(53.80)**	**(36.60)**	**(5.15)**	**(58.28)**	**(324.77)**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

12. Trade receivables (contd.)

The amount repayable under the bill discounting arrangement is presented as borrowing. The relevant carrying amounts are as follows:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Transferred receivables	5,081.35	3,208.58
Associated borrowing **[bank loans - Refer note 18]**	5,081.35	3,210.65

13. Cash and bank balances

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalent		
Balances with banks:		
In cash credit and current accounts	4,924.34	4,889.16
Deposits with original maturity of less than three months**	160.21	549.93
Cash on hand	2.58	145.15
Total	**5,087.13**	**5,584.24**
Other bank balances		
Earmarked balances (on unclaimed dividend accounts and unspent CSR account)	44.18	47.61
Deposits with original maturity of less than twelve months*	5,263.88	398.32
Total	**5,308.06**	**445.93**

Bank deposits earn interest at fixed rates. Short term deposits are generally made for varying periods between seven days to twelve months, depending on the cash requirements of the Company and earn interest at the respective deposit rates.

* Includes deposits of ₹ 9.24 million (March 31, 2022: ₹ 21.23 million) under bank lien for bank guarantees issued.

** Interest accrued is included in the carrying value of deposits with the orginal maturity of less than three months for FY 2022-23.

14. Other assets

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current (Unsecured, considered good)		
Capital advances	4,304.14	2,770.70
Balances with government authorities	405.70	367.31
Advances to suppliers#	1,350.00	1,363.78
Others*	91.67	28.95
Employees' benefits - employees' provident fund	1.70	-
Total	**6,153.21**	**4,530.74**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

14. Other assets (contd.)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Current (Unsecured, considered good)		
Balances with government authorities	2,307.41	1,564.37
Government grant - Export incentives receivable	1.54	-
Advance to suppliers	1,357.59	737.01
Others *	1,134.16	888.39
Total	**4,800.70**	**3,189.77**

* Includes prepaid expenses, sundry debit balances etc.

No advances are due from directors or other officers of the Group, firms in which a director is a partner or private companies in which the director is a director or a member either severally or jointly with any other person except as disclosed in note 45.

For terms and conditions relating to related party receivables, refer note 48.

\# Pertains to non-current advance given to Saarloha Advanced Materials Private Limited for a continuous supply of goods, which carries interest rate at 8.25% p.a. Frequency of interest payment is quarterly.

Break up of financial assets carried at amortised cost

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Investments **[Refer note 7]**	1,628.73	500.22
Loans **[Refer note 8]**	183.80	336.38
Other financial assets **[Refer note 10]**	1,304.21	1,431.56
Trade receivables **[Refer note 12]**	30,987.82	21,736.20
Cash and cash equivalents **[Refer note 13]**	5,087.13	5,584.24
Other bank balances **[Refer note 13]**	5,308.06	445.93
Total	**44,499.75**	**30,034.53**

Break up of financial assets carried at fair value through OCI

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Investments **[Refer note 7]**	5,180.20	4,882.09
Derivative instruments **[Refer note 9]**	2,069.22	3,843.39
Total	**7,249.42**	**8,725.48**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

14. Other assets (contd.)

Break up of financial assets carried at fair value through profit and loss

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Investments [Refer note 7]	18,292.76	19,850.03
Derivative instruments [Refer note 9]	78.48	180.27
Total	**18,371.24**	**20,030.30**

15. Equity share capital

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Authorised shares (No.)		
975,000,000 (March 31, 2022: 975,000,000) equity shares of ₹ 2/- each	1,950.00	1,950.00
43,000,000 (March 31, 2022: 43,000,000) cumulative non convertible preference shares of ₹ 10/- each	430.00	430.00
2,000,000 (March 31, 2022: 2,000,000) unclassified shares of ₹ 10/- each	20.00	20.00
Issued (No.)		
465,768,492 (March 31, 2022: 465,768,492) equity shares of ₹ 2/- each	931.54	931.54
Subscribed and fully paid-up (No.)		
465,588,632 (March 31, 2022: 465,588,632) equity shares of ₹ 2/- each	931.18	931.18
Add:		
172,840 (March 31, 2022: 172,840) forfeited equity shares comprising of 15,010 equity shares	0.09	0.09
(March 31, 2022: 15,010) of ₹ 2/- each (amount partly paid ₹ 1/- each) and 157,830 equity shares		
(March 31, 2022: 157,830) of ₹ 2/- each (amount partly paid ₹ 0.50 each)		
Total issued, subscribed and fully paid-up share capital	**931.27**	**931.27**

(a) Terms/rights attached to equity shares

The Holding Company has only one class of issued equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. The Holding Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

15. Equity share capital (contd.)

(b) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

Equity Shares	As at March 31, 2023		As at March 31, 2022	
	No	₹ in Million	No	In ₹ Million
At the beginning of the year	465,588,632	931.18	465,588,632	931.18
Issued during the year	-	-	-	-
Outstanding at the end of the year	465,588,632	931.18	465,588,632	931.18

In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Disclosure of shareholding of promoter and promoter group

Name of the promoter/promoter group member	Number of shares held at March 31, 2023	% of total shares	% Change during the year
Promoter			
Babasaheb Neelkanth Kalyani	78,150	0.02%	0.00%
Promoter group			
Amit Babasaheb Kalyani	700,350	0.15%	0.00%
Deeksha Amit Kalyani	50	0.00%	0.00%
Gaurishankar Neelkanth Kalyani	690,440	0.15%	0.00%
Rohini Gaurishankar Kalyani	101,460	0.02%	0.00%
Sheetal Gaurishankar Kalyani	22,980	0.00%	0.00%
Viraj Gaurishankar Kalyani	22,800	0.00%	0.00%
KSL Holdings Private Limited	46,285,740	9.94%	0.00%
Ajinkya Investment & Trading Company	14,981,850	3.22%	0.00%
Sundaram Trading and Investment Private Limited	55,240,174	11.86%	0.00%
Kalyani Investment Company Limited	63,312,190	13.60%	0.00%
BF Investments Limited	15,614,676	3.35%	0.00%
Rajgad Trading Company Private Limited	1,360,260	0.29%	0.00%
Tangmarg Trading and Investment Private Limited	904,200	0.19%	0.00%
Yusmarg Trading and Investment Private Limited	1,847,000	0.40%	0.00%
Kalyani Consultants Private Limited	936,472	0.20%	0.00%
Janhavi Investment Private Limited	4,686,640	1.01%	0.00%
Dronacharya Trading and Investment Private Limited	152,980	0.03%	0.00%
Cornflower Investment & Finance Limited	533,900	0.11%	0.00%
Dandkaranya Trading and Investment Private Limited	1,107,350	0.24%	0.00%
Campanula Investment & Finance Limited	739,980	0.16%	0.00%

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

15. Equity share capital (contd.)

Name of the promoter/promoter group member	Number of shares held at March 31, 2023	% of total shares	% Change during the year
Hastinapur Trading and Investment Private Limited	178,800	0.04%	0.00%
Kalyani Export & Investment Pvt Ltd	1,003,240	0.22%	0.00%
Aboli Investment Pvt Ltd	127,872	0.03%	0.00%
Wathar Investment & Trading Co. Pvt Ltd	61,320	0.01%	0.00%

Name of the promoter/promoter group member	Number of share held at March 31, 2022	% of total shares	% Change during the year
Promoter			
Babasaheb Neelkanth Kalyani	78,150	0.02%	0.00%
Promoter group			
Amit Babasaheb Kalyani	700,350	0.15%	0.00%
Deeksha Amit Kalyani	50	0.00%	0.00%
Gaurishankar Neelkanth Kalyani	690,440	0.15%	0.00%
Rohini Gaurishankar Kalyani	101,460	0.02%	0.00%
Sheetal Gaurishankar Kalyani	22,980	0.00%	0.00%
Viraj Gaurishankar Kalyani	22,800	0.00%	0.00%
KSL Holdings Private Limited	46,285,740	9.94%	0.00%
Ajinkya Investment & Trading Company	14,981,850	3.22%	(23.71%)
Sundaram Trading and Investment Private Limited	55,240,174	11.86%	0.00%
Kalyani Investment Company Limited	63,312,190	13.60%	0.00%
BF Investments Limited	15,614,676	3.35%	0.00%
Rajgad Trading Company Private Limited	1,360,260	0.29%	0.00%
Tangmarg Trading and Investment Private Limited	904,200	0.19%	0.00%
Yusmarg Trading and Investment Private Limited	1,847,000	0.40%	0.00%
Kalyani Consultants Private Limited	936,472	0.20%	0.00%
Jannhavi Investment Private Limited	4,686,640	1.01%	0.00%
Dronacharya Trading and Investment Private Limited	152,980	0.03%	0.00%
Cornflower Investment & Finance Limited	533,900	0.11%	0.00%
Dandkaranya Trading and Investment Private Limited	1,107,350	0.24%	0.00%
Campanula Investment & Finance Limited	739,980	0.16%	0.00%
Hastinapur Trading and Investment Private Limited	178,800	0.04%	0.00%
Kalyani Export & Investment Pvt Ltd	1,003,240	0.22%	0.00%
Aboli Investment Pvt Ltd	127,872	0.03%	0.00%
Wathar Investment & Trading Co. Pvt Ltd	61,320	0.01%	0.00%

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

15. Equity share capital (contd.)

(d) Shares held by holding/ultimate holding company and/or their subsidiaries/associates

The Company being ultimate holding company, there are no shares held by any other holding, ultimate holding company and their subsidiaries/associates.

(e) Aggregate number of bonus shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

Particulars	As at March 31, 2023	As at March 31, 2022
Equity shares allotted as fully paid bonus shares by capitalisation of capital redemption reserve and securities premium account during the year ended March 31, 2018	232,794,316	232,794,316

(f) Details of shareholders holding more than 5% shares in the Company

Name of Shareholder	As at March 31, 2023		As at March 31, 2022	
	No.	% of holding	No.	% of holding
Equity Shares of ₹ 2/- each fully paid				
Kalyani Investment Company Limited	63,312,190	13.60%	63,312,190	13.60%
Sundaram Trading and Investment Private Limited	55,240,174	11.87%	55,240,174	11.87%
KSL Holding Private Limited	46,285,740	9.94%	46,285,740	9.94%

(g) Shares reserved for issue under option

Particulars	As at March 31, 2023	As at March 31, 2022
	No.	No.
4680 (March 31, 2022: 4,680) equity shares of ₹ 2/- each out of the previous issue of equity shares on a right basis together with 234 (March 31, 2022: 234) detachable warrants entitled to subscription of 2340 (March 31, 2022: 2,340) equity shares of ₹ 2/- each, have been kept in abeyance and reserve for issue pending adjudication of title to the pre-right holding.	7,020.00	7,020.00

(h) Global depository receipts

The Company had issued 3,636,500 equity shares of ₹ 10/- each (later sub-divided into 18,182,500 equity shares of ₹ 2/- each) in April 2005 represented by 3,636,500 Global Depository Receipts (GDR) (on sub division 18,182,500 GDRs) evidencing "Master GDR Certificates" at a price of USD 27.50 per GDR (including premium). GDRs outstanding as at year end are 800 (March 31, 2022: 800). The funds raised had been utilised towards the object of the issue. Holders of GDRs will have no voting rights or other direct rights of a shareholder with respect to the shares underlying the GDR.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

16. Other equity

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Capital reserves		
Special capital incentive [Refer note 16 (a)]		
Balance as per the last financial statements	2.50	2.50
Add: Arising during the year		-
Closing balance	**2.50**	**2.50**
Warrants subscription money [Refer note 16(b)]		
Balance as per the last financial statements	13.00	13.00
Closing balance	**13.00**	**13.00**
Closing balance	**15.50**	**15.50**
Securities premium [Refer note 16(c)]		
Balance as per the last financial statements	6,930.89	6,930.89
Add: Arising during the year	-	-
Closing balance	**6,930.89**	**6,930.89**
Employee stock option outstanding [Refer note 16(d)]		
Balance as per the last financial statements	16.29	-
Add: Compensation options granted during the year	21.11	16.29
Less: Exercise of shares options	-	-
Closing balance	**37.40**	**16.29**
General reserve [Refer note 16(e)]		
Balance as per the last financial statements	3,230.48	3,230.48
Add: Amount transferred from surplus balance in the statement of profit and loss	-	-
Closing balance	**3,230.48**	**3,230.48**
Retained earnings in the statement of profit and loss [Refer note 16(f)]		
Balance as per the last financial statements	48,867.41	39,417.42
Add:		
- Net profit for the year	5,283.64	10,817.56
- Items of other comprehensive income:		
(1) Re-measurement of defined benefit obligations	248.48	261.99
Less:		
- Final equity dividend of previous year	2,560.74	931.18
- Interim equity dividend	698.38	698.38
Closing balance	**51,140.41**	**48,867.41**
Carried over	61,354.68	59,060.57

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

16. Other equity (contd.)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Brought over	61,354.68	59,060.57
Cash flow hedge reserve [Refer note 2.3 (s)]		
Balance as per the last financial statements	2,814.56	2,052.32
Add: Arising during the year	(546.23)	1,772.42
Less: Adjusted during the year	1,027.91	1,010.18
Closing balance	**1,240.42**	**2,814.56**
Foreign currency translation reserve (FCTR) [Refer note 2.3 (d)]		
Balance as per the last financial statements	1,074.38	1,226.49
Add: Arising during the year	397.45	(152.11)
Closing balance	**1,471.83**	**1,074.38**
Non-controlling interest reserve		
Balance as per the last financial statements	(148.19)	-
Add: Acquisition of non-controlling interest in KSSL [Refer note 57]	-	(148.19)
Closing balance	**(148.19)**	**(148.19)**
Equity instruments through other comprehensive income		
Balance as per the last financial statements	1,974.15	346.82
Add: Arising during the year	231.10	1,627.33
Closing balance	**2,205.25**	**1,974.15**
Closing balance Total:	**66,123.99**	**64,775.47**

(a) Special capital incentive:

Special capital incentive has been created during the financial year 1999-2000, amounting to ₹ 2.50 million under the 1988 Package Scheme of Incentives.

(b) Warrants subscription money:

The Company had issued and allotted to Qualified Institutional Buyers, 10,000,000 equity shares of ₹ 2/- each at a price of ₹ 272/- per share aggregating to ₹ 2,720 million on April 28, 2010, simultaneous with the issue of 1,760, 10.75% Non Convertible Debentures (NCD) of a face value of ₹ 1,000,000/- at par, together with 6,500,000 warrants at a price of ₹ 2/- each entitling the holder of each warrant to subscribe for 1 equity share of ₹ 2/- each at a price of ₹ 272/- at any time within 3 years from the date of allotment. Following the completion of three years term, the subscription money received on issue of warrants was credited to the capital reserve as the same is not refundable/adjustable. Further the warrants had lapsed and ceased to be valid from April 28, 2013.

(c) Securities premium account:

Securities premium is used to record the premium on the issue of shares. The reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

16. Other equity (contd.)

(d) Employee stock option outstanding

One of the subsidiaries in India has issued equity settled stock options to its employees. Refer note 59 for details.

(e) General reserve

General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. The general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

(f) Surplus in the statement of profit and loss

Surplus in the statement of profit and loss represents the undistributed profits of the Company accumulated as on balance sheet date.

17. Distribution made and proposed to be made

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Cash dividends on equity shares declared and paid:		
Final dividend		
For the year ended on March 31, 2022: ₹ 5.50 per share (March 31, 2021: ₹ 2 per share)	2,560.74	931.18
Interim dividend		
For the year ended on March 31, 2023: ₹ 1.50 per share (March 31, 2022: ₹ 1.50 per share)	698.38	698.38
Proposed dividend on equity shares:		
Final cash dividend		
For the year ended on March 31, 2023: ₹ 5.50 per share (March 31, 2022: ₹ 5.50 per share)	2,560.74	2,560.74

Proposed dividends on equity shares are subject to approval at the Annual General Meeting and are not recognised as a liability as at year end.

The Company has complied with the provisions of Section 123 of the Companies Act 2013 related to dividend declared and dividend paid.

18. Borrowings

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current borrowings		
- **Debentures**		
5.97% Rated unsecured non-convertible debentures [Refer note 18 (c)]	3,981.19	4,969.27
Carried over	3,981.19	4,969.27

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

18. Borrowings (contd.)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Brought over	3,981.19	4,969.27
5.80% Rated Unsecured non-convertible debentures [Refer note 18 (d)]	1,995.44	-
- **Term loans from banks**		
Foreign currency term loans (other than Rupee loans) (secured)		
On bilateral basis **[Refer note 18 (a)]**	1,265.71	4,863.71
On syndication basis **[Refer note 18 (a)]**	3,327.11	-
Foreign currency term loans (other than Rupee loans) (unsecured)		
On bilateral basis **[Refer note 18 (a)]**	4,055.15	7,127.68
On syndication basis **[Refer note 18 (a)]**	-	909.57
Rupee term loans (secured)		
On bilateral basis **[Refer note 18 (b)(i)]**	2.62	3.20
Rupee term loans (unsecured)		
On bilateral basis **[Refer note 18 (b)(iii)]**	2,885.50	-
Total	**17,512.72**	**17,873.43**
Current borrowings		
- **Debentures**		
5.97% Rated unsecured non-convertible debentures [Refer note 18 (c)]	999.22	-
- **Current maturity of term loans from banks**		
Foreign currency term loans (other than Rupee loans) (secured)		
On bilateral basis **[Refer note 18 (a)]**	855.10	507.62
Foreign currency term loans (other than Rupee loans) (unsecured)		
On bilateral basis **[Refer note 18 (a)]**	4,028.92	4,087.71
On syndication basis **[Refer note 18 (a)]**	1,040.23	682.18
- **From banks**		
- **Foreign currency loans**		
Preshipment credit (secured) **[Refer note 18 (e)(i)]**	5,390.78	4,606.28
Preshipment credit (unsecured) **[Refer note 18 (e)(i)]**	600.00	-
Bill discounting with banks (secured) **[Refer note 18 (e)(ii)]**	13,696.56	12,461.28
Bill discounting with banks (unsecured) **[Refer note 18 (e)(ii)]**	6,439.44	3,795.61
Overdraft facilities (secured) **[Refer note 18 (e)(iii)]**	645.22	12,080.91
- **Rupee loans**		
Cash credit (secured) **[Refer note 18 (e)(iv)]**	16,484.55	29.63
Bill discounting with banks (unsecured) **[Refer note 18 (e)(ii)]**	259.53	352.31
Carried over	50,439.55	38,603.53

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

18. Borrowings (contd.)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Brought over	50,439.55	38,603.53
Loans from companies and directors (unsecured) [Refer note 18 (e)(vi)]	17.97	68.42
Interest accrued but not due on borrowings	553.09	-
Total	**51,010.61**	**38,671.95**
Total secured loans	41,667.65	34,552.63
Total unsecured loans	26,855.68	21,992.75
Total	**68,523.33**	**56,545.38**

Changes in liabilities arising from financing activities

In ₹ Million

Particulars	Current borrowings	Non-current borrowings
Balance as on April 1, 2021	**27,817.02**	**22,180.03**
Net cash flows	6,681.99	1,013.69
Foreign exchange management	(894.86)	(146.05)
Reclassified from non-current to current	5,196.76	(5,196.76)
Others	(143.43)	25.65
Balance as on March 31, 2022	**38,657.48**	**17,876.56**
Net cash flows	4,257.95	4,553.90
Foreign exchange movement	940.09	1,664.16
Reclassified from non-current to current	6,596.26	(6,596.26)
Others	558.83	14.36
Balance as on March 31, 2023	**51,010.61**	**17,512.72**

(a) **Term loans**

Foreign currency term loans on syndicated and bilateral basis (Secured & unsecured)

Repayable in half yearly/yearly instalments along with interest ranging from LIBOR + 60 bps to LIBOR + 100 bps p.a. and EURIBOR + 60 bps to EURIBOR + 95 bps p.a.

Date of repayment	Repayment schedule			
	As at March 31, 2023		As at March 31, 2022	
	USD in Million	In ₹ Million	USD in Million	In ₹ Million
From				
- August, 2021 (Yearly installment over 3 years)	12.00	986.31	21.00	1,591.75
- October, 2021 (Yearly installment over 3 years)	20.00	1,643.85	35.00	2,652.91
- December, 2022 (18 months installment over 4.5 years)	32.00	2,630.16	40.00	3,031.90
- December 2023 (Quarterly installment for 12 quarters)	17.40	1,434.37	17.40	1,269.90

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

18. Borrowings (contd.)

Date of repayment	Repayment schedule			
	As at March 31, 2023		As at March 31, 2022	
	EUR in Million	In ₹ Million	EUR in Million	In ₹ Million
- August, 2020 (Yearly installment over 3 years)	-	-	8.00	673.68
- May, 2022 (Yearly installment over 3 years)	28.00	2,505.58	40.00	3,368.40
- February, 2020 (Yearly installment over 5 years)	10.00	894.85	18.00	1,515.78
- June 21 (Half yearly installment for 8 half years)	4.50	403.23	6.75	571.45
- January 23 (Monthly installment for 16 months)	9.90	887.12	9.90	838.13
- April 2021 (Quarterly installment for 32 quarters)	30.42	2,725.50	30.52	2,583.48
- December 2023 (Monthly installment for 12 months)	0.63	56.70	0.70	59.26

(a) Term loans are secured against general property, plant and equipment and specific property, plant and equipment of the Group.

(b) (i) **Rupee term loan on bilateral basis (Secured)**

Repayable in 84 monthly installments from the date of start of repayment, along with interest at base rate + 3.45%. The loan is secured against land and guarantee given by directors of the concerned subsidiary.

(b) (ii) **Rupee Term Loan (unsecured)**

During the current year, the group has availed the term loan of ₹ 1,037.30 million which ranges from 7.63% p.a. to 7.90% p.a from bank.

In ₹ Million

Date of repayment	Repayment schedule	
	As at March 31, 2023	As at March 31, 2022
From		
- December 2022 (Quarterly installment for 4 years)	228.00	-
- March 2023 (Quarterly installment for 5 years)	569.95	-
- February 2024 (Quarterly installment over 3 years)	239.35	-

(b) (iii) **Rupee Term Loan (unsecured)**

During the current year, the Company has availed the term loan of ₹ 2,000 million @ 5.90% p.a. from bank.

In ₹ Million

Date of repayment	Repayment schedule	
	As at March 31, 2023	As at March 31, 2022
From		
- April 2025 (Yearly installment over 3 years)	2,000.00	-

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

18. Borrowings (contd.)

(c) Unsecured Non-convertible debentures (NCDs) Repayable in yearly instalments along with interest of 5.97% p.a.

The Company has issued 5,000 5.97% BFL 2025 listed, rated, unsecured, redeemable, non-convertible debentures having a face value of ₹ 1,000,000/- each on private placement basis.

In the event of rating downgrade of the Debenture to A+ or below or suspension/withdrawal of the rating of the Issuer/Debenture by any rating agency, the Debenture Holders would reserve a right to recall the outstanding principal amount on the Debentures along with other monies/accrued interest due in respect thereof.

In ₹ Million

Date of repayment	Repayment schedule	
	As at March 31, 2023	As at March 31, 2022
From		
- August 2023 (Yearly installment over 3 years)	5,000.00	5,000.00

(d) Unsecured Non-convertible debentures (NCDs) Repayable in yearly instalments along with interest of 5.80% p.a.

During the current year, the Company issued 2,000 5.80% BFL 2025 listed, rated, unsecured, redeemable, non-convertible debentures having a face value of ₹ 1,000,000/- each on private placement basis.

In the event of downgrade rating of the Debenture to A+ or below or suspension/withdrawal of the rating of the Issuer/Debenture by any rating agency, the Debenture Holders would reserve a right to recall the outstanding principal amount on the NCDs along with other monies/accrued interest due in respect thereof.

In ₹ Million

Date of repayment	Repayment schedule	
	As at March 31, 2023	As at March 31, 2022
On		
- April 2025	2,000.00	2,000.00

(e) Working capital loans

(i) Preshipment packing credit

The loan is secured against hypothecation of inventories **(Refer note 11)** and trade receivables **(Refer note 12)**.

Preshipment packing credit - Rupee (secured and unsecured) is repayable within 90 days and carries interest @ 7.00% to 8.50% p.a.

Preshipment credit - foreign currency (secured and unsecured) is repayable within 90 days to 180 days and carries interest @ SOFR + 55 bps to SOFR + 150 bps p.a.

(ii) Bill discounting with banks

The loan is secured against the hypothecation of inventories **(Refer note 11)** and trade receivables **(Refer note 12)**.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

18. Borrowings (contd.)

Bill discounting (secured and unsecured) with banks is repayable within 30 to 210 days.

Rupee and Foreign bill discounting (secured and unsecured) with banks carries interest @ 7.00% p.a. to 7.75% p.a. and SOFR + 55 bps to SOFR + 150 bps p.a. & EURIBOR + 55 bps to EURIBOR + 150 bps p.a. respectively.

(iii) Overdraft facility (Foreign currency) (secured)

The loan is secured against the hypothecation of inventories and trade receivables.

Overdraft is repayable on demand and carries interest at Euribor/LIBOR + 2 to 3% per annum.

(iv) Cash credits (Rupee) (secured)

The loan is secured against the hypothecation of inventories and trade receivables.

Overdraft is repayable on demand and is secured by current assets, the interest for at 3 month MCLR plus 1%, presently at 7.35% p.a. This facility is secured by first pari-passu charge on the current assets. For 6 months rate of Interest applicable is I-MCLR-6M + spread. Currently I-MCLR-6M is 7.20% and Spread is 3.71% p.a.

Cash credit is repayable on demand and carries interest @ 8.05% to 14.00% per annum.

(v) Letter of credit discounting (secured)

Letter of credit discounting facility covers discounting of inland bills drawn by suppliers of raw material, consumable stores and spares and backed by letters of credit issued by banks. The facility carries interest as informed by bank from time to time.

(vi) Loans from companies and directors (unsecured)

Loans from companies and directors are repayable on demand carrying interest in the range of 13% to 18% per annum.

(vii) Working Capital Demand Loan (Secured)

The secured loan is secured against the hypothecation of inventories and trade receivables.

Working Capital Demand Loan is repayable within 7 to 30 days and carries interest @ 7.00% to 8.50% p.a.

(g) Loan availed for specific purpose and not used for the same:

During the year a component in the Group has availed fresh term loans of ₹ 3,037.30 Million and these funds have been utilised for the intended purpose. The Holding Company has raised term loans in the form of external commercial borrowings and non convertible debentures during the previous year. During the year ended March 31, 2023, the Company has availed unsecured term loans and issued listed, rated, unsecured, redeemable, non-convertible debentures on private placement basis. Proceeds from this term loan and debentures have been utilised for the intended purpose."

(h) Working capital facilities and statements filed with bank

Companies of the group have availed working capital facilities from banks in the form of packing credit, bill discounting and cash credit. These companies have filed the quarterly statements with banks with regard to the securities provided against such working capital facilities on periodic basis. The statements filed by the respective companies are in agreement with the books of accounts of the Holding Company.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

18. Borrowings (contd.)

(i) Fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). During the current year, Company's working capital borrowings denominated in USD have been earmarked to a new benchmark rate i.e. SOFR. The alternative reference rate for US dollar LIBOR is the Secured Overnight Financing Rate (SOFR). As at 31 March 2023, the Company's Foreign Currency Term loans denominated in USD is indexed to US dollar LIBOR. The Company is in the process of implementing appropriate fallback clauses for all US dollar LIBOR indexed exposures in the year ended March 31, 2023. These clauses automatically switch the instrument from USD LIBOR to SOFR post June 30, 2023 as announced by the Financial Conduct Authority (FCA).

There is no material impact on company's finance cost consequent to such change in the index. There is no material impact on company's finance cost consequent to such change in the index.

(j) None of the Indian companies in the Group has been declared as wilful defaulter by any bank or financial institution or government or any government authority.

19. Other financial liabilities

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Other non-current financial liabilities at amortised cost		
Voluntary retirement scheme compensation	273.12	227.31
Security deposits	117.97	20.34
Total	**391.09**	**247.65**
Other current financial liabilities at amortised cost		
Interest accrued but not due on borrowings	-	151.77
Payables for capital goods	1,325.36	615.46
Security deposits	92.30	247.30
Directors commission	7.00	6.95
Investor Education and Protection Fund (as and when due) #	-	
- Unpaid dividend	38.00	35.14
- Unpaid matured deposits	0.04	0.04
Voluntary retirement scheme compensation	239.68	155.06
Purchase consideration payable	89.62	-
Others ***	7.44	52.65
Total	**1,799.44**	**1,264.37**

The Holding Company has declared interim as well as final dividend in past years. Though a large portion of this dividend has been paid to members of the Holding Company, an amount of ₹ 0.55 Million has been pending over the period. Pursuant to provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the unclaimed dividend shall be remitted online to Investor Education and Protection Fund ('IEPF') along with a Statement in the relevant form, containing details of shareholders. Considering that all the particulars required for filing are not available, the Holding Company has not transferred the unclaimed dividend to IEPF and the relevant funds are available in separate banks accounts (Refer Other Bank Balances in note 13).

*** Other include commission payable and other liabilities.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

19 (a). Derivative instruments

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current		
Fair value hedges (FVTPL)		
Cross currency swap	146.08	-
Total	**146.08**	**-**
Current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	46.38	-
Total	**46.38**	**-**

Derivative instruments at fair value through profit or loss reflect the negative change in fair value of cross currency swaps, designated as fair value hedge through which the Company has converted one of its USD loans into a Euro loan to avail the benefit of the negative EURIBOR interest rates.

20. Provisions

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current		
Provision for gratuity [Refer note 40]	136.63	125.86
Provision for special gratuity [Refer note 40]	148.05	169.57
Provision for leave benefits	10.98	-
Provision for pension and similar obligation [Refer note 40]	830.04	1,097.46
Provision for jubilee scheme [Refer note 40]	89.81	85.95
Provision for early retirement [Refer note 40]	57.90	3.69
Provision for employee's provident fund [Refer note 40]	3.79	29.58
Provision for manpower cost optimization [Refer note 32(b)]	134.53	248.60
Total	**1,411.73**	**1,760.71**
Current		
Provision for gratuity [Refer note 40]	116.62	111.63
Provision for special gratuity [Refer note 40]	19.47	11.33
Provision for leave benefits	650.91	640.30
Provision for commitment*	11.36	18.06
Provision for pension and similar obligation [Refer note 40]	11.39	19.81
Provision for manpower cost optimisation [Refer note 32(b)]	91.57	115.32
Total	**901.32**	**916.45**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

20. Provisions (contd.)

* In the case of one of the subsidiaries of the Group, the erstwhile management had entered into contracts with various customers, which have been classified as onerous on account of cost overruns and delays in timely execution. Accordingly, a provision for expected losses on such contracts has been recognised to the extent of the present obligation under the contract.

Provision for onerous contracts

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	18.06	-
Add: Provision made during the year	6.71	31.77
Less: Provision reversed during the year	(13.41)	(13.71)
Balance at the end of the year	**11.36**	**18.06**

Provision for manpower cost optimisation

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	363.92	291.91
Add: Created during the year	143.36	195.26
Less: Utilised/reversed during the year	(302.65)	(106.73)
Less: Foreign currency transaction reserve	21.47	(16.52)
Closing balance	**226.10**	**363.92**

21. Income and deferred taxes

The major components of income tax expense/(income) recognised for the year ended March 31, 2023 and March 31, 2022 are: Statement of profit and loss:

Statement of profit and loss:

In ₹ Million

Profit or loss section	As at March 31, 2023	As at March 31, 2022
Current income tax:		
Current income tax charge	3,951.57	3,529.58
Deferred tax		
Relating to origination and reversal of temporary differences	(765.99)	(495.05)
Income tax expense reported in the statement of profit and loss	**3,185.58**	**3,034.53**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

21. Income and deferred taxes (contd.)

OCI section

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax related to items recognised in OCI:		
Net movement on cash flow hedges	(529.43)	245.85
Net loss on re-measurement of defined benefit plans	90.04	101.16
Net (loss)/gain on FVTOCI equity securities	(31.00)	(398.13)
Tax charged to/(Released from) OCI	**(408.39)**	**745.14**

Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for March 31, 2023 and March 31, 2022

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Accounting profit before tax from operations	8,269.45	13,805.14
Accounting profit before income tax		
At India's statutory income tax rate of 25.168% (March 31, 2021: 25.168%)	2,081.26	3,474.48
Exceptional items	-	(353.31)
Tax impact of losses on which deferred tax asset is not recognised	1,332.84	20.66
Effect of differential rates	24.19	114.58
Adjustments in respect of reversal of tax expenses of earlier years	(98.74)	(157.50)
Effects of deferred tax asset on tax losses in Germany	-	(159.67)
Utilisation of previously unrecognised tax losses	-	(226.06)
Other disallowances (including consolidation adjustments)	(153.97)	321.35
At the effective income tax rate of (38.53%) (March 31, 2022: 23.08%)	**3,185.58**	**3,034.53**
Income tax expense reported in the statement of profit and loss	**3,185.58**	**3,034.53**

Major components of deferred tax as at March 31, 2023 and March 31, 2022:

Deferred tax liability (net)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax relates to the following:		
Property, plant and equipment and intangible assets	1,801.81	1,963.37
Fair valuation of cash flow hedges	418.34	946.61
Fair valuation of FVTOCI equity securities	446.12	434.64
Temporary differences in accounting treatment as required by Income tax standards	(513.00)	(455.46)
Net deferred tax liability	**2,153.27**	**2,889.16**

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

21. Income and deferred taxes (contd.)

Deferred tax asset (net)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax relates to the following:		
Property, plant and equipment and intangible assets	2.01	3.57
Temporary differences in accounting treatment as required by Income tax standards	(290.78)	(464.05)
Unrealised profit on inventory	(1,206.53)	(710.59)
Net deferred tax asset	**(1,495.30)**	**(1,171.07)**

Major components of deferred tax for the year ended March 31, 2023 and March 31, 2022:

Deferred tax expense/(income)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax relates to the following:		
Property, plant and equipment and intangible assets	(163.12)	(87.65)
Unrealised profit on inventory	(495.94)	(205.67)
Temporary differences in accounting treatment as required by Income tax standards	(106.93)	(201.73)
Deferred tax (income)	**(765.99)**	**(495.05)**

Reflected in the balance sheet as follows

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax assets	(66.88)	(20.82)
Deferred tax liabilities	2,220.15	2,909.98
Deferred tax liabilities (net)	**2,153.27**	**2,889.16**
Deferred tax assets	(1,497.31)	(1,174.64)
Deferred tax liabilities	2.01	3.57
Deferred tax assets (net)*	**(1,495.30)**	**(1,171.07)**

* Relates to temporary differences arising in different tax jurisdictions

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

21. Income and deferred taxes (contd.)

Reconciliation of deferred tax liabilities and assets

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Reconciliation of deferred tax liabilities (net)		
Opening balance	**2,889.16**	**2,345.76**
Tax (expense) during the period recognised in profit or loss	(369.80)	(145.54)
Deferred tax liabilities on hedge	(529.43)	-
Deferred tax liabilities on business combination	134.76	-
Tax income during the period recognised in OCI	28.58	688.94
Closing balance	**2,153.27**	**2,889.16**
Reconciliation of deferred tax assets (net)		
Opening balance	(1,171.07)	(900.66)
Tax income/(expense) during the period recognised in profit or loss	(396.19)	(349.51)
Tax (expense)/income during the period recognised in OCI	93.25	56.20
Other adjustments (including FCTR)	(21.29)	22.90
Closing balance	**(1,495.30)**	**(1,171.07)**

(a) The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

(b) The Group has tax losses which arose due to carried forward business losses in India of ₹ 1,193.63 million (March 31, 2022: ₹ 1,372.88 million) that are available for offsetting for eight years against future taxable profits of the Group under the head income from business. This loss will expire in eight years from the end of the respective year to which it pertains.

(c) The Group has tax losses which arose due to carried forward business losses in the USA of ₹ 2,361.32 million (March 31, 2022: ₹ 2,177.22 million) that are available for offsetting for twenty years and ₹ 3,501.30 million (March 31, 2022: ₹ 317.79 million) that are available for offsetting indefinitely against future taxable profits under relevant heads of income of the companies in which the losses arose. These losses will expire in various years between tax years 2026 and 2037.

(d) The Group has tax losses which arose due to carried forward business losses in Sweden of ₹ 2,032.00 million (March 31, 2022: ₹ 1,994.21 million) that are available for offsetting for an indefinite period against future taxable profits under relevant heads of income of the subsidiary in which the losses arose. Also the Group has tax losses which arose due to carried forward business losses in Germany of ₹ 2,488.65 million (March 31, 2022: ₹ Nil) that are available for offsetting for an indefinite period against future taxable profits under relevant heads of income of the subsidiaries in which the losses arose.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

21. Income and deferred taxes (contd.)

(e) Deferred tax assets have not been recognised in respect of the above mentioned loss as they may not be used to offset taxable profits, they have arisen on account of carried forward business losses and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Group was able to recognise all unrecognised deferred tax assets, the profit would increase by ₹ 2,755.32 million (March 31, 2022: ₹ 1,296.64 million).

(g) During the years ended March 31, 2023 and March 31, 2022, the Group has not surrendered any transaction or disclosed as income in the tax assessments under the Income Tax Act, 1961, (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

22. Trade payables

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Trade payables		
Dues to micro enterprises and small enterprises	493.46	100.91
Dues to other than micro enterprises and small enterprises (including related parties payables)	21,019.94	16,212.74
Total	**21,513.40**	**16,313.65**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are generally settled on 60 to 90 days terms.
- Other payables (under note 19 and 23) are non-interest bearing and have an average term of 90 days
- For terms and conditions with related parties, refer note 48.

Trade payable includes acceptances given by the Group for invoices of its supplier which were financed by the supplier with banks.

The above amount of trade payables is net off certain advances given to suppliers (Related parties) amounting to ₹ 720 million (March 31, 2022: ₹ 720 million). The Group currently has a legally enforceable right to set off the advance against the respective payables. The Group intends to settle these amounts on a net basis.

For the Group's credit risk management processes, refer Note 55.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

22. Trade payables (contd.)

Trade payables Ageing

As at March 31, 2023

In ₹ Million

Particulars	Outstanding for following periods from due date of payment						
	Unbilled*	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises (Undisputed)	-	270.23	223.23		-	-	493.46
Total outstanding dues of creditors other than micro enterprises and small enterprises (Undisputed)	4,038.13	6,463.97	9,612.86	267.49	182.89	174.75	20,740.09
Total outstanding dues of creditors other than micro enterprises and small enterprises (Disputed)	-	-	279.85	-	-	-	279.85
Total	**4,038.13**	**6,734.20**	**10,115.94**	**267.49**	**182.89**	**174.75**	**21,513.40**

* Unbilled represents accrual for expenses

As at March 31, 2022

In ₹ Million

Particulars	Outstanding for following periods from due date of payment						
	Unbilled*	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises (Undisputed)	-	64.43	36.20	0.23	0.04	-	100.90
Total outstanding dues of creditors other than micro enterprises and small enterprises (Undisputed)	2,269.84	4,594.72	7,529.16	995.82	137.31	674.55	16,201.40
Total outstanding dues of creditors other than micro enterprises and small enterprises (Disputed)	-	-	4.70	3.59	3.06	-	11.35
Total	**2,269.84**	**4,659.15**	**7,570.06**	**999.64**	**140.41**	**674.55**	**16,313.65**

* Unbilled represents accrual for expenses

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

23. Other liabilities

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current		
Contract liabilities (Advance from customers) $	5,384.00	-
Government grant*	148.81	541.49
Settlement for anti-trust proceedings [Refer note 32]	2,271.40	2,531.93
Others**	76.45	0.10
Total	**7,880.66**	**3,073.52**
Current		
Contract liabilities (Advance from customers) $	3,702.22	959.21
Employee contributions and recoveries payable ****	620.14	612.53
Statutory dues payable including tax deducted at source **** #	963.43	1,071.74
Government grant*	425.79	85.97
Settlement for anti-trust proceedings [Refer note 32]	448.04	304.37
Others **	404.36	107.21
Total	**6,563.98**	**3,141.03**

* Government grants include grants and subsidies for investments in property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

** Others include rent received in advance, rent equalisation reserve and miscellaneous liabilities.

$ The contract liabilities primarily relate to the advance consideration received on contracts entered with customers for which performance obligations are yet to be performed, therefore, revenue will be recognised when the goods are passed on to the customers.

**** Includes payable on account of deferral given in relation to overseas subsidiaries granted on account of COVID support measures.

\# Includes payable with respect to Goods and Service Tax, Gram Panchayat Tax, Withholding taxes, provident fund etc.

Government grant - investment subsidies and grants

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	627.46	746.84
Add: Received during the year	7.33	19.56
Less: Released to the statement of profit and loss	(91.24)	(98.64)
Less: Foreign currency transaction reserve	31.05	(40.30)
Closing balance	**574.60**	**627.46**

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

23. Other liabilities (contd.)

Break up of the financial liabilities at amortised cost

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Borrowings [Refer note 18]	68,523.33	56,545.38
Lease liabilities [Refer note 43]	4,609.04	3,170.88
Other financial liabilities [Refer note 19]	2,190.53	1,512.02
Trade payables [Refer note 22]	21,513.40	16,313.65
Total financial liabilities carried at amortised cost	**96,836.30**	**77,541.93**

Break up of the financial liabilities at fair value through profit or loss

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Derivative instruments [Refer note 19(a)]	146.08	-

24. Revenue from operations

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Sale of products		
- Sale of goods	121,496.31	97,961.67
- Tooling income	708.00	421.88
Total sale of products	**122,204.31**	**98,383.55**
Sale of services		
- Job work charges	684.79	596.13
Other operating revenues		
- Manufacturing scrap	5,127.15	4,715.88
- Government grants - export incentives [Refer note 10]	1,039.83	859.17
- Sale of electricity/REC - Windmills	46.51	56.05
	6,213.49	**5,631.10**
Total Revenue from operations	**129,102.59**	**104,610.78**

Set out below is the amount of revenue recognised from

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Amounts included in contract liabilities at the beginning of the year	497.17	229.37
Changes in contract liabilities during the year	-	-

For balances in respect of contract liabilities refer note 23 and trade receivables refer note 12

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

24. Revenue from operations (contd.)

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Sale of products	122,204.31	98,383.55
Sale of services	684.79	596.13
Manufacturing scrap	5,127.15	4,715.88
Revenue from contract with customers	**128,016.25**	**103,695.56**
Less: Adjustments (sales returns, discounts, etc.)	(343.20)	(776.90)
Revenue as per contracted price	**128,359.45**	**104,472.46**

25. Other income

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Dividend income from investments	5.11	4.41
Net gain on fair valuation of financial instruments (FVTPL)	(654.12)	(129.64)
Net gain on sale of financial investments	1,432.67	903.83
Government grants*	120.17	114.45
Provision for doubtful debts and advances written back (net)	18.06	
Liabilities/provisions no longer required written back	98.10	246.41
Interest income on assets measured at amortised cost		
- Fixed deposits and others**	291.94	182.36
- Loan to associates	1.33	39.33
Rent **[Refer note 43(b)]**	43.34	20.58
Gain on sale/discard of property, plant and equipment (net)	42.72	223.46
Miscellaneous income ***	329.25	353.81
Total	**1,728.57**	**1,959.00**

* Includes government grant on pre shipment credit and bill discounting where the Holding Company has availed the benefit of interest equalisation scheme of the Reserve Bank of India. There are no unfulfilled conditions or contingencies attached to these grants.

** Includes interest on account of unwinding of security deposits and interest income on fixed income securities

*** Miscellaneous income includes sundry sale, discount received, miscellaneous recoveries, etc.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

26. Cost of raw materials and components consumed

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Inventory at the beginning of the year **[Refer note 11]**	6,349.74	3,111.38
Inventory on acquisition	170.97	37.63
Add: Purchases	61,385.81	49,376.52
Less: Inventory as at end of the year **[Refer note 11]**	7,256.59	6,349.74
Total	**60,649.93**	**46,175.79**

27. Decrease/(Increase) in inventories of finished goods, work-in-progress, traded goods, dies and scrap

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Inventories at the end of the year [Refer note 11]		
Work-in-progress [includes items lying with third parties]	9,564.13	7,777.52
Finished goods [includes items lying with third parties and items in transit]	11,839.86	10,422.00
Stock of traded goods [includes items lying with third parties and items in transit]	3.25	355.26
Dies and dies under fabrication	241.19	187.14
Scrap	139.36	79.11
	21,787.79	**18,821.03**
Inventories at the beginning of the year [Refer note 11]		
Work-in-progress [includes items lying with third parties]	7,777.52	5,947.02
Finished goods [includes items lying with third parties and items in transit]	10,422.00	5,940.34
Stock of traded goods [includes items lying with third parties and items in transit]	355.26	526.67
Dies and dies under fabrication	187.14	438.45
Scrap	79.11	30.36
	18,821.03	**12,882.84**
Add: Inventory on acquisition	266.33	38.89
Total	**(2,700.43)**	**(5,899.30)**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

28. Employee benefits expense

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Salaries, wages and bonus (including managing and whole time director's remuneration)*	13,361.62	12,128.51
Contributions to provident and other funds/scheme (net) # *	695.26	730.11
Gratuity expense **[Refer note 40 (a,f)]**	90.69	83.30
Special gratuity expense **[Refer note 40 (b)]**	3.38	20.87
Share based payments **[Refer note 61]**	21.11	16.29
Staff welfare expenses	1,458.94	1,667.75
Total	**15,631.00**	**14,646.83**

\# Other funds/scheme includes a contribution towards the early retirement scheme and Employee State Insurance scheme

The Code on Social Security, 2020 ('Code') relating to employees benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The draft rules has been released by The Ministry of Labour and Employment on November 13, 2020. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

* Net of government grant in the nature of short time work (Kurzarbeit) and Paycheck Protection Program ("PPP") loan for COVID support with respect to some of the subsidiaries amounting to Nil (March 31, 2022: ₹ 258.61 million).

29. Finance costs

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest on bank facilities under amortised cost method	2,382.57	1,049.89
Exchange differences regarded as an adjustment to borrowing costs **	250.03	181.75
Interest on lease liabilities **(Refer note 43)**	276.07	232.15
Others#	77.53	140.26
Total	**2,986.20**	**1,604.05**

* Includes unwinding impact of transaction cost on borrowings.

** Represents exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

\# Others includes net interest expense on defined benefit plans **[Refer note 40]** etc.

30. Depreciation, amortisation and impairment expense

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation on property, plant and equipment **[Refer note 3]**	6,688.38	6,597.68
Amortisation on other intangible assets **[Refer note 5]**	236.31	142.09
Depreciation on right of use asset **[Refer note 43]**	431.17	476.47
Impairment of goodwill **[Refer note 5]**	-	86.77
Total	**7,355.86**	**7,303.01**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

31. Other expenses

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Consumption of stores, spares and tools	5,419.98	4,655.91
Machining/subcontracting charges	4,422.03	4,343.35
Power, fuel and water*	8,343.53	5,830.69
Less: Credit for energy generated	64.69	62.33
	8,278.84	**5,768.36**
Repairs and maintenance		
- Building repairs and road maintenance	254.24	234.09
- Plant and machinery	1,756.48	1,585.06
Contract labour charges	1,634.12	752.09
Rent **[Refer note 43 (a)]**	195.34	126.05
Rates and taxes	220.76	165.10
Insurance	309.44	238.55
CSR Expenditure	160.50	170.77
Legal and professional fees	1,144.75	997.28
Commission	133.34	121.60
Donations	1.25	28.33
Packing material	1,159.75	1,033.25
Freight and forwarding charges	6,217.71	4,331.47
Directors' fees and travelling expenses	5.63	3.38
Commission to directors other than managing and whole time directors	7.00	6.95
Loss on sale/discard of property, plant and equipment (Net)	25.69	-
Provision for doubtful debts and advances (includes expected credit loss) (net)	70.44	111.88
Bad debts/advances written off/back (net)	72.46	5.16
Exchange difference (net)** $	89.17	(349.33)
Payment to Auditors***	120.94	90.28
Miscellaneous expenses ****	4,482.97	3,225.40
Total	**36,182.83**	**27,644.98**

* Net of government grant in the nature of energy tax refund with respect to some of the subsidiaries amounting to ₹ 176.11 million (March 31, 2022: ₹ 190.16 million)

** Includes MTM (gain)/loss of ₹ (81.13) million (March 31, 2022: ₹ (177.24) million)

$ Includes foreign exchange (gain)/loss amounting to ₹ 128.10 million (March 31, 2022: ₹ (38.94)million) on account of differential restatement of foreign exchange loan.

*** Includes ₹ 88.32 million (March 31, 2022: ₹ 68.74 million) paid to subsidiary auditors

**** Miscellaneous expenses includes labour charges, travelling expenses, printing, stationery, postage, telephone, etc.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

31. Other expenses (contd.)

Capitalisation of expenditure

The Group has capitalised the following expenses of revenue nature to the cost of Property, plant and equipment/ capital work in progress(CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Group.

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest on bank facilities	34.93	112.43
Interest on lease liabilities	5.49	
Salaries, wages and bonus	75.39	469.81
Depreciation on right of use assets	14.86	-
Consumption of stores and spares and loose tools	22.39	45.06
Others	12.68	52.83
Total	**165.74**	**680.13**

Expenditure on research and development

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Cost of raw materials and components consumed	6.48	9.80
Employee benefits expense	384.21	310.31
Other expenses	243.17	257.88
Total	**633.86**	**577.99**

32. Exceptional items

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Voluntary retirement scheme compensation **[Refer note 32(a)]**	(442.08)	(739.56)
Provision for manpower cost optimisation in overseas subsidiaries **[Refer note 32(b)]**	(15.83)	(106.53)
Reversal of impairment and gain on fair valuation, on loss of significant influence, in TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited). **[Refer note 32(c)]**	-	1,499.62
Conversion of Tork Motors Private Limited from associate to subsidiary and gain on fair valuation of shares **[Refer note 32(d)]**	-	270.52
Total	**(457.91)**	**924.05**

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

32. Exceptional items (contd.)

(a) Voluntary retirement scheme compensation

During the year, the Company has announced Voluntary Retirement Schemes (VRS) on April 28, 2022 and January 13, 2023 for its permanent eligible employees who have attained 40 years of age and have completed 10 years of service with the Company. The amount of expenditure under these schemes is disclosed as an exceptional item.

During the previous year, the Holding Company had announced Voluntary Retirement Schemes (VRS) on June 4, 2021, October 25, 2021 and December 30, 2021 for its permanent eligible employees who had attained 40 years of age and have completed 10 years of service with the Holding Company. The amount of expenditure under these schemes is disclosed as an exceptional item.

(b) Provision for manpower cost optimization in Overseas subsidiaries

Certain overseas subsidiaries, as a part of one off cost optimisation initiative, have decided to rationalise the manpower cost in relation to its activities.

On account of these actions, cost of redundancy payment to employees is provided for.

(c) Reversal of impairment and gain on fair valuation on, loss of significant influence

During the previous year, the Group's associate viz. Tevva Motors Limited (held through TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)), collectively referred to as "Tevva", a start-up engaged in modular electrification system for a medium range of commercial vehicles, raised additional funding to finance its operations. Post allotment of equity shares to the new investors, Tevva has ceased to be an associate of the Group.

The Group's equity investment in TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited) was earlier impaired in the financial year ended March 31, 2020. With the global EV markets gaining traction and setting higher valuation benchmarks, reversal of impairment and gain on the fair valuation on loss of significant influence as an associate of ₹ 1499.62 million has been recorded as a part of "Exceptional items" for the year ended March 31, 2022.

(d) Conversion of Tork Motors Private Limited from associate to subsidiary and gain on fair valuation of shares

During the previous year, Kalyani Powertrain Limited (KPL) had converted its investment in Zero Coupon Optionally Convertible Debentures of Tork Motors Private Limited (“TMPL”) into equity shares, amounting to ₹ 400 million. Pursuant to this conversion, KPL's stake (and Group's stake) in TMPL's equity shares has increased to 60.66% (on fully diluted basis). Consequently, TMPL became a subsidiary of the Group w.e.f. November 22, 2021. Accordingly, the gain on fair valuation of shares of TMPL of ₹ 270.52 million was recorded as a part of “Exceptional items” in the consolidated financial statements for the year ended March 31, 2022.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

33. Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI for each type of reserve in equity is shown below:

In ₹ Million

During the year ended March 31, 2023	Cash flow hedge reserve	FVTOCI Reserve	Non - controlling interest reserve	Retained earnings	Foreign currency translation differences	Income tax/ Deferred tax effect	Total
Currency forward contracts	(725.37)	-	-	-	-	182.56	(542.81)
Reclassified to statement of (profit) or loss	(1,378.19)	-	-	-	-	346.86	(1,031.33)
Gain on FVTOCI financial assets	-	242.59	-	-	-	(11.49)	231.10
Re-measurement gains/(losses) on defined benefit plans (including share of associate, joint ventures)	-	-	-	357.75	-	(109.54)	248.21
Foreign exchange translation difference	-	-	-	-	397.45	-	397.45
Total	**(2,103.56)**	**242.59**	**-**	**357.75**	**397.45**	**408.39**	**(697.38)**

In ₹ Million

During the year ended March 31, 2022	Cash flow hedge reserve	FVTOCI Reserve	Non-controlling interest reserve	Retained earnings	Foreign currency translation differences	Income tax/ Deferred tax effect	Total
Currency forward contracts	2,358.02	-	-	-	-	(585.60)	1,772.42
Reclassified to statement of (profit) or loss	(1,349.93)	-	-	-	-	339.75	(1,010.18)
Gain on FVTOCI financial assets	-	2,025.46	-	-	-	(398.13)	1,627.33
Acquisition of partly owned subsidiaries	-	-	(148.19)				(148.19)
Re-measurement gains/(losses) on defined benefit plans (including share of associate, joint ventures)	-	-	-	363.30	-	(101.16)	262.14
Foreign exchange translation difference	**-**	**-**	**-**	**-**	**(152.11)**	**-**	**(152.11)**
Total	**1,008.09**	**2,025.46**	**(148.19)**	**363.30**	**(152.11)**	**(745.14)**	**2,351.41**

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

34. Earnings per share

In ₹ Million

Particulars		Year ended March 31, 2023	Year ended March 31, 2022
Numerator for basic and diluted EPS			
Net (loss)/profit after tax attributable to equity holders of parent (in ₹ million)	(A)	5,283.64	10,817.56
Denominator for basic EPS [Refer note 15(b)]			
Weighted average number of equity shares for basic EPS	(B)	465,588,632	465,588,632
Denominator for diluted EPS [Refer note 15(b)]			
Weighted average number of equity shares for diluted EPS	(C)	465,588,632	465,588,632
Basic earnings per share of face value of ₹ 2 each (in ₹)	(A/B)	11.35	23.23
Diluted earnings per share of face value of ₹ 2 each (in ₹)	(A/C)	11.35	23.23

35. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

1) **Leases**

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. Accordingly, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group included the renewal period as part of the lease term for leases of plant and machinery with shorter non-cancellable period (i.e., three to five years). The Company typically exercises its option to renew these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of plant and machinery with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

35. Significant accounting judgements, estimates and assumptions (contd.)

1) Leases (contd.)

these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Refer to Note 43 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

2) Derivative contracts

The holding company enters into foreign exchange forward contracts to hedge its exposure of foreign currency risk of highly probable forecasted sales. The outstanding contracts at each reporting date are measured at fair value through OCI and derivative assets/liabilities are recognised accordingly. Due to the changes in risks and estimates during the lifecycle of the customer contracts, in order to apply hedge accounting, management is required to demonstrate that the underlying contract is considered to be a highly probable transaction and that the hedges are highly effective and maintain hedge documentation. The management has exercised judgement to determine that the underlying contracts are highly probable and accordingly the hedge is effective.

3) Embedded derivative

The Group has entered into certain hybrid contracts i.e. where an embedded derivative is a component of a non-derivative host contract, in the nature of financial liability. The Group has exercised judgement to evaluate if the economic characteristics and risks of the embedded derivative are closely related to the economic characteristics and risks of the host. Based on the evaluation, the Group has concluded, that these economic characteristics and risks of the embedded derivatives are closely related to the economic characteristics and risks of the host and thus not separated from the host contract and not accounted for separately.

4) Control assessment for Joint ventures/partly owned subsidiaries

In assessing the power over investee for control evaluation, the Group has exercised judgement in considering certain rights given to the co-venturer in a joint venture arrangement/shareholders' agreement as either substantive rights or protective rights. The Group has evaluated if the rights are designed to protect the interests of their holder without giving that party power over the investee to which those rights relate in which case, it is considered as protective right not considered in the control assessment for joint ventures. Also, in the case of all the joint arrangements, the Group has an interest in the net assets of the joint arrangements and accordingly the same is considered as joint ventures. Further, with respect to certain subsidiaries in regulated segments, the Group has evaluated and believes that it exercises control over such subsidiaries in accordance with the terms of the Foreign Direct Investment & Foreign Investment Promotion Board Policies.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

35. Significant accounting judgements, estimates and assumptions (contd.)

5) Share of profit/loss of associates

In the case of loss making associates and joint ventures, the Group discontinues to absorb its share of losses once the carrying amount of the relevant investment becomes NIL. However, if there are other long term interests that in substance form part of the investor's net investment in an associate or joint venture, then the Group continues to absorb its share of losses against such long term interest. The Group has used judgement to determine if it is legally or constructively obliged to make payments on behalf of the associate or joint venture.

6) Revenue from contracts with customers

The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

I. Identifying contract with customers

The Group enters into a Master service agreement ('MSA') with its customers which defines the key terms of the contract with customers. However, the rates for quantity to be supplied are separately agreed through purchase orders. The management has exercised judgment to determine that contract with customers for the purpose of Ind AS 115 is MSA and customer purchase orders for the purpose of identification of performance obligations and other associated terms.

II. Identifying performance obligation

The Group enters into contract with customers for tooling income and goods. The Group determined that both the tooling income and the goods are capable of being distinct. The fact that the Group regularly sells these goods on a stand-alone basis indicates that the customer can benefit from it on an individual basis. The Group also determined that the promises to transfer these goods are distinct within the context of the contract. These goods are not input to a combined item in the contract. Hence, the tooling income and the sale of goods are separate performance obligations.

III. Determination of timing of satisfaction of performance obligation for the sale of products

The Group concluded that tooling income and goods are to be recognised at a point in time because it does not meet the criteria for recognising revenue over a period of time. The Group has applied judgment in determining the point in time when the control of the tooling income and goods is transferred based on the criteria mentioned in the standard read along with the contract with customers, applicable laws and considering the industry practices which are as follows:

1. Sale of goods

The goods manufactured are "Build to print" as per the design specified by the customer for which the tools/dies are approved before commercial production commences. Further, the dispatch of goods is made on the basis of the purchase orders obtained from the customer taking into account the just-in-time production model with the customer.

2. Tooling income

Tools are manufactured as per the design specified by the customer which is approved on the basis of the customer acceptance of prototypes or sample production. The management has used judgment in the identification of the point in time where the tools are deemed to have been accepted by the customer.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

35. Significant accounting judgements, estimates and assumptions (contd.)

7) Factoring arrangement

One of the subsidiaries of the Group has entered into a factoring arrangement. Based on the terms agreed with the counterparty, it is considered to be a non-recourse arrangement and accordingly, respective trade receivable balance has been derecognised as per the terms of the agreements.

8) Litigations

The Group has various ongoing litigations, the outcome of which may have a material effect on the financial position, results of operations or cashflows. The Legal team regularly analyses current information about these matters and assesses the requirement for provision for probable losses including estimates of legal expense to resolve such matters. In making the decision regarding the need for loss provision, management considers the degree of probability of an unfavourable outcome and the ability to make sufficiently reliable estimate of the amount of loss. The filing of a lawsuit or formal assertion of a claim against the group or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate. Considering the facts on hand and the current stage of certain ongoing litigations, the Group foresees remote risk of any material claim arising from claims against the Group. Management has exercised significant judgement in assessing the impact, if any, on the disclosures in respect of litigations in relation to Holding Company and its subsidiaries.

Estimates and assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

A. Impairment of non-financial assets including property, plant and equipment, goodwill and other intangible asset

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining the fair value less costs to disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators as the case may be.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

35. Significant accounting judgements, estimates and assumptions (contd.)

8) Litigations (contd.)

B. Defined benefit plans

The cost of the defined benefit gratuity plans, other defined benefit plans and other post-employment plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, expected return on planned assets and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The mortality rate is based on publicly available mortality tables based on the country where the entity operates. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases, discount rate and return on planned assets are based on expected future inflation rates of the respective country.

Further details about defined benefit plans are given in Note 40.

C. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using different valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 51 for further disclosures.

D. Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Further, the Group also evaluates risk with respect to expected loss on account of loss in time value of money which is calculated using average cost of capital for relevant financial assets.

The holding company has investments in associates and joint ventures as at the reporting period. The management is required to check, at least annually, the existence of impairment indicators for each investment. The evaluation of assessment for impairment and methodology for assessing and determining the recoverable amount of each investments are based on complex assumptions. It involves management's judgement with respect to the identification of impairment indicators for each investment and estimates regarding the projected cash flows, long term growth rate and discounting rate used in valuation models. A sensitivity analysis is also performed to check the impact of changes in key variables on the valuation. The management believes that no impairment is required as at the reporting period end based on the procedures performed.

E. Income tax and deferred tax

Deferred tax assets are not recognised for unused tax losses as it is not probable that taxable profit will be available against which the losses can be utilised. Significant management judgement/estimate is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

Further details on taxes are disclosed in note 21.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

35. Significant accounting judgements, estimates and assumptions (contd.)

8) Litigations (contd.)

F. Provision for Inventories

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete, slow-moving items where net realisable value is below cost. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

G. Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

H. Contingent consideration

The Group has a legal obligation to pay additional consideration upon fulfilment of certain milestones in relation to businesses/joint ventures acquired in the past. Assessment in relation to determination of the fulfilment of such milestones involves estimation. Accordingly, the management has concluded on the basis of such assessment that the prescribed milestones will not be achieved and hence no impact has been taken in the financial statements.

36. Group information

The consolidated financial statements of the Group includes subsidiaries listed in the table below:

	Particulars	Principal activities	Principal place of business	% equity interest March 31, 2023	March 31, 2022	Financial year ended on
1)	**Bharat Forge Global Holding GmbH (BFGH) and its wholly owned subsidiaries @**	Holding	Germany	100%	100%	March 31
i.	Bharat Forge Holding GmbH and its wholly owned subsidiaries @	Holding	Germany	100%*	100%*	March 31
	a) Bharat Forge Aluminiumtechnik GmbH (BFAT) @	Forging	Germany	100%*	100%*	March 31
ii.	Bharat Forge Kilsta AB @	Forging	Sweden	100%*	100%*	March 31
iii.	Bharat Forge CDP GmbH and its wholly owned subsidiary @	Forging	Germany	100%*	100%*	March 31
	a) Bharat Forge Daun GmbH @	Die Manufacturing	Germany	100%*	100%*	March 31
iv.	Mecanique Generale Langroise @	Machining	France	100%*	100%*	March 31

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for the year ended March 31, 2023

36. Group information (contd.)

	Particulars	Principal activities	Principal place of business	% equity interest March 31, 2023	March 31, 2022	Financial year ended on
2)	**Bharat Forge America Inc. and its wholly owned subsidiaries @**	Holding	U.S.A	100%	100%	March 31
i.	Bharat Forge PMT Technologie LLC @	Forging	U.S.A	100%*	100%*	March 31
ii.	Bharat Forge Tennessee Inc. @	Others	U.S.A	100%*	100%*	March 31
iii.	Bharat Forge Aluminium USA, Inc. @	Forging	U.S.A	100%*	100%*	March 31
3)	**Bharat Forge International Limited**	Forging	U.K.	100%	100%	March 31
4)	**Kalyani Strategic Systems Limited and its subsidiaries**	Others	India	100%	100%	March 31
i.	Kalyani Rafael Advanced Systems Private Limited **	Others	India	50%*	50%*	March 31
ii.	Analogic Controls India Limited $	Others	India	NA	100%	March 31
iii.	Sagar Manas Technologies Limited	Others	India	51%*	100%*	March 31
iv.	Kalyani Strategic Systems Australia Pty Limited #	Others	Australia	NA	NA	March 31
5)	**Kalyani Powertrain Limited and its subsidiaries**	Others	India	100%	100%	March 31
i.	Kalyani Mobility INC (formerly Kalyani Precision Machining INC.) (From September 9, 2021)* @	Machining	U.S.A	100%*	100%*	March 31
ii.	Tork Motors Private Limited****	Others	India	64.29%*	64.29%*	March 31
	a) Lycan Electric Private Limited****	Others	India	64.29%*	64.29%*	March 31
iii.	Electroforge Limited (incorporated w.e.f. July 25, 2022)	Others	India	100%*	NA	March 31
6)	**BF industrial Solutions Limited (Formerly Nouveau Power and Infrastructure Private Limited) and its wholly owned subsidiaries**	Others	India	100%	100%	March 31
i.	BF Industrial Technology & Solutions Limited (Formerly Sanghvi Forging and Engineering Limited)**	Others	India	100%*	100%*	March 31
	a) Sanghvi Europe B.V.	Machining	Netherlands	100%*	100%*	March 31
ii.	JS Auto Cast Foundry India Private Limited (w.e.f. July 01, 2022)	Casting	India	100%*	NA	March 31
7)	**BF Infrastructure Limited and its subsidiary**	Others	India	100%	100%	March 31
i.	Ferrovia Transrail Solutions Private Limited (w.e.f. March 02, 2023)	Projects	India	100%*	NA	March 31
ii.	BFIL CEC-JV	Projects	India	74%*	74%*	March 31

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

36. Group information (contd.)

	Particulars	Principal activities	Principal place of business	% equity interest March 31, 2023	% equity interest March 31, 2022	Financial year ended on
8)	**Kalyani Lightweighting Technology Solutions Limited (incorporated w.e.f. July 12, 2022)**	Others	India	100%	NA	March 31
9)	**Kalyani Centre for Precision Technology Limited**	Machining	India	100%	100%	March 31
10)	**BF Elbit Advanced Systems Private Limited****	Others	India	51%	51%	March 31
11)	**Eternus Performance Materials Private Limited**	Others	India	51%	51%	March 31
12)	**Indigenous IL Limited *** @**	Others	Israel	NA	NA	March 31

* held through subsidiaries

** based on control assessment as per Ind AS 110

*** not consolidated as the holding Company has not yet invested in Indigenous IL Limited and operations are not yet commenced

**** converted to subsidiary w.e.f. November 22, 2021

@ Change in financial year end date from previous accounting period for group reporting purpose

$ merged with Kalyani Strategic Systems Limited [Refer note 60.7]

w.e.f. November 10, 2021

Details of the Group's ownership interest in associates are as follows:

	Particulars	Principal activities	Principal place of business	% equity interest March 31, 2023	% equity interest March 31, 2022	Financial year ended on
1)	Talbahn GmbH (not consolidated)	Others	Germany	35%*	35%*	March 31
2)	Ferrovia Transrail Solutions Private Limited (up to March 1, 2023)	Projects	India	NA	49%*	March 31
3)	Aeron Systems Private Limited	Others	India	37.14%*	37.14%	March 31
4)	Avaada MHVidarbha Private Limited (w.e.f. April 14, 2022)	Others	India	26%	NA	March 31
5)	Tork Motors Private Limited (up to November 21, 2021) **	Others	India	NA	NA	March 31
	i) Lycan Electric Private Limited (up to November 21, 2021)	Others	India	NA	NA	March 31

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

36. Group information (contd.)

	Particulars	Principal activities	Principal place of business	% equity interest March 31, 2023	% equity interest March 31, 2022	Financial year ended on
6)	TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited) (up to November 8, 2021) ***	Others	UK	NA	NA	March 31
	i) Tevva Motors Limited (up to November 8, 2021)***	Others	UK	NA	NA	March 31

* held through subsidiaries

** converted to subsidiary w.e.f. November 22, 2021

*** converted to financial instruments w.e.f. November 9, 2021. Refer note 32.

Joint arrangement in which the Group is a joint venturer

	Particulars	Principal activities	Principal place of business	% equity interest March 31, 2023	% equity interest March 31, 2022	Financial year ended on
1)	BF Premier Energy Systems Private Limited #	Others	India	NA	50%*	March 31
2)	BF NTPC Energy Systems Limited**	Projects	India	51%	51%	March 31
3)	Refu Drive GmbH @	Others	Germany	50%	50%	March 31
	i) Refu Drive India Private Limited @	Others	India	50%	50%	March 31

* held through subsidiaries

** Shareholders of the Joint Venture Company decided to voluntarily liquidate the joint venture at their EGM held on October 9, 2018

@ Change in financial year end date from previous accounting period for group reporting purpose

Group along with joint venturer has applied for being struck off

37. Material partly owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests based on IND AS Financial Statement is provided below:

Proportion of equity interest held by non-controlling interests:

Particulars	Principal place of business	% equity interest March 31, 2023	% equity interest March 31, 2022
Kalyani Strategic Systems Limited*	India	NA	NA
Kalyani Rafael Advanced Systems Private Limited	India	50%	50%
BF Elbit Advanced Systems Limited	India	49%	49%

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

37. Material partly owned subsidiaries (contd.)

Particulars	Principal place of business	% equity interest March 31, 2023	% equity interest March 31, 2022
Eternus Performance Materials Private Limited	India	49%	49%
Tork Motors Private Limited (from November 22, 2021)**	India	35.71%	35.71%
Lycan Electric Private Limited (from November 22, 2021)**	India	35.71%	35.71%
Sagar Manas Technologies Limited	India	49%	NA

* During the year ended March 31, 2021, the board of directors of the Holding Company had passed resolution for acquisition of non-controlling interest in KSSL. During previous year, on receipt of necessary approval from the Department for Promotion of Industry and Internal Trade, the Holding Company has acquired the balance 49% stake in KSSL resulting in an increase in the Company's stake in KSSL from 51% to 100%. Consequently, KSSL has become a wholly owned subsidiary of the Company with effect from February 28, 2022.

** On November 22, 2021, the Group has converted the Zero Coupon Optionally Convertible Debentures held in Tork Motors Private Limited ('Tork Motors'), into equity shares, amounting to ₹ 400 million. Pursuant to this conversion, the Group's stake in Tork Motor's equity shares has increased to 60.66% (on fully diluted basis). Consequently, Tork and its subsidiary Lycan Electric Private Limited have become a subsidiaries w.e.f. November 22, 2021. Also refer note 39 .2 for disclosures related to financial information of Tork Motors as an associate till November 21, 2021.

Information regarding non-controlling interest

In ₹ Million

	March 31, 2023	March 31, 2022
Accumulated balances of material non-controlling interest:		
Kalyani Rafael Advanced Systems Private Limited	191.95	185.48
BF Elbit Advanced Systems Limited	(72.57)	(63.20)
Eternus Performance Materials Private Limited	(2.26)	(2.35)
Tork Motors Private Limited (on consolidated basis, from November 22, 2021)	243.65	440.84
Sagar Manas Technologies Limited	(0.05)	NA
Total Comprehensive income allocated to material non-controlling interest:		
Kalyani Strategic Systems Limited	-	(7.56)
Kalyani Rafael Advanced Systems Private Limited	6.47	0.47
BF Elbit Advanced Systems Limited	(9.37)	(7.93)
Eternus Performance Materials Private Limited	0.09	(0.53)
Tork Motors Private Limited (on consolidated basis, from November 22, 2021)	(197.19)	(31.25)
Sagar Manas Technologies Limited	(0.05)	NA

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

37. Material partly owned subsidiaries (contd.)

Summarised statement of profit and loss for the year ended March 31, 2023

In ₹ Million

Particulars	Sagar Manas Technologies Limited*	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited	Tork Motors Private Limited**
Reporting periods	April 1, 2022 to March 31, 2023	April 1, 2022 to March 31, 2023	April 1, 2022 to March 31, 2023	April 1, 2022 to March 31, 2023	April 1, 2022 to March 31, 2023
Revenue	-	1,313.05	-	12.11	355.59
Other income	-	13.96	-	0.36	4.05
Cost of raw materials and components consumed	-	241.62	-	2.87	437.77
Purchase of stock in trade	-	923.87	-	-	-
(Increase)/decrease in inventories of finished goods, work-in-progress, traded goods, dies & scrap	-	7.09	-	1.54	(29.69)
Employee benefits expense	-	28.73	-	3.63	154.60
Depreciation and amortisation expense	-	23.44	2.56	0.68	162.33
Finance costs	-	3.42	16.29	0.70	27.38
Other expenses	0.11	81.34	0.27	2.87	158.81
Profit/(loss) before tax	**(0.11)**	**17.50**	**(19.12)**	**0.18**	**(551.56)**
Income tax	-	4.34	-	-	0.16
Profit/(loss) for the year	**(0.11)**	**13.16**	**(19.12)**	**0.18**	**(551.72)**
Other Comprehensive Income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)					
Re-measurement gain/(losses) on defined benefit plans	-	(0.22)	-	-	(0.47)
Other comprehensive income for the year, net of tax	**-**	**(0.22)**	**-**	**-**	**(0.47)**
Total comprehensive income	**(0.11)**	**12.94**	**(19.12)**	**0.18**	**(552.19)**
Total Comprehensive Income attributable to non-controlling interests**	(0.05)	6.47	(9.37)	0.09	(197.19)
Profit/(loss) attributable to non-controlling interests	(0.05)	6.58	(9.37)	0.09	(197.02)
other comprehensive Income/(loss) attributable to non-controlling interests	-	(0.11)	-	-	(0.17)
Dividend paid to non-controlling interests	-	-	-	-	-

* On September 20, 2022, Kalyani Strategic Systems Limited transferred 49% stake to Open Joint Stock Company Dastan Transnational Corporation Ltd. ("Dastan")

** Non-controlling interest is calculated at consolidated level for Tork Motors Private Limited and Lycan Electric Private Limited

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

37. Material partly owned subsidiaries (contd.)

Summarised statement of profit and loss for the year ended March 31, 2022

In ₹ Million

Particulars	Kalyani Strategic Systems Limited *	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited	Tork Motors Private Limited**
Reporting periods	**April 1, 2021 to February 28, 2022**	**April 1, 2022 to March 31, 2022**	**April 1, 2022 to March 31, 2022**	**April 1, 2022 to March 31, 2022**	**November 22, 2021 to March 31, 2022**
Revenue	56.08	750.93	-	6.72	14.38
Other Income	4.61	9.40	-	-	2.18
Cost of raw material and components consumed	2.70	226.76	-	0.32	12.74
Purchase of stock in trade	51.94	410.27	-	-	-
(Increase)/decrease in inventories of finished goods, work-in-progress, dies and scrap	-	(6.09)	-	(2.69)	(4.23)
Employee benefits expense	6.79	33.05	-	6.40	34.77
Depreciation and amortisation expense	2.48	30.74	0.98	0.79	36.67
Finance costs	1.09	1.67	14.94	0.64	2.02
Other expenses	11.63	61.71	0.25	2.52	22.17
Profit/(loss) before tax	**(15.94)**	**2.22**	**(16.17)**	**(1.26)**	**(87.58)**
Income tax	-	(1.45)	-	0.17	-
Profit/(loss) for the year	**(15.94)**	**0.77**	**(16.17)**	**(1.09)**	**(87.58)**
Other Comprehensive Income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)					
Re-measurement gain/(losses) on defined benefit plans	0.05	0.15	-	-	0.05
Other comprehensive income for the year, net of tax	**0.05**	**0.15**	**-**	**-**	**0.05**
Total comprehensive income	**(15.89)**	**0.92**	**(16.17)**	**(1.09)**	**(87.52)**
Attributable to non-controlling interests	(7.56)	0.47	(7.93)	(0.53)	(31.25)
Dividends paid to non-controlling interests	-	-	-	-	-

* Non-controlling interest is calculated at Kalyani Strategic System Limited consolidated level, however, balance sheet and statement of profit and loss numbers are disclosed at Kalyani Strategic System Limited standalone level.

** Non-controlling interest is calculated at consolidated level for Tork Motors Private Limited and Lycan Electric Private Limited

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

37. Material partly owned subsidiaries (contd.)

Summarised balance sheet as at March 31, 2023:

In ₹ Million

Particulars	Sagar Manas Technologies Limited	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited*	Tork Motors Private Limited**
Trade receivables, inventories and cash and bank balances (current)	-	1,242.88	8.48	20.20	209.79
Property, plant and equipment and other non-current financial and non-financial assets	-	115.10	17.98	14.28	1,010.88
Trade and other payables (current) and (non-current)	(0.11)	(979.97)	(0.70)	(14.61)	(441.21)
Interest-bearing loans and borrowing and deferred tax liabilities (current) and (non-current)	-	-	(173.87)	(21.59)	(343.35)
Total equity	**(0.11)**	**378.01**	**(148.11)**	**(1.72)**	**436.11**
Attributable to:					
Equity holders of parent	(0.06)	186.06	(75.54)	0.54	192.46
Non-controlling interest*	(0.05)	191.95	(72.57)	(2.26)	243.65

* The share of total equity of non-controlling interest in case of Eternus Performance Materials Private Limited includes accumulated losses for the pre-acquisition period.

** Non-controlling interest is calculated at consolidated level for Tork Motors Private Limited and Lycan Electric Private Limited.

Summarised balance sheet as at March 31, 2022:

In ₹ Million

Particulars	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited*	Tork Motors Private Limited**
Trade receivables, inventories and cash and bank balances (current)	748.04	9.37	25.38	161.08
Property, plant and equipment and other non-current financial and non-financial assets	143.17	20.54	14.35	964.75
Trade and other payables (current) and (non-current)	(526.15)	(2.31)	(22.60)	(130.42)
Interest-bearing loans and borrowing and deferred tax liabilities (current) and (non-current)	-	(156.59)	(19.04)	(28.00)
Total equity	**365.06**	**(128.99)**	**(1.91)**	**967.41**

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

37. Material partly owned subsidiaries (contd.)

In ₹ Million

Particulars	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited*	Tork Motors Private Limited**
Attributable to:				
Equity holders of parent	179.58	(65.79)	0.44	526.57
Non-controlling interest*	185.48	(63.20)	(2.35)	440.84

* The share of total equity of non-controlling interest in case of Eternus Performance Materials Private Limited includes accumulated losses for the pre-acquisition period.

** Non-controlling interest is calculated at consolidated level for Tork Motors Private Limited and Lycan Electric Private Limited.

Summarised cash flow information for the year ended March 31, 2023:

In ₹ Million

Particulars	Sagar Manas Technologies Limited	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited	Tork Motors Private Limited**
Operating	(28.44)	523.87	(1,754.54)	(1.67)	(258.86)
Investing	-	511.40	-	(0.17)	(33.42)
Financing	75.00	(65.45)	610.92	1.86	297.71
Net increase/(decrease) in cash and cash equivalents	**46.56**	**969.82**	**(1,143.62)**	**0.02**	**5.43**

** Non-controlling interest is calculated at consolidated level for Tork Motors Private Limited and Lycan Electrric Private Limited

Summarised cash flow information for the year ended March 31, 2022:

In ₹ Million

Particulars	Kalyani Strategic Systems Limited *	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited	Tork Motors Private Limited**
Operating	(61.28)	64.80	(4.00)	(1.16)	(36.96)
Investing	48.83	(11.83)	(2.41)	0.08	(319.38)
Financing	15.52	(6.28)	(1.97)	1.34	356.51
Net increase/(decrease) in cash and cash equivalents	**3.07**	**46.69**	**(8.38)**	**0.26**	**0.17**

* from April 1, 2021 to February 28, 2022

** Non-controlling interest is calculated at the consolidated level for Tork Motors Private Limited and Lycan Electric Private Limited

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

38. Interest in Joint Ventures

1. BF Premier Energy Systems Private Limited

The Group had 50% interest in BF Premier Energy Systems Private Limited, a joint venture incorporated in India and with the objective of manufacturing defence products such as Bi-modular cartridges systems, ammunition of selected types, ready to use defence products such as rockets, missiles, mines, bombs, torpedoes and ammunition, etc. The Joint Venture was engaged in the activities of setting up its business during the period covered by these financial statements. The Group's interest in BF Premier Energy Systems Private Limited was accounted for using the equity method in the consolidated financial statements. During the year the Group along with the co-venturer has applied for striking off the name of BF Premier Energy Systems Private Limited from the register of Companies under section 248 (2) of the Company Act 2013 and Rule 4(1) of the Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016 vide form no STK - 2 on 2nd March, 2023. Summarised financial information of the joint venture, based on its Ind AS financial statements:

Summarised balance sheet

In ₹ Million

Particulars	March 31, 2023	March 31, 2022
Current assets	NA	0.10
Non-current assets	NA	-
Current liabilities	NA	(0.27)
Non-current liabilities	NA	-
Equity	**NA**	**(0.17)**
Share of the Group in the capital commitment, contingent liabilities of jointly controlled entity	NA	-
Proportion of the Group's ownership	NA	50%
Carrying amount of the investment	NA	-

Summarised statement of profit and loss for the year ended:

In ₹ Million

Particulars	March 31, 2023	March 31, 2022
Income		
Other income	NA	-
	NA	**-**
Expenses		
Employee benefits expense	NA	-
Depreciation	NA	-
Other expenses	NA	0.11
	NA	**0.11**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

38. Interest in Joint Ventures (contd.)

In ₹ Million

Particulars	March 31, 2023	March 31, 2022
Loss before tax	**NA**	**(0.11)**
Tax expenses	NA	-
Loss for the year	**NA**	**(0.11)**
Other comprehensive income for the year	**-**	**-**
Total comprehensive income for the year	**NA**	**(0.11)**
Group's share of loss for the year	**NA**	**(0.06)**
Group's share of other comprehensive income for the year	**NA**	**-**

2. **Refu Drive GmbH**

The Group has acquired 50% interest in Refu Drive Gmbh on September 19, 2019, a joint venture incorporated in Germany, involved in manufacturing and selling on board controllers and components mainly - drives, invertors, convertors (including AC/DC) and all kind of auxiliary applications, related power electronics and battery management (BMS) etc. for all quality of e-mobility vehicles viz, hybrid and electric 2-wheelers, 3-wheelers, cars and commercial vehicles along with its wholly owned subsidiary "Refu India Private Limited, India". The Group's interest in Refu Drive GmbH is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind AS financial statements for the period April 1, 2022 to March 31, 2023 are as follows:

Summarised balance sheet

In ₹ Million

Particulars	March 31, 2023	March 31, 2022
Current assets	505.45	675.64
Non-current assets	228.84	567.40
Current liabilities	(458.10)	(475.13)
Non-current liabilities	(396.76)	(218.28)
Equity	**(120.57)**	**549.63**
Share of the Group in the capital commitment, contingent liabilities of jointly controlled entity	-	-
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	360.27	689.16

The Group has invested an amount of ₹ 919.14 million in equity shares. The Group's Share of equity is ₹ (60.29) million.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

38. Interest in Joint Ventures (contd.)

Summarised statement of profit and loss for the year/period ended:

In ₹ Million

Particulars	March 31, 2023	March 31, 2022
Income		
Revenue	1,328.74	1,672.89
Other income	65.77	24.70
	1,394.51	**1,697.59**
Expenses		
Cost of raw material and components consumed	1,704.28	1,069.62
Purchase of stock in trade	3.07	2.62
(Increase)/decrease in inventories of finished goods, work-in-progress, dies and scrap	(682.70)	(19.02)
Employee benefits expense	455.82	530.39
Depreciation and Amortisation	110.19	216.47
Finance costs	6.85	6.77
Other expenses	451.30	215.55
	2,048.81	**2,022.40**
Loss before tax	**(654.30)**	**(324.81)**
Tax expenses/(income)	2.60	2.48
Loss for the year	**(656.90)**	**(327.29)**
Other comprehensive income/(loss) for the period	**(0.99)**	**1.37**
Total comprehensive (loss) for the period	**(657.89)**	**(325.92)**
Group's share of loss for the period	**(328.45)**	**(163.65)**
Group's share of other comprehensive (loss) for the period	**(0.49)**	**0.69**

39. Investment in an associate

1. **Ferrovia Transrail Solutions Private Limited**

The Group was holding 49% interest in Ferrovia Transrail Solutions Private Limited (FTSPL), investment through wholly owned subsidiary till March 2, 2023 and post acquisition of equity shares, the Group holds 100% interest in FTSPL as at March 31, 2023. Accordingly, FTSPL has ceased to be an associate w.e.f March 02, 2023. FTSPL was involved in carrying out the project of design, procurement, construction of railway track and railway track related work. The Group's interest in FTSPL is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the Group's investment in Ferrovia Transrail Solutions Private Limited based on its audited IND AS financial statements:

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

39. Investment in an associate (contd.)

Summarised balance sheet

In ₹ Million

Particulars	March 31, 2023	March 31, 2022
Current assets	NA	121.70
Non-current assets	NA	5.13
Current liabilities	NA	(141.10)
Non-current liabilities	NA	(0.19)
Equity	**NA**	**(14.46)**
Share of the Group in the capital commitment, contingent liabilities of associates*	NA	-
Proportion of the Group's ownership	NA	49%
Carrying amount of the investment and loan*	**NA**	**136.56**

* The Group has a constructive obligation to make payments on behalf of the associate whenever required. Accordingly, BF Infrastructure limited, its' holding company has absorbed the gain for the year and adjusted the same against the loan given to FTSPL being long term interest of the Group in the said associate. The management has used judgement in determining whether such loan constitutes Group's long term interest in Ferrovia.

Summarised statement of profit and loss for the year ended:

In ₹ Million

Particulars	April 1, 2022 to March 2, 2023	March 31, 2022
Income		
Revenue from operations	-	19.23
Other income	-	12.16
	-	**31.39**
Expenses		
Employee benefits expense	0.89	1.05
Finance costs	0.01	0.01
Other expenses	1.92	6.64
	2.82	**7.70**
Profit/(Loss) before exceptional items and tax	(2.82)	23.69
Exceptional Items - Gain	-	(18.50)
Profit/(Loss) before tax	**(2.82)**	**5.19**
Tax expenses		
Current tax	0.00	-
Deferred tax	(0.03)	-
Profit/(Loss) for the year	**(2.79)**	**5.19**
Other comprehensive income	**0.02**	**0.02**
Total comprehensive income/(loss) for the year	**(2.77)**	**5.21**
Group's share of profit/(Loss) for the year *	**(2.79)**	**5.19**
Group's share of other comprehensive income/(loss) for the year	**0.02**	**0.02**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

39. Investment in an associate (contd.)

2. Tork Motors Private Limited

The Group was holding 48.86 % interest in Tork Motors Private Limited ('TMPL') till November 21, 2021 and post conversion of optionally convertible debentures, the Group holds 64.29 % interest in TMPL. TMPL has a wholly owned subsidiary viz. Lycan Electric Private Limited. TMPL is involved in research and development and manufacturing of electric two and three wheelers. The Group's interest in TMPL, for the period beginning from April 1, 2021 to November 21, 2021 is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the Group's investment (up to November 21, 2021) in TMPL based on its consolidated Ind AS financial statements:

Summarised statement of profit and loss for the year ended:

In ₹ Million

Particulars	March 31, 2023	April 1, 2021 to November 21, 2021
Income		
Revenue from operations	NA	30.24
Other income	NA	3.45
	NA	**33.69**
Expenses		
Cost of raw materials and components consumed	NA	15.58
(Increase)/Decrease in inventories of finished goods, work-in-progress, traded goods, dies and scrap	NA	0.96
Employee benefit expenses	NA	16.32
Finance cost	NA	2.89
Depreciation and amortisation	NA	26.62
Other expenses	NA	11.18
Loss before tax	**NA**	**(39.86)**
Income tax expense		
Current tax	NA	-
Deferred tax	NA	-
Loss for the year	**NA**	**(39.86)**
Other comprehensive income/(loss) for the year	**NA**	**(0.32)**
Total comprehensive income/(loss) for the year	**NA**	**(40.18)**
Group's share of loss for the year	**NA**	**(19.48)**
Group's share of other comprehensive income/(loss) for the year	**NA**	**(0.15)**

3. TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)

The Group holds investments in Tevva Motors Limited (held through TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)). The Group was holding an interest of 34.45% up to November 8, 2021 in TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited) (TMJL) and TMJL in turn held 14.27% interest in Tevva Motors Limited (TML) till that date (TMJL and TML are together referred to as "Tevva"). During the previous year, Tevva Motors Limited raised additional funding to finance its operations. Post allotment of equity shares by Tevva Motors to the new investors, Tevva has ceased to

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

39. Investment in an associate (contd.)

be an associate of the Group. Accordingly, the Group has classified it to be an equity instrument held as fair value through other comprehensive income. As on March 31, 2022, the Group held 41.27% interest in TMJL and 11.16% interest in TML. TML is involved in research and development and manufacturing of electric range extended mid-sized trucks. Upto November 8, 2021, Group's interest in Tevva is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the Group's investment in TMJL based on its audited consolidated Ind AS financial statements:

Summarised statement of profit and loss for the period ended:

In ₹ Million

Particulars	March 31, 2023	January 1, 2021 to November 8, 2021
Income		
Revenue from operations	NA	-
Other income	NA	-
	NA	**-**
Expenses		
Cost of raw material and components consumed	NA	-
(Increase)/decrease in inventories of finished goods, work-in-progress, dies and scrap	NA	-
Employee benefit expenses	NA	-
Finance cost	NA	62.47
Depreciation and amortisation	NA	167.76
Other expenses	NA	0.73
Loss before tax and share of loss of associate	**NA**	**(230.96)**
Share of loss of associate	NA	(651.88)
Loss before tax	**NA**	**(882.84)**
Current tax	NA	-
Loss for the year	**NA**	**(882.84)**
Other comprehensive income/(loss)	**NA**	**-**
Total comprehensive income/(loss) for the year	**NA**	**(882.84)**
Group's share of loss for the year	**NA**	**(255.36)**
Group's share of other comprehensive income/(loss) for the year	**NA**	**-**

4. Aeron Systems Private Limited

The Group owned 22.42% stake in Aeron Systems Private Limited as of March 31, 2020. Further, on August 14, 2020, additional 3.58% stake was acquired to reach 26.00% ownership. Further, on March 9, 2021, additional stake of 11.14% was acquired to reach total ownership of 37.14% as of March 31, 2021 as well as March 31, 2022. On 23rd February, 2023 the holding Company transferred 136,500 Equity shares having a face value of ₹ 10/- each of Aeron Systems Private Limited to Kalyani Strategic Systems Limited at a fair value of ₹ 1,005/- per share amounting to ₹ 137.18 million on a private placement basis for a consideration other

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

39. Investment in an associate (contd.)

than cash and the same shall rank pari passu with existing Equity shares of the Company. Aeron Systems Private Limited is engaged in the business of manufacturing of technology products such as Inertial Navigation Systems (INS) and IoT devices for industries such as Aerospace and Defense, Automotive, Renewable energy and Industry 4.0. The Group's interest in Aeron Systems Private Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information based on its Ind AS financial statements as follows:

Summarised balance sheet

In ₹ Million

Particulars	March 31, 2023	March 31, 2022
Current assets	197.11	249.31
Non-current assets	251.88	250.01
Current liabilities	(194.76)	(244.08)
Non-current liabilities	(12.01)	(9.88)
Equity	**242.22**	**245.36**
Share of the Group in the capital commitment, contingent liabilities of associates	-	1.79
Proportion of the Group's ownership	37.14%	37.14%
Carrying amount of the investment	**114.90**	**116.06**

The Group has invested an amount of ₹ 140.00 million in equity shares. The Group's share of equity is ₹ 89.96 million.

Summarised statement of profit and loss for the year/period ended:

In ₹ Million

Particulars	March 31, 2023	March 31, 2022
Income		
Revenue from operations	283.25	320.52
Other income	5.58	3.41
	288.83	**323.93**
Expenses		
Cost of Material Consumed	155.80	230.22
Changes in inventories	(3.54)	(11.48)
Employee benefit expenses	48.17	38.25
Finance cost	16.44	11.00
Depreciation and amortisation	40.71	39.58
Other expenses	32.98	26.46
Profit/(Loss) before tax	**(1.73)**	**(10.10)**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

39. Investment in an associate (contd.)

In ₹ Million

Particulars	March 31, 2023	March 31, 2022
Income tax expense		
Current tax	(1.93)	-
Deferred tax	1.66	0.91
Profit/(loss) for the year	**(2.00)**	**(9.19)**
Other comprehensive income/(loss) for the period	**(1.14)**	**0.03**
Total comprehensive income/(loss) for the period	**(3.14)**	**(9.16)**
Group's share of Profit/loss for the period	**(0.74)**	**(3.41)**
Group's share of other comprehensive income/(loss) for the period	**(0.42)**	**0.01**

5. **Avaada MHVidarbha Private Limited**

   The Group has acquired 26% stake in Avaada MHVidarbha Private Limited on April 14, 2022. Avaada MHVidarbha Private Limited is involved in production, collection and distribution of electricity. The Group's interest in Avaada MHVidarbha Private Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information based on its Ind AS financial statements as follows:

Summarised balance sheet

In ₹ Million

Particulars	March 31, 2023
Current assets	74.67
Non-current assets	1,424.59
Current liabilities	(279.16)
Non-current liabilities	(797.65)
Equity	**422.46**
Share of the Group in the capital commitment, contingent liabilities of associates	-
Proportion of the Group's ownership	26%
Carrying amount of the investment	**111.35**

The Group has invested an amount of ₹ 113.75 million in equity shares. The Group's share of equity is ₹ 109.84 million.

Summarised statement of profit and loss for the year/period ended:

In ₹ Million

Particulars	April 14, 2022 to March 31, 2023
Income	
Revenue from operations	23.35
Other income	3.94
	27.29

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

39. Investment in an associate (contd.)

In ₹ Million

Particulars	April 14, 2022 to March 31, 2023
Expenses	
Cost of Material Consumed	-
Changes in inventories	-
Employee benefit expenses	-
Finance cost	17.34
Depreciation and amortisation	10.59
Other expenses	10.51
	38.44
Loss before tax	**(11.16)**
Income tax expense	
Current tax	-
Deferred tax	(1.91)
Loss for the year	**(9.25)**
Other comprehensive income/(loss) for the period	**-**
Total comprehensive income/(loss) for the period	**(9.25)**
Group's share of loss for the period	**(2.40)**
Group's share of other comprehensive income/(loss) for the period	**-**

40. Gratuity and other post-employment benefit plans

(a) Gratuity plan

Funded scheme

The Holding Company has a defined benefit gratuity plan for its employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the employee's length of service and salary at retirement age. An employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. In the case of certain category of employees who have completed 10 years of service, gratuity is calculated based on 30 days salary (last drawn) for each completed year of service and cap for gratuity is 20 years. The scheme is funded with insurance companies in the form of a qualifying insurance policies.

Risk exposure and asset-liability matching

The provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as the company take on uncertain long term obligations to make future benefit payments.

1) Liability risks

a) **Asset-liability mismatch risk**

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

to neutralise valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may appear minor, but they can have a significant impact on the defined benefit liabilities.

c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities, especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset risks

All plan assets are managed by the trust and are invested in various funds (majorly LIC of India). LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Company has no control over the management of funds and this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured and also interest rate and inflation risk are taken care of.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plans.

The principal assumptions used in determining gratuity for the Holding Company's plan is shown below:

Particulars	As at March 31, 2023	As at March 31, 2022
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	7.50%	7.20%
Expected rate of return on plan assets	7.20%	6.90%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)	11.00*	11.14*
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	5.00%	5.00%
Age 31 - 44 years	5.00%	5.00%
Age 45 - 50 years	5.00%	5.00%
Age above 50 years	5.00%	5.00%

* It is actuarially calculated term of the liability using probabilities of death withdrawal and retirement.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

Changes in the present value of the defined benefit obligation recognised in the balance sheet are as follows:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of obligation as at the beginning of the period	1,216.31	1,214.15
Interest expense	85.92	79.51
Current service cost	78.24	80.17
Benefits (paid)	(45.90)	(123.65)
Remeasurements on obligation [actuarial (gain)/loss]	(20.07)	(33.88)
Closing defined benefit obligation	**1,314.50**	**1,216.30**

Changes in the fair value of plan assets recognised in the balance sheet are as follows:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Opening fair value of plan assets	992.39	932.52
Interest income	73.77	63.87
Contributions	110.28	110.00
Benefits paid	(45.90)	(123.65)
Remeasurements - Return on plan assets, excluding amount included in Interest Income	5.53	9.65
Closing fair value of plan assets	**1,136.07**	**992.39**
Actual return on plan assets	79.30	43.97

Net interest (income)/expense

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest expense on defined benefit obligation	85.92	79.51
Interest (income) on plan assets	(73.77)	(63.87)
Net Interest Expense for the period	**12.15**	**15.64**

Remeasurement for the period [actuarial (gain)/loss]

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Experience (gain)/loss on plan liabilities	9.76	(4.42)
Demographic (gain)/loss on plan liabilities	-	-
Financial (gain)/loss on plan liabilities	(29.83)	(29.46)
Experience (gain)/loss on plan assets	(2.46)	(8.73)
Financial (gain)/loss on plan assets	(3.07)	(0.92)

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

Amount recognised in statement of other comprehensive income (OCI)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Remeasurement (gain)/loss for the period on defined benefit obligation		
(Gain)/loss on plan liabilities due to experience assumptions	9.76	(4.42)
(Gain)/loss on plan liabilities due to demographic assumptions	-	-
(Gain)/loss on plan liabilities due to financial assumptions	(29.83)	(29.46)
Remeasurement (gain)/loss for the period on plan asset		
(Gain)/loss on plan assets due to experience assumptions	(2.46)	(8.73)
(Gain)/loss on plan assets due to demographic assumptions	-	-
(Gain)/loss on plan assets due to financial assumptions	(3.07)	(0.92)
Total remeasurement cost for the period recognised in OCI	**(25.60)**	**(43.53)**

The amounts to be recognised in the balance sheet

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of obligation	(1,314.50)	(1,216.30)
Fair value of plan assets	1,136.07	992.39
Net asset/(liability) to be recognised in the balance sheet	**(178.43)**	**(223.91)**

Expense recognised in the statement of profit and loss

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current service cost [Refer note 28]	78.24	80.17
Net interest (income)/expense [Refer note 30]	12.15	15.64
Net periodic benefit cost recognised in the statement of profit and loss	**90.39**	**95.81**

Reconciliation of net asset/(liability) recognised:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Net asset/(liability) recognised at the beginning of the period	(223.92)	(281.63)
Company's contributions	110.28	110.00
Expense recognised for the year	(90.39)	(95.81)
Amount recognised in OCI	25.60	(43.53)
Net asset/(liability) recognised at the end of the period	**(178.43)**	**(310.97)**

The Holding Company expects to contribute ₹ 110.00 million to gratuity fund in the next year (March 31, 2022: ₹ 110.00 million)

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Funds managed by insurer	100.00%	100.00%

Sensitivity analysis:

A) Impact of change in discount rate when base assumption is decreased/increased in present value of obligation

In ₹ Million

Discount rate	As at March 31, 2023	As at March 31, 2022
Decrease by 1%	1,418.46	1,317.80
Increase by 1%	1,222.90	1,124.69

B) Impact of change in rate of increase in compensation levels on defined benefit obligation

In ₹ Million

Rate of increase in compensation levels	As at March 31, 2023	As at March 31, 2022
Decrease by 1%	1,231.55	1,133.28
Increase by 1%	1,406.45	1,305.84

C) Impact of change in withdrawal rate when base assumption is decreased/increased on defined benefit obligation

In ₹ Million

Withdrawal rate	As at March 31, 2023	As at March 31, 2022
Decrease by 1%	1,317.48	1,220.31
Increase by 1%	1,312.46	1,209.82

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following are the expected benefit payments to the defined benefit plan in future years:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Within one year	257.97	195.45
After one year but not more than five years	408.15	370.72
After five years but not more than ten years	654.88	625.00

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

weighted average duration of the defined benefit plan obligation (based on discounted cash flows using mortality, withdrawal and interest rate) is 10.59 years (March 31, 2022: 10.83 years).

(b) Special gratuity

The Company has a defined benefit special gratuity plan. Under the gratuity plan, every eligible employee who has completed ten years of service gets an additional gratuity on departure which will be the salary of specified months based on the last drawn basic salary. The scheme is unfunded.

1) Liability risks

a) **Asset-liability mismatch risk**

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Holding Company can successfully neutralise valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b) **Discount rate risk**

Variations in the discount rate used to compute the present value of the liabilities may appear minor, but they can have a significant impact on the defined benefit liabilities.

c) **Future salary escalation and inflation risk**

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at the management's discretion may lead to uncertainties in estimating this increasing risk.

2) Unfunded plan risk

This represents unmanaged risk and a growing liability. There is an inherent risk here that the Holding Company may default on paying the benefits in adverse circumstances. Funding the plan removes volatility in the Company's financial statements and also benefit risk through return on the funds made available for the plan.

The principal assumptions used in determining special gratuity for the Holding Company's plan is shown below:

Particulars	As at March 31, 2023	As at March 31, 2022
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	7.50%	7.20%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)	11.82*	11.70*
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	5.00%	5.00%
Age 31 - 44 years	5.00%	5.00%
Age 45 - 50 years	5.00%	5.00%
Age above 50 years	5.00%	5.00%

* It is actuarially calculated term of the liability using probabilities of death, withdrawal and retirement.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

Changes in the present value of the defined benefit obligation recognised in the balance sheet are as follows:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of obligation as at the beginning of the period	180.90	185.37
Interest expense	12.58	12.54
Past service cost	-	-
Current service cost	3.38	20.87
Benefits Paid	(12.23)	(7.24)
Remeasurements on obligation [Actuarial (Gain)/Loss]	(17.11)	(30.64)
Closing defined benefit obligation	**167.52**	**180.90**

Net Interest (Income)/Expense

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest expense on defined benefit obligation	12.58	12.54
Net interest expense for the period	**12.58**	**12.54**

Remeasurements for the period

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Experience (gain)/loss on plan liabilities	(11.87)	(24.73)
Demographic loss on plan liabilities	-	-
Financial (gain)/loss on plan liabilities	(5.24)	(5.91)

Amount recognised in statement of other comprehensive Income (OCI)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Remeasurement for the period-obligation (gain)/loss		
(Gain)/loss on plan liabilities due to experience assumptions	(11.87)	(24.73)
(Gain)/loss on plan liabilities due to demographic assumptions	-	-
(Gain)/loss on plan liabilities due to financial assumptions	(5.24)	(5.91)
Remeasurement for the period-Plan assets (gain)/loss		
(Gain)/loss on plan assets due to experience assumptions	-	-
(Gain)/loss on plan assets due to demographic assumptions	-	-
(Gain)/loss on plan assets due to financial assumptions	-	-
Total remeasurement cost for the period recognised in OCI	**(17.11)**	**(30.64)**

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

The amounts to be recognised in the balance sheet

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of obligation as at the end of the period	(167.52)	(180.90)
Fair value of plan assets as at the end of the period	-	-
Net asset/(liability) to be recognised in the balance sheet	**(167.52)**	**(180.90)**

Expense recognised in the statement of profit and loss

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current service cost **[Refer note 28]**	3.38	20.87
Past service cost	-	-
Net interest (income)/expense **[Refer note 30]**	12.58	12.54
Net periodic benefit cost recognised in the statement of profit and loss	**15.96**	**33.41**

Reconciliation of Net Asset/(Liability) recognised:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Net asset/(liability) recognised at the beginning of the period	(180.90)	(185.37)
Company's contributions	-	-
Benefits directly paid by Company	12.23	7.24
Expense recognised for the year	(15.96)	(33.41)
Amount recognised in OCI	17.11	30.64
Net asset/(liability) recognised at the end of the period	**(167.52)**	**(180.90)**

The following are the expected benefit payments to the defined benefit plan in future years:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Within one year	19.47	11.33
After one year but not more than five years	48.68	59.12
After five years but not more than ten years	90.09	102.88

The weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 12.75 years (March 31, 2022: 12.46 years).

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

Sensitivity analysis:

A) Impact of change in discount rate when base assumption is decreased/increased on defined benefit obligation

In ₹ Million

Discount rate	Year ended March 31, 2023	Year ended March 31, 2022
Decrease by 1%	186.02	201.77
Increase by 1%	151.74	163.15

B) Impact of change in salary increase rate when base assumption is decreased/increased - present value of obligation

In ₹ Million

Rate of increase in compensation levels	Year ended March 31, 2023	Year ended March 31, 2022
Decrease by 1%	152.88	164.49
Increase by 1%	184.29	199.74

C) Impact of change in withdrawal rate when base assumption is decreased/increased - present value of obligation

In ₹ Million

Withdrawal rate	Year ended March 31, 2023	Year ended March 31, 2022
Decrease by 1%	166.78	180.60
Increase by 1%	168.17	181.16

(c) Provident fund

In accordance with the law, all employees of the Holding Company are entitled to receive benefits under the provident fund. The Holding Company operates two plans for its employees to provide employee benefits in the nature of provident fund, viz. defined contribution plan and defined benefit plan.

Under the defined contribution plan, provident fund is contributed to the government administered provident fund. The Holding Company has no obligation, other than the contribution payable to the provident fund **(Refer note 28)**

Under the defined benefit plan, the Company contributes to the "Bharat Forge Company Limited Staff Provident Fund Trust". The Holding Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The details of the defined benefit plan based on actuarial valuation report are as follows:

1) Liability risks:

a) **Asset-liability mismatch risk**

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Holding Company can successfully

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

neutralise valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b) **Discount rate risk**
Variations in the discount rate used to compute the present value of the liabilities may appear minor, but they can have a significant impact on the defined benefit liabilities.

c) **Future salary escalation and inflation risk**
Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at the management's discretion may lead to uncertainties in estimating this increasing risk.

2) **Asset risks:**
All plan assets are managed by the trust and are invested in various funds (majorly LIC of India). LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Company has no control over the management of funds and this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured and also interest rate and inflation risk are taken care of.

The principal assumptions used in determining provident fund liability/shortfall for the Holding Company's plan is shown below:

Particulars	As at March 31, 2023	As at March 31, 2022
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	7.50%	7.20%
Interest rate declared by Employees' Provident Fund Organisation for the year	8.15%	8.10%
Yield spread	0.50%	0.50%
Expected rate of return on plan assets	7.20%	6.90%
Expected average remaining working lives of employees (in years)	11.10*	11.36*
Withdrawal rate		
Age upto 30 years	5.00%	5.00%
Age 31 - 44 years	5.00%	5.00%
Age 45 - 50 years	5.00%	5.00%
Age above 50 years	5.00%	5.00%

* It is actuarially calculated term of the plan using probabilities of death, withdrawal and retirement.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

Table showing changes in present value of expected interest rate shortfall:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of expected Interest rate shortfall as at the beginning of the period	3,460.44	3,261.33
Interest cost	242.93	219.22
Current service cost	95.47	105.95
Employee contribution	150.31	153.57
Benefits paid	(172.89)	(168.40)
Actuarial (gain)/loss on obligations	36.84	(111.23)
Present value of expected interest rate shortfall as at the end of the period	**3,813.10**	**3,460.44**

Table showing changes in fair value of plan assets (Surplus account)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Fair value of plan assets as at the beginning of the period (surplus account)	3,430.86	3,141.33
Interest income	249.65	219.40
Employers contribution	95.47	91.72
Employees contribution	150.31	153.56
Benefits paid	(172.89)	(168.39)
Remeasurement-return on plan assets excluding amount included in interest income	55.92	(6.76)
Fair value of plan assets as at the end of the period (surplus account)	**3,809.32**	**3,430.86**

Net interest (income)/expense

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest expense on defined benefit obligation	242.93	219.22
Interest (income) on plan assets	(249.65)	(219.40)
Net Interest Expense/(Income) for the period	**(6.72)**	**(0.18)**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

Actuarial (gain)/loss recognised

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Actuarial Loss for the period – Obligation	36.84	(111.23)
Actuarial Loss for the period – Plan assets	(55.92)	6.76
Total (gain)/loss for the year	**(19.08)**	**(104.47)**
Actuarial (gain)/loss recognised in the year	**(19.08)**	**(104.47)**

The amounts to be recognised in the balance sheet:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of Provident fund liability as at end of the period	3,813.10	3,460.44
Fair value of the plan assets as at the end of the period (surplus account)	3,809.32	3,430.86
(Deficit)	**(3.78)**	**(29.58)**
Net (liability) recognised in the balance sheet	(3.78)	(29.58)

Amount recognised in Statement of Other comprehensive Income (OCI):

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Remeasurement for the period-obligation (gain)/loss	36.84	(111.23)
Remeasurement for the period-plan assets(gain)/loss	(55.92)	6.76
Total Remeasurement cost for the period recognised in OCI	**(19.08)**	**(104.47)**

Expense recognised in the statement of profit and loss:

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current service cost [Refer note 28]	95.47	105.95
Net interest expense [Refer note 30]	(6.72)	(0.18)
Net periodic benefit cost recognised in the statement of profit and loss	**88.75**	**105.77**

Sensitivity analysis:

A) Impact of change in discount rate when base assumption is decreased/increased by 50 basis points - present value of obligation

In ₹ Million

Discount rate	Year ended March 31, 2023	Year ended March 31, 2022
Decrease by 0.50%	3,877.73	3,519.09
Increase by 0.50%	3,784.05	3,405.09

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

B) Impact of change in expected future interest rate on PF when base assumption is decreased/increased by 50 basis points - present value of obligation

In ₹ Million

PF interest rate	Year ended March 31, 2023	Year ended March 31, 2022
Decrease by 0.50%	3,784.05	3,403.99
Increase by 0.50%	3,875.31	3,516.89

Overseas subsidiaries

(d) **Pension plan and Early retirement plan**

The overseas subsidiaries operate a pension scheme which is a defined benefit plan. The scheme pertains to employees who have left the organisation. The present value of defined benefit obligation and the related current service costs are measured using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. An individual's estimated benefit obligation is the present value of the attributed benefit for valuation purposes at the beginning of the plan year, and the service cost is the present value of the benefit attributed to the year of service in the plan year.

The following table summarises the components of net benefit expense recognised in the Statement of profit and loss and amounts recognised in the balance sheet for the pension plan.

The principal assumptions used in determining pension plan for the Group's overseas subsidiaries is shown below:

Particulars	As at March 31, 2023	As at March 31, 2022
Mortality table	RT Heubeck 2018 G, TGH05/ TGF05 and DUS 21	Heubeck 2018 G
Discount rate	3.6% to 4.40%	0.00% to 0.00%
Rate of increase in compensation levels	2.00%	0.00% to 0.00%

Changes in the present value of the defined benefit obligation recognised in consolidated balance sheet are as follows:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Opening defined benefit obligation	1,140.03	1,383.68
Foreign Currency Translation Reserve (FCTR) Impact on opening balance	19.24	(158.76)
Interest expense	10.18	14.66
Current service cost	-	17.62
Benefits paid	(33.69)	(27.07)
Remeasurements on obligation [Actuarial (Gain)/Loss]	(287.93)	(90.10)
Closing defined benefit obligation	**847.83**	**1,140.03**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

Changes in the fair value of plan assets recognised in the consolidated balance sheet are as follows:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Opening fair value of plan assets	22.77	23.64
Foreign Currency Translation Reserve (FCTR) Impact on opening balance	(16.17)	(0.64)
Interest income	0.47	0.05
Benefits paid	(0.47)	(0.45)
Remeasurements-Actuarial gains/(losses)	(0.18)	0.17
Return on plan assets, excluding amount recognised in Interest Income - Gain/(Loss)	-	-
Closing fair value of plan assets	**6.42**	**22.77**
Actual return on plan assets	0.29	0.22

Net Interest (Income/Expense)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest (Income)/Expense – Obligation	10.18	14.66
Interest (Income)/Expense – Plan assets	(0.47)	(0.05)
Net Interest (Income)/Expense for the period	**9.71**	**14.61**

Amount recognised in Statement of Other comprehensive Income (OCI)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Remeasurement for the period-Obligation (Gain)/Loss	(287.93)	(90.10)
Remeasurement for the period-Plan assets (Gain)/Loss	0.18	(0.17)
Total Remeasurement cost/(credit) for the period recognised in OCI	**(287.75)**	**(90.27)**

The weighted average duration of the defined benefit plan obligation (based on discounted cash flows using mortality, withdrawal and interest rate) is 6.7-18.83 years (March 31, 2022: 13.14-22.23 years).

The amounts to be recognised in the balance sheet

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of defined benefit obligations	(847.83)	(1,140.03)
Fair value of plan assets	6.42	22.77
Net Asset/(liability) to be recognised in balance sheet	**(841.41)**	**(1,117.26)**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

Expense recognised in the statement of profit and loss

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current service cost	-	17.62
Net Interest (Income)/Expenses	9.71	14.61
Net periodic benefit cost recognised in the statement of profit & loss	**9.71**	**32.23**

Reconciliation of Net Asset/(liability) recognised:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Net asset/(liability) recognised at the beginning of the period	(1,117.27)	(1,360.04)
Foreign Currency Translation Reserve (FCTR) Impact on Opening Balance	(35.41)	158.12
Benefits directly paid by the Group	33.22	26.62
Expense recognised for the year	(9.71)	(32.24)
Amount recognised in OCI	287.75	90.27
Net asset/(liability) recognised at the end of the period	**(841.42)**	**(1,117.27)**

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Funds managed by insurer	100%	100%

Sensitivity analysis

Impact of change in discount rate when base assumption is present value of obligation decreased/ increased in present value of obligation

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Decrease by 0.50%	81.68	98.58
Increase by 0.50%	74.12	86.87

The pension scheme pertains to employees who have already left the organisation. Therefore, the impact of change in salary increase rate and withdrawal rate is nil and hence not disclosed.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

The followings are the expected contributions to the defined benefit plan in future years:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Within the next 12 months (next annual reporting period)	35.03	29.62
Between 2 and 5 years	159.81	133.91
Beyond 5 and 10 years	244.44	206.72
Beyond 10 years	1,378.16	1,285.57
Total expected payments	**1,817.44**	**1,655.82**

(e) Other long term benefits

Other long term benefits include early retirement scheme as governed by the local laws amounting to ₹ 57.90 million (March 31, 2022: ₹ 3.69 million) and jubilee scheme as governed by the local laws amounting to ₹ 89.81 million (March 31, 2022: ₹ 85.95 million).

One of the subidiaries has an employees' savings plan which qualifies under Internal Revenue Code as governed by the local laws. The plan allows eligible employees to make voluntary contributions based on a specific percentage of compensation which may not exceed limitations under the said Internal Revenue Code. The Group has a discretionary matching contribution of 50% up to 6% of compensation. The total expense for employee retirement contribution plans for the year ended March 31, 2023 was ₹ 19.87 million (March 31, 2022: ₹ 9.13 million) included in note 28 as part of employee benefits expenses.

Indian subsidiaries

(f) Gratuity plans

The present value of defined benefit obligation and the related current service costs are measured using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. The gratuity benefits are governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to a specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. Majority of the schemes are funded by insurance companies in the form of qualifying insurance policy.

Risk exposure and asset liability matching

The provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

1) Liability risks

a) **Asset-liability mismatch risk**

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Group can successfully neutralise valuation swings caused by interest rate movements.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

b) **Discount rate risk**

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

c) **Future salary escalation and inflation risk**

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at the management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India and other insurance companies. LIC and other insurance companies have a sovereign guarantee and have been providing consistent and competitive returns over the years. The Group has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The respective subsidiary has no control over the management of funds but this option provides a high level of safety for the total corpus. The same account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured and also interest rate and inflation risk are taken care of.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan.

The principal assumptions used in determining gratuity for the Indian subsidiary's plan is shown below:

Particulars	As at March 31, 2023	As at March 31, 2022
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	7.30% - 7.50%	5.90% - 7.00%
Rate of increase in compensation levels	5.00% - 10.00%	6.00% - 10.00%
Expected average remaining working lives (in years)	6.49-26.85	4.74-18.68
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	1% to 15%	1% to 20%
Age 31 - 44 years	1% to 15%	1% to 20%
Age 45 - 50 years	1% to 15%	1% to 20%
Age above 50 years	1% to 15%	1% to 20%

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

Changes in the present value of the defined benefit obligation recognised in consolidated balance sheet are as follows:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Opening defined benefit obligation	17.08	5.43
Adjustment to defined benefit obligation	53.99	10.58
Interest expense	4.31	1.08
Current service cost	12.45	3.13
Benefits paid	(3.89)	(0.95)
Remeasurements on obligation [Actuarial (Gain)/Loss]	(2.81)	(2.19)
Acquisition (credit)/cost	-	-
Closing defined benefit obligation	**81.13**	**17.08**

Changes in the fair value of plan assets recognised in the consolidated balance sheet are as follows:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Opening fair value of plan assets	3.50	2.16
Adjustment to fair value of plan asset	0.07	0.85
Interest Income	0.41	0.22
Contributions	7.14	0.81
Benefits paid	(3.04)	(0.52)
Return on plan assets, excluding amount recognised in Interest Income - Gain/(Loss)	(0.07)	(0.02)
Closing fair value of plan assets	**8.01**	**3.50**
Actual return on plan assets	0.34	0.14

Net Interest (Income/Expense)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest (Income)/Expense – Obligation	4.31	1.08
Interest (Income)/Expense – Plan assets	(0.41)	(0.22)
Net Interest (Income)/Expense for the period	**3.90**	**0.86**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

Remeasurement for the period [Actuarial (Gain)/loss]

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Experience (Gain)/Loss on plan liabilities	(3.68)	(2.10)
Demographic (Gain)/Loss on plan liabilities	(0.01)	(0.01)
Financial (Gain)/Loss on plan liabilities	0.88	(0.08)
Experience (Gain)/Loss on plan assets	(0.01)	3.71
Financial (Gain)/Loss on plan assets	(0.05)	(3.69)

Amount recognised in Statement of Other comprehensive Income (OCI)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Opening amount recognised in OCI outside profit and loss account	(1.72)	0.45
Adjustment to OCI	10.18	-
Remeasurement for the period-Obligation (Gain)/Loss	(2.81)	(2.19)
Remeasurement for the period-Plan assets (Gain)/Loss	0.07	0.02
Total Remeasurement cost/(credit) for the period recognised in OCI	(2.74)	(2.17)
Closing amount recognised in OCI outside profit and loss account	**5.72**	**(1.72)**

The amounts to be recognised in the balance sheet

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Present value of defined benefit obligations	(81.13)	(17.08)
Fair value of plan assets	8.01	3.50
Net Asset/(liability) to be recognised in balance sheet	**(73.12)**	**(13.58)**

Expense recognised in the statement of profit and loss

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current service cost	12.45	3.13
Net Interest (Income)/Expense	3.91	0.86
Net periodic benefit cost recognised in the statement of profit & loss	**16.36**	**3.99**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

Reconciliation of Net Asset/(Liability) recognised:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Net asset/(liability) recognised at the beginning of the period	(13.58)	(3.26)
Adjustment to opening balance due to business combinations	(53.90)	(8.93)
Contributions	5.09	-
Benefits paid by the Group	2.90	0.43
Expense recognised for the year	(16.34)	(3.99)
Amount recognised in OCI	2.74	2.17
Adjustment to fund	-	-
Net (liability) recognised at the end of the period	**(73.09)**	**(13.58)**

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Funds managed by insurer	100%	100%

Sensitivity analysis

A) Impact of change in discount rate when base assumption is decreased/increased in Present value of obligation

In ₹ Million

Discount rate	As at March 31, 2023	As at March 31, 2022
Decrease by 1%	31.22	15.55
Increase by 1%	25.99	18.90

B) Impact of change in salary increase rate when base assumption is decreased/increased in Present value of obligation

In ₹ Million

Salary increment rate	As at March 31, 2023	As at March 31, 2022
Decrease by 1%	25.86	18.72
Increase by 1%	30.57	15.64

C) Impact of change in withdrawal rate when base assumption is decreased/increased in Present value of obligation

In ₹ Million

Withdrawal rate	As at March 31, 2023	As at March 31, 2022
Decrease by 1%	23.93	16.94
Increase by 1%	23.44	17.16

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.)

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following are the expected benefit payments to the defined benefit plan in future years:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Year ending March 31		
Within one year	6.55	2.06
After one year but not more than five years	20.09	3.27
After five years but not more than ten years	44.05	7.92
Beyond 10 years	-	-
Total expected payments	**70.69**	**13.25**

The weighted average duration of the defined benefit plan obligation (based on discounted cash flows using mortality, withdrawal and interest rate) is in the range of 10.96- 20.90 years (March 31, 2022: 9.47- 17.29 years).

41. Contingent liabilities

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Claims against the Group not acknowledged as Debts - to the extent ascertained **[Refer note a]**	1,096.00	1,124.34
Guarantees given by Group's bankers on behalf of the Group, against sanctioned guarantee limit of ₹ 7,350 million (March 31, 2022: ₹ 7,250 million) for contracts undertaken by the Group are secured by extension of charge by way of joint hypothecation of stock-in-trade, stores and spares etc., book debts, subject to prior charge in their favour.	3,437.88	3,372.64
Excise/Service tax demands - matters under dispute* **[Refer note c]**	141.27	130.10
Customs demands - matters under dispute* **[Refer note d]**	55.73	50.97
Sales tax demands - matters under dispute **[Refer note e]**	0.60	0.60
Income tax demands - matters under dispute **[Refer note f]**	190.33	190.33
Others **[Refer note b]**	-	33.67

* Excludes Interest and Penalty

(a) Includes:

- contingent liability to employees

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

41. Contingent liabilities

- One of the subsidiaries is in the process of setting up a manufacturing facility at Additional Jejuri Industrial Area, MIDC, Jejuri, District Pune. MIDC had approved the building construction plan on March 9, 2021 and has specified a condition to commence construction within a period of 1 year. MIDC had given the time limit for obtaining the building completion certificate/ occupancy certificate and commencement of production till June 10, 2022. It has been further ammended and extended till 10th June, 2024. The Company has approached MIDC for further extension of the time limit for completion of construction and commencement of activities and also paid the additional premium amounting to ₹ 78.94 million.

(b) The amount of the claim is arbitral award passed by arbitrator against one of the subsidiaries on May 10, 2019 in the matter of arbitration proceedings concerning the termination of Share purchase agreement dated December 18, 2010 by the subsidiary, directing the subsidiary to pay ₹ 770.00 million to the claimant. In the opinion of the Group and the legal advisor, the said award is biased and perverse. The subsidiary has filed an appeal against the said order in the Delhi High Court.

(c) Includes amount pertaining to incentives received under Government schemes, etc.

(d) Includes amount pertaining to classification differences of products etc.

(e) Includes amount pertaining to duty demand by authorities on non-taxable services and for non-receipt of various statutory forms, etc.

(f) Includes amount pertaining to matters relating to the applicability of TDS.

- One of the subsidiaries is contesting the demands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demand raised. The management based on its internal assessment and advice by its legal counsel believes that it is only possible/remote, but not probable, that the action will succeed.

Note: In cases where the amounts have been accrued, it has not been included above.

One of the subsidiary of the Group has entered into a factoring arrangement to discount its receivable balance. Accordingly, it has provided a guarantee amounting to EUR 2.80 million to cover the counterparty's risk in case of invoicing errors.

Deferred payment liabilities

Sales tax deferral incentives attached to the erstwhile windmill division, which was demerged to BF Utilities Limited (BFUL) under section 392 and 394 of the erstwhile Companies Act, 1956 sanctioned by the High Court of the Judicature at Mumbai, have been passed on thereafter from year to year by the Company to the latter, under an arrangement, with all liabilities and obligations attached thereto taken over completely by BFUL. The net liability outstanding of BFUL after such pass on amounts to ₹ Nil million (March 31, 2022: ₹ 45.12 million).

Refer notes 38 and 39 for contingent liabilities with respect to group's share in joint ventures and associates

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

42. Capital and other commitments

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Estimated value of contracts remaining to be executed on Property, plant & equipment and not provided for, net of advances	5,928.64	1,851.02
(b) Commitment for investment in Avaada MHVidarbha Private Limited	-	113.75

The Group, for its newly set up plant located at Mambattu, Nellore, Andhra Pradesh for Manufacture of Aluminium Casting, has imported capital Goods under the Export Promotion Capital Goods Scheme of the Government of India, at concessional rates of Duty on an undertaking to fulfil quantified exports. As at March 31, 2022 export obligation aggregates to USD 8.94 million (₹ 734.93 million), this is to be satisfied over a period of 6 years (Block year 1st to 4th year - 50% and 5th to 6th year - 50%) from December 14, 2018, while maintaining average export of USD Nil per annum, as specified. Non fulfilment of such future obligations, in the manner required, if any entails options/rights to the Government to levy penalties under the above referred scheme.

43. Leases

A. Group as lessee

The Group has lease contracts for various items of buildings, leasehold land, plant and machinery, office equipment, electrical installation, furniture fixtures, vehicles and other equipment used in its operations. Leases of buildings, leasehold land, plant and machinery generally have lease terms between 2 and 18 years, while motor vehicles and other equipment generally have lease terms between 2 and 6 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further mentioned below:

The Group also has certain leases of machinery, flats with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Below are the carrying amounts of right-of-use assets recognised and the movements during the period:

In ₹ Million

Particulars	Buildings	Plant and machinery	Office equipment	Electrical installations	Furniture and fixtures	Vehicles	Leasehold Land	Total
At April 1, 2021	883.88	1,737.60	22.02	5.50	5.26	66.95	139.89	2,861.11
Additions	297.49	379.49	19.03	-	-	182.74	3.32	882.07
Addition due to acquisition	1.61	-	-	-	-	-	329.60	331.21
Depreciation	(185.31)	(216.36)	(16.70)	-	-	(51.94)	(6.16)	(476.47)
Deletions	-	-	(0.18)	(5.50)	(5.26)	(8.35)	-	(19.29)
Foreign Currency Translation Reserve	21.26	(94.05)	9.05	-	-	15.95	4.70	(43.09)
As at March 31, 2022	**1,018.93**	**1,806.68**	**33.22**	**0.00**	**(0.00)**	**205.35**	**471.35**	**3,535.54**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

43. Leases (contd.)

In ₹ Million

Particulars	Buildings	Plant and machinery	Office equipment	Electrical installations	Furniture and fixtures	Vehicles	Leasehold Land	Total
Additions	241.83	1,440.44	-	-	-	104.03	104.23	1,890.53
Addition due to acquisition	53.14	20.45	-	-	-	-	76.18	149.77
Depreciation charged to profit and loss account	(142.49)	(185.28)	(9.34)	-	-	(87.75)	(6.31)	(431.17)
Depreciation capitalised	(14.89)	-	-	-	-	-	-	(14.89)
Deletions	(44.75)	-	(0.13)	-	-	(5.77)	-	(50.65)
Foreign Currency Translation Reserve	17.45	4.68	2.89	-	-	7.87	-	32.89
As at March 31, 2023	**1,129.22**	**3,086.97**	**26.64**	**-**	**-**	**223.73**	**645.45**	**5,112.02**

Below are the carrying amounts of lease liabilities and the movements during the period:

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Opening balance	**3,170.88**	**2,752.85**
Additions on acquisition	57.49	-
Additions	1,795.45	758.76
Disposal	(55.32)	-
Accretion of Interest	276.07	232.15
Payments	(644.91)	(579.81)
Foreign Currency Translation Reserve	9.38	6.93
Closing balance	**4,609.04**	**3,170.88**
Current	447.27	335.72
Non-Current	4,161.77	2,835.16

The maturity analysis of lease liabilities is disclosed in Note 55.

The effective interest rate for lease liabilities is between 8.40% to 9.85% for domestic entities and 1.90% to 4.4 % for Overseas entities with maturity between 2021-2029.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

43. Leases (contd.)

The following are the amounts recognised in profit or loss:

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation expense of right-of-use assets	431.17	476.47
Interest expense on lease liabilities	276.07	232.15
Expense relating to short-term leases and low value leases (included in Other expenses)	20.33	126.05
Total amount recognised in profit or loss	**727.57**	**834.67**

The Group had total cash outflows for leases of ₹ 644.91 million (March 31, 2022: ₹ 579.81 million). The Group also had non-cash additions to right-of-use assets and lease liabilities of ₹ 1,795.45 million (March 31, 2022: ₹ 758.76 million) and ₹ 2,071.52 million (March 31, 2022: ₹ 990.91 million) respectively.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. The management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised. (Refer note 35)

Below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

In ₹ Million

Particulars	Within five years	More than five years"	Total
March 31, 2023			
Extension options expected not to be exercised	-	-	-
Termination options expected to be exercised	-	-	-
Obligations under leases not yet commenced	-	-	-
March 31, 2022			
Extension options expected not to be exercised	-	-	-
Termination options expected to be exercised	-	-	-
Obligations under leases not yet commenced	764.60	1,737.73	2,502.33

B. Group as a lessor

The Group has entered into agreements/arrangements in the nature of lease/sub-lease agreements with different lessees for the purpose of land. These are generally in the nature of operating lease. Periods of agreements are generally for three years to ten years and cancellable with a notice of thirty days to six months and renewal at the options of the lessee/lessor.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

43. Leases (contd.)

Future minimum rentals receivable under non-cancellable operating leases are as follows:

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Within one year	85.72	33.52
After one year but not more than five years	268.96	60.67
More than five years	76.01	31.17
Total	**430.69**	**125.36**

44. Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a net debt-equity ratio, which is net debt divided by equity. The Group's policy is to keep the net debt-equity ratio below 1.00. The Group includes within its borrowings net debt and interest-bearing loans less cash and cash equivalents.

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Borrowings	68,523.33	56,545.38
Less: Cash and other liquid assets	30,016.56	26,025.03
Net debt	38,506.77	30,520.35
Equity	**66,597.78**	**65,706.74**
Net debt/equity Ratio	0.58	0.46

45. Loans and advances in the nature of loans given to associates/companies in which directors are interested

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Ferrovia Transrail Solutions Private Limited (upto February 28, 2023)*		
Balance outstanding	NA	136.56
Maximum amount outstanding during the year	-	181.72
Saarloha Advanced Materials Private Limited**		
Balance outstanding	1,350.00	1,350.00
Maximum amount outstanding during the year	1,350.00	1,350.00

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

45. Loans and advances in the nature of loans given to associates/companies in which directors are interested (contd.)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Aeron Systems Private Limited ***		
Balance outstanding	-	8.00
Maximum amount outstanding during the year	8.00	8.00
Refu Drive GmbH @		
Balance outstanding	89.67	83.90
Maximum amount outstanding during the year	89.67	83.90

* Ferrovia Transrail Solutions Private Limited has become a subsidiary via 49% acquisition through a wholly owned subsidiary, BF Infrastructure Limited w.e.f February 28, 2023.

** Short term advance converted into a long term advance for a period of 4 years.

*** Receivable after 1 year from the date of disbursement of loan. It can be repaid earlier than the maturity, based on mutual understanding.

@ term loan with bullet repayment at the end of 2 years, interest payable at the end of the loan term.

Loans and advances in the nature of loans granted to promoters, directors, key managerial personnel (KMPs) and other related parties either severally or jointly with any other person that are:

a) Repayable on demand or
b) without specifying any terms or period of repayment

In ₹ Million

Type of Borrower	March 31, 2023		March 31, 2022	
	Amount of loan or advances in the nature of loan outstanding	% of total loans and Advances in the nature of loans	Amount of loan or advances in the nature of loan outstanding	% of total loans and Advances in the nature of loans
Promoters	-	-	-	-
Directors	-	-	-	-
KMPs	-	-	0.48	0.03%
Related Party	-	-	-	-

Note: There are no investments by the loanee in the shares of the holding company and subsidiary company, when the respective company has made a loan or advance in the nature of the loan.

46. Business combinations and acquisition of non-controlling interests

Acquisition of Ferrovia Transrail Solutions Private Limited

The Group was holding 49% interest in Ferrovia Transrail Solutions Private Limited (FTSPL), investment through a wholly owned subsidiary till March 2, 2023 and post acquisition of equity shares, the Group holds 100% interest in FTSPL as at March 31, 2023. FTSPL is involved in carrying out the project of design, procurement, construction of railway track and railway track related work.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

46. Business combinations and acquisition of non-controlling interests (contd.)

The Company through its wholly owned subsidiary BF Infrastructure Limited has acquired Ferrovia Transrail Solutions Private Limited ("FTSPL") on March 2, 2023 for a consideration of ₹ 2.10 million. The Company has calculated the fair value of the acquired assets and liabilities on a provisional basis in accordance with Ind AS 103 Business Combinations resulting in goodwill of ₹ 19.38 million.

In ₹ Million

Particulars	As at March 2, 2023
Assets	
Property, plant and equipment	-
Intangibles assets	-
Right of Use assets	-
Cash and cash equivalents	0.19
Trade receivables	118.86
Inventories	0.00
Financial Assets (Non-current)	
Financial Assets (Current)	0.01
Other Assets	5.36
	124.42
Liabilities	
Trade payables	0.24
Other Financial liabilities	0.02
Other Current liabilities	0.00
Provisions (Non-current)	0.05
Provisions (Current)	0.00
Borrowings	141.32
	141.63
Total identifiable net assets/(liabilities) at fair value	**(17.22)**
Non-controlling interest measured at fair value	-
Goodwill arising on acquisition	19.32
Purchase consideration transferred	**2.10**

None of the trade receivables is credit impaired and it is expected that the full contractual amounts can be collected.

In ₹ Million

Particulars	Amount
Purchase Consideration	2.10
Less: Net Cash acquired in business Combination	(0.19)
Net Cashflow on acquisition	**1.91**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

46. Business combinations and acquisition of non-controlling interests (contd.)

Acquisition of JS Auto Cast Foundry Private Limited

The Group through its wholly owned subsidiary BF Industrial Solutions Limited (BFISL) has acquired 100% stake in JS Auto Cast Foundry Private Limited (""JS Auto"") a Coimbatore based casting and machining Company on July 1, 2022 for a consideration of ₹ 3,460.98 million. The Group has calculated the fair value of the acquired assets and liabilities on a provisional basis in accordance with Ind AS 103 Business Combinations resulting in goodwill of ₹ 2,433.34 million. The goodwill is mainly attributable to the synergies expected to be achieved from integrating the company into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes. For the nine month ended March 31, 2023, JS Auto contributed revenue of ₹ 3,449.26 million and profit of ₹ 178.75 million to the Group's results. If the acquisition had occured on April 1, 2022, the management estimates that the consolidated revenue for the Group would have been higher by ₹ 930.60 million and the profit after taxes would have been lower by ₹ 73.99 million for twelve months ended March 31, 2023.

On December 31, 2022, J S Auto Cast Foundry India Private Limited ("JS Auto"), a step-down subsidiary of the Company has entered into Business Transfer Agreement with Indo Shell Mould Limited ("ISML") for acquiring their SEZ Unit in SIPCOT, Erode which supplies fully machined critical castings to marquee customers in the automotive industry. The closing of the transaction is subject to customary conditions and regulatory approvals.

In ₹ Million

Particulars	As at July 1, 2022
Assets	
Property, plant and equipment	1,905.89
Intangibles assets	3.86
Right of Use assets	149.78
Cash and cash equivalents	13.68
Trade receivables	743.09
Inventories	534.59
Financial Assets (Current)	1.75
Other Assets	186.90
	3,539.54
Liabilities	
Trade payables	936.90
Other Financial liabilities	193.01
Other Current liabilities	79.12
Provisions (Non-current)	238.41
Provisions (Current)	58.63
Borrowings	1,005.81
	2,511.88
Total identifiable net assets at fair value	**1,027.66**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

46. Business combinations and acquisition of non-controlling interests (contd.)

In ₹ Million

Particulars	As at July 1, 2022
Non-controlling interest measured at fair value	-
Goodwill arising on acquisition	2,433.32
Purchase consideration	**3,460.98**

None of the trade receivables is credit impaired and it is expected that the full contractual amounts can be collected.

(In ₹ Million)

Particulars	Amount
Purchase Consideration	3,460.98
Less: Net Cash acquired in business combination	(13.68)
Net Cashflow on acquisition	**3,447.30**

Acquisition of BF Industrial Technology and Solutions Limited

During the previous year, BF Industrial Solutions Limited (BFISL, formerly known as Nouveau Power and Infrastructure Private Limited), a wholly owned subsidiary of Bharat Forge Limited acquired 100% interest in BF Industrial Technology and Solutions Limited (formerly known as Sanghvi Forging and Engineering Limited (SFEL)) along with its wholly owned subsidiary Sanghvi Europe B.V., on June 28, 2021 for a consideration of ₹770.65 million. BFITSL is engaged in the manufacturing of heavy forging for industrial applications.

SFEL was admitted under Corporate Insolvency Resolution Process under The Insolvency Bankruptcy Code, 2016 ('IBC') of India. The National Company Law Tribunal (NCLT) vide its order dated April 26,2021, approved the Resolution Plan, for acquiring controlling stake in SFEL, pursuant to which, the Company has acquired SFEL through BFISL. The effective date for the transfer of the said business was agreed to be 28th June, 2021. As part of the Business Transfer Agreement (BTA) the sellers transferred the running business and assumed assets and intangibles including the customer list. The fair values of the identifiable assets acquired and liabilities assumed of BF Industrial Technology and Solutions Limited (formerly known as Sanghvi Forging and Engineering Limited) as at the date of acquisition were:

In ₹ Million

Particulars	As at June 28, 2021
Assets	
Property, plant and equipment	518.15
Intangibles assets	0.96
Right of Use assets	329.60
Cash and cash equivalents	18.08
Trade receivables	78.90
Inventories	75.71
Financial assets (Non-current)	16.73
Financial assets (Current)	1.02
Other assets	21.84
	1,060.99

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

46. Business combinations and acquisition of non-controlling interests (contd.)

In ₹ Million

Particulars	As at June 28, 2021
Liabilities	
Trade payables	154.71
Other Financial liabilities	8.47
Other Current liabilities	62.96
Provisions (Non-current)	7.42
Provisions (Current)	56.78
Borrowings	
	290.34
Total identifiable net assets at fair value	**770.65**
Non-controlling interest measured at fair value	-
Goodwill arising on acquisition	-
Purchase consideration transferred	**770.65**

None of the trade receivables is credit impaired and it is expected that the full contractual amounts can be collected.

In ₹ Million

Particulars	Amount
Purchase Consideration	770.65
Less: Net Cash acquired in business Combination	(18.08)
Net Cashflow on acquisition	**752.57**

Acquisition of Tork Motors Private Limited

The Group was holding 48.86% interest in Tork Motors Private Limited ('TMPL') till November 21, 2021. On November 22, 2021, Kalyani Powertrain Private Limited, wholly-owned subsidiary of Bharat Forge Limited converted the Zero Coupon Optionally Convertible Debentures held in TMPL, into equity shares, amounting to ₹ 400 million. Pursuant to this conversion, the Group's stake in TMPL's equity shares has increased to 60.66% (on fully diluted basis). Consequently, Tork and its subsidiary Lycan Electric Private Limited have become subsidiaries w.e.f. November 22, 2021.

The Group has calculated the fair value of the acquired assets and liabilities in accordance with Ind AS 103 Business Combinations

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

46. Business combinations and acquisition of non-controlling interests (contd.)

The fair values of the identifiable assets acquired and liabilities assumed of Tork Motors Private Limited as at the date of acquisition were:

In ₹ Million

Particulars	As at Nov 22, 2021
Assets	
Property, plant and equipment	57.64
Capital work-in-progress	100.39
Right of use of asset	1.61
Goodwill	1.97
Intangibles assets	232.69
Other non-current assets	64.61
Investments	272.90
Cash and cash equivalents	11.08
Trade receivables	1.91
Inventories	13.21
Financial Assets	0.75
Other Assets	10.57
	769.33
Liabilities	
Borrowings	31.02
Trade payables	15.38
Lease liabilities	1.74
Other Financial liabilities	-
Other Current liabilities	22.25
Provisions	4.64
	75.03
Total identifiable net assets at fair value	**694.30**
Non-controlling interest measured at fair value	247.93
Goodwill arising on acquisition	452.44
Purchase consideration transferred	**700.37**

None of the trade receivables is credit impaired and it is expected that the full contractual amounts can be collected.

In ₹ Million

Particulars	Amount
Purchase Consideration	700.37
Less: Net Cash acquired in business Combination	(11.08)
Net Cashflow on acquisition	**689.29**

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

47. Disclosures required under Sec 186(4) of the Companies Act, 2013

In ₹ Million

Name of the loanee	Purpose	Rate of Interest (p.a.)	Year ended March 31, 2023	Year ended March 31, 2022
Aeron Systems Private Limited*	General corporate purpose	8.00%	-	8.00
Saarloha Advanced Materials Private Limited**	General corporate purpose	8.25%	1,350.00	1,350.00
Refu Drive GmbH @	General corporate purpose	2.00%	92.13	83.90

* was receivable after 1 year, one bullet payment along with interest at the end of the term.

** Short-term advance converted into a long-term advance for a period of 4 years.

@ term loan with bullet repayment at the end of 2 years, interest payable at the end of the loan term.

48. Related party disclosures

(i) Names of the related parties and related party relationships

Related parties with whom transactions have taken place during the period.	
Associates	Tork Motors Private Limited (Upto November 21, 2021)
	TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited) (Upto November 8, 2021)
	Tevva Motors Limited, (Upto November 8, 2021)
	Hospet Bellary Highways Private Limited (Upto January 12, 2021)
	TMJ Electric Vehicles Limited
	Avaada MHVidarbha Private Limited
	Talbahn GmbH
	Aeron Systems Private Limited (upto February 23, 2023)
	Ferrovia Transrail Solutions Private Limited (Upto March 02, 2023)
Joint Ventures	BF NTPC Energy Systems Limited, India (under liquidation)
	REFU Drive GmbH, Germany
Joint venture of a subsidiary	BF Premier Energy Systems Private Limited
Subsidiaries/ associates of associates	Lycan Electric Private Limited, India (upto November 21, 2021)
	Tevva Motors Limited, UK (upto November 8, 2021)*
Subsidiary of Joint Venture	REFU Drive India Private Limited, India
Other related parties	Kalyani Steels Limited
	BF Utilities Limited
	Khed Economic Infrastructure Private Limited
	Kalyani Maxion Wheels Private Limited
	Automotive Axles Limited, India

* Refer Note 39 (3)

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

48. Related party disclosures (contd.)

(i) Names of the related parties and related party relationships (contd.)

Related parties with whom transactions have taken place during the period.	
Other related parties (contd.)	Kalyani Cleantech Private Limited
	United Metachem Private Limited
	Harmony Electoral Trust
	Saarloha Advanced Materials Private Limited
	Nandi Economic Corridor Enterprises Limited
	Baramati Speciality Steels Limited
	Kalyani Technoforge Limited
	Elbit Systems Land Ltd
	Elbit Systems Land and C4I Limited (w.e.f. April 1, 2019)
	Kalyani Transmission Technologies Private Limited
	KGEPL Engineering Solutions Private Limited
	Astra Rafael Comsys Pvt Ltd
	Aeternus, India
	Kalyani Technoweld Private Limited
	Kalyani Medicomp Private Limited (formerly Kalyani Additives Private Limited)
	Kalyani Strategic Management Services Limited (formerly Kalyani Technologies Limited)
	KTMS Properties Company Private Limited
	KSMS Technologies Solutions Private Limited (formerly known as Kalyani Global Engineering Private Limited)
	Inmate Technology Solutions Private Limited
	Institute for Prostate Cancer, India
	Govalkonda Trading Company Private Limited
	Purandhar Trading Company Private Limited
	Rayagad Trading Company Private Limited
	Growth Spurt Consultant LLP, India
	Vishalgad Trading Company Private Limited
	Akutai Kalyani Charitable Trust
	Tirupati Engineers, India
	Tirupati Enterprises
	M J Risbud & Co., India
	H M Risbud & Co., India
	Irbaris LLP,UK
	Siddtech Enterprises
	SBK Charitable Trust
	Radium Merchandise Private Limited

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

48. Related party disclosures (contd.)

(i) Names of the related parties and related party relationships (contd.)

Related parties with whom transactions have taken place during the period.	
Minority holders	Elbit Systems Land and C4I Limited, Israel
	Rafael Advanced Defence Systems Limited
	Mr. Rahul Pangare, India
	Mr. Vyankoji Shinde, India
Joint venture partners	NTPC Limited, India
	Premier Explosives Limited, India
	REFU Elektronik GmbH, Germany
Key management personnel (including subsidiaries/ associates/joint ventures and their subsidiaries)	Mr. B. N. Kalyani (Chairman and Managing Director)
	Mr. A. B. Kalyani (Executive Director and Deputy Managing Director)
	Mr. G. K. Agarwal (Deputy Managing Director)
	Mr. B. P. Kalyani (Executive Director)
	Mr. S. E. Tandale (Executive Director)
	Mr. K. M. Saletore (Executive Director & CFO)
	Ms. T. R. Chaudhari (Company secretary)
	Mr. P. G. Pawar (Independent Director)
	Mr. S. M. Thakore (Independent Director) (Upto 12th November 2021)
	Mrs. L. D. Gupte (Independent Director)
	Mr. P. H. Ravikumar (Independent Director)
	Mr. P. C. Bhalerao (Independent Director) (Upto 12th November 2021)
	Mr. V. R. Bhandari (Independent Director)
	Mr. Dipak Mane (Independent Director)
	Mr. Murali Sivaraman (Independent Director)
	Mr. Kanwar Bir Singh Anand (w.e.f 27th June 2022)
	Mrs. Sonia Singh (w.e.f 27th June 2022)
Relatives of key management personnel	Smt. S. N. Kalyani
	Mr. G. N. Kalyani
	Mrs. R. G. Kalyani
	Ms. S. G. Kalyani
	Mr. V. G. Kalyani
	Mrs. A. G. Agarwal
	Smt. V. E. Tandale
	Mrs. S. S. Tandale
	Mr. P. S. Kalyani
	Mrs. V. B. Kalyani
	Ms. A. K. Saletore
	Mrs. S. J. Hiremath
	Ms. Neeraja Puranam
	Mrs. A. P. Kore
	Mrs. Deeksha Amit Kalyani

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

48. Related party disclosures (contd.)

(i) Names of the related parties and related party relationships (contd.)

Related parties with whom transactions have taken place during the period.	
Post employment benefit trust	Bharat Forge Company Limited Staff Provident Fund
	Bharat Forge Company Limited Employees Group Gratuity Fund
	Bharat Forge Company Limited Officers Group Gratuity Fund
	Bharat Forge Company Limited Officers Superannuation Scheme
	Kalyani Powertrain Ltd Employee's Group Gratuity Cash Accumulation Scheme

Transactions and balances less than 10% of the total transactions and balances disclosed as "Others"

* Refer Note 39 (3)

(ii) Related party transactions

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
1	**Purchase of raw materials, components, stores, spares and traded goods**	**Associate**		
		Aeron Systems Private Limited	1.60	-
			1.60	**-**
		Other related parties		
		Kalyani Steels Limited	6,097.97	5,132.78
		Saarloha Advance Material Private Limited	15,584.14	11,844.51
		Inmate Technology Solutions Private Limited	1.17	-
		Kalyani Technoforge Limited	412.31	1,504.20
		Others	97.90	89.69
			22,193.49	**18,571.18**
		Joint venture		
		Refu Drive GMBH	41.03	2.84
			41.03	**2.84**
		Joint Venture Partners		
		REFU Elektronik GmbH	-	8.83
			-	**8.83**
		Minority holders		
		Rafael Advanced Defence Systems Limited	264.91	374.43
			264.91	**374.43**
			22,501.03	**18,957.29**

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for the year ended March 31, 2023

48. Related party disclosures (contd.)

(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
2	**Purchase of services**	**Other related parties**		
		Kalyani Strategic Management Services Limited	2.00	-
		Others	1.50	-
			3.50	**-**
3	**Other expenses**	**Other related parties**		
	- Power, fuel and water	BF Utilities Limited	31.79	143.47
		Avaada MHVidarbha Private Limited	23.39	-
			55.18	**143.47**
	- Machining/ subcontracting charges	**Subsidiary of a Joint venture**		
		Refu Drive India Private Limited	-	2.50
			-	**2.50**
		Other related parties		
		Kalyani Technoforge Limited	76.13	82.49
		Kalyani Transmission Tecnologies Private Limited	25.49	68.40
		Baramati Speciality Steels Limited	3.63	9.30
		Others	1.31	0.67
			106.56	**160.86**
			106.56	**163.36**
	- Rent*	**Other related parties**		
		United Metachem Private Limited	10.01	9.60
		KTMS Properties Company Private Limited	18.71	20.07
		Tirupati Engineers	2.03	2.03
		Others	4.06	3.84
			34.81	**35.55**
	- Donations	**Other related parties**		
		SBK Charitable Trust	-	25.00
			-	**25.00**
	- Directors' fees and travelling expenses	**Key management personnel**		
		Mr. P. G. Pawar	0.58	0.70
		Mr. S. M. Thakore	-	0.41
		Mrs. L. D. Gupte	0.43	0.28
		Mr. P. H. Ravikumar	0.66	0.56
		Mr. P. C. Bhalerao	-	0.48

* The lease arrangements which have been considered for Ind AS 116 disclosures in note no. 43 and taken to right-of-use assets have been considered in rent expenses for disclosing actual transactions with related parties.

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for the year ended March 31, 2023

48. Related party disclosures (contd.)

(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
	- Directors' fees and travelling expenses (contd.)	Mr. V. R. Bhandari	0.76	0.41
		Mr. Dipak Mane	1.75	0.28
		Mr. Kanwar Bir Singh Anand	0.36	-
		Mrs. Sonia Singh	0.37	-
		Mr. Murali Sivaraman	0.46	0.28
			5.37	**3.40**
	- Commission to directors other than managing and whole time directors	**Key management personnel**		
		Mr. P. G. Pawar	1.44	1.40
		Mr. S. M. Thakore	-	0.60
		Mrs. Lalita D. Gupte	0.56	0.55
		Mr. P. H. Ravikumar	1.13	1.10
		Mr. P. C. Bhalerao	-	0.70
		Mr. Vimal Bhandari	1.38	0.80
		Mr. Dipak Mane	0.75	1.00
		Mr. Murali Sivaraman	0.63	0.80
		Mr. Kanwar Bir Singh Anand	0.38	-
		Mrs. Sonia Singh	0.38	-
			6.65	**6.95**
	- Legal and professional fees	**Other related parties**		
		Kalyani Strategic Management Services Limited	261.78	162.59
		M J Risbud & Co.	0.22	0.15
		H M Risbud & Co.	0.11	0.08
		Others	35.67	0.02
			297.78	**162.84**
	- Repairs and maintenance	**Other related parties**		
		Kalyani Technoforge Limited	-	21.17
		KTMS Properties Company Private Limited	13.70	9.51
		Others	-	0.04
			13.70	**30.72**

Notes to Consolidated Financial Statements
for the year ended March 31, 2023
48. Related party disclosures (contd.)
(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
	- CSR expenditure	**Other related parties**		
		Kalyani Cleantech Private Limited	-	0.19
		Kalyani Strategic Management Services Limited (formerly Kalyani Technologies Limited)	-	0.69
			-	**0.88**
	- Miscellaneous expenses	**Other related parties**		
		Kalyani Strategic Management Services Limited	164.94	116.26
		Rafael Advanced Defence Systems Limited	-	8.60
		Kalyani Technoforge Limited	7.99	-
		Others	11.20	-
			184.13	**124.86**
		Joint Venture		
		BF Premier Energy Systems Private Limited	0.06	-
			0.06	**-**
		Minority Holders		
		Rafael Advanced Defense Systems Limited	13.30	-
			13.30	**-**
			717.54	**697.03**
4	Sale of goods, raw materials, stores and spares, manufacturing scrap and tooling income (net of returns, rebate etc.)	**Associates**		
		Aeron Systems Private Limited	-	56.08
			-	**56.08**
		Joint Venture Partners		
		REFU Elektronik GmbH	-	37.36
			-	**37.36**
		Other related parties		
		Saarloha Advanced Materials Private Limited	2,876.05	2,572.47
		Automotive Axles Limited	410.96	281.27
		Other	42.29	34.09
			3,329.30	**2,887.83**
		Minority holders		
		Rafael Advanced Defence Systems Limited	1,197.79	592.47
			1,197.79	**592.47**
			4,527.09	**3,573.74**

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for the year ended March 31, 2023

48. Related party disclosures (contd.)
(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
5	**Sale of services**	**Other related parties**		
		Automotive Axles Limited	182.24	114.02
		Saarloha Advanced Materials Private Limited	70.76	57.71
		Kalyani Technoforge Limited	35.79	1.90
		Others	0.01	0.17
			288.80	**173.80**
		Joint Venture Partners		
		REFU Elektronik GmbH	-	49.73
			-	**49.73**
		Minority holders		
		Rafael Advanced Defence Systems Limited	20.08	18.19
			20.08	**18.19**
			308.88	**241.72**
6	**Sale of property, plant & equipment**	**Minority holders**		
		Rafael Advanced Defence Systems Limited	4.05	-
			4.05	**-**
7	**Other income**	**Other related parties**		
	- Rent*	Kalyani Additives Private Limited	14.06	12.33
		Baramati Speciality Steels Limited	3.93	3.15
		Kalyani Technoforge Limited	20.07	-
		Nandi Economic Corridor Enterprises	2.49	2.49
		Kalyani Maxion Wheels Limited	0.05	0.05
			40.60	**18.02**
	- Management Consultancy Services	**Associates**		
		Ferrovia Transrail Solutions Private Limited	-	1.01
			-	**1.01**
	- Miscellaneous Income	**Associates**		
		Ferrovia Transrail Solutions Private Limited	-	18.50
			-	**18.50**
		Minority Holders		
		Rafael Advanced Defense Systems Limited	1.88	-
			1.88	**-**
		Other related parties		
		Kalyani Technoforge Limited	1.86	25.35

* The lease arrangements which have been considered for Ind AS 116 disclosures in note no. 43 and taken to right-of-use assets have been considered in rent expenses for disclosing actual transactions with related parties.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

48. Related party disclosures (contd.)
(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
	- Miscellaneous Income (contd.)	Kalyani Steels Limited	-	1.41
			1.86	**26.76**
			3.74	**45.26**
			44.34	**64.28**
8	**Purchase of property, plant and equipment (including CWIP)**	**Other related parties**		
		Kalyani Technoforge Limited	-	48.77
		Kalyani Strategic Management Services Limited	-	22.44
		Elbit Systems Land Ltd	-	20.34
		Kalyani Cleantech Private Limited	-	1.11
		Others	3.97	1.55
			3.97	**94.21**
9	**Finance provided:**	**Other related parties**		
	- Investments by Group	Khed Economic Infrastructure Private Limited	162.74	235.68
		(includes fair valuation impact)		
			162.74	**235.68**
		Associates		
		Aeron Systems Private Limited	137.18	-
		Avaada MHVidarbha Private Limited	113.75	-
		Others	0.20	-
			251.13	**-**
			413.87	**235.68**
	- Loan given	**Associates**		
		Aeron Systems Private Limited	-	28.00
		Ferrovia Transrail Solutions Private Limited	-	1.52
			-	**29.52**
		Joint Ventures		
		REFU Drive GmbH	-	86.40
			-	**86.40**
		Other related party		
		Kalyani Technoforge Limited	-	1.10
		Others	0.25	0.50
			0.25	**1.60**
			0.25	**117.53**
			414.12	**353.21**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

48. Related party disclosures (contd.)

(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
10	Sale/Transfer of Investment	**Associates**		
		Aeron Systems Private Limited	137.18	-
			137.18	**-**
11	Interest income	**Associates**		
		TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)	-	38.12
		Tork Motors Private Limited (upto November 08, 2021)	-	3.51
		Aeron Systems Private Limited	0.63	0.41
			0.63	**42.04**
		Joint Ventures		
		REFU Drive GmbH	2.45	0.65
			2.45	**0.65**
		Other related party		
		Saarloha Advanced Materials Private Limited	111.38	111.38
			111.38	**111.38**
			114.46	**154.07**
12	Capital advance given	**Associate**		
		Aeron Systems Private Limited	-	0.47
			-	**0.47**
		Other related party		
		Khed Economic Infrastructure Private Limited	-	1,235.27
		Kalyani Technoforge Limited	-	17.05
		KSMS Technologies Solutions Private Limited (formerly known as Kalyani Global Engineering Private Limited)	44.71	-
		Kalyani Cleantech Private Limited	-	0.37
			44.71	**1,252.69**
			44.71	**1,253.16**
13	Advance from customers	**Minority holders**		
		Rafael Advanced Defence Systems Limited	326.61	28.30
			326.61	**28.30**
		Other related party		
		Astra Rafael Comsys Pvt Ltd	2.34	-
			2.34	**-**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

48. Related party disclosures (contd.)

(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
13	Advance from customers (contd.)	**Joint venture partners**		
		REFU Elektronik GmbH	-	12.14
			-	**12.14**
			328.95	**40.44**
14	Advance given to vendors	**Other related parties**		
		Kalyani Cleantech Private Limited	-	32.87
		Others	-	4.96
			-	**37.83**
		Joint Venture		
		Refu Drive GmbH, Germany	31.97	-
			31.97	**-**
			31.97	**37.83**
15	Managerial remuneration * @	**Key management personnel (Short-term employment benefits)**		
		Mr. B. N. Kalyani	200.45	147.38
		Mr. A. B. Kalyani	47.15	41.46
		Mr. G. K. Agarwal	45.10	43.25
		Mr. S. E. Tandale	47.41	28.91
		Mr. B. P. Kalyani	43.03	27.05
		Mr. K. M. Saletore	31.31	23.35
		Ms. T. R. Chaudhari	4.29	3.76
		Others	-	48.65
			418.74	**363.81**
16	Dividend paid	**Key management personnel**		
		Mr. B. N. Kalyani	0.55	0.25
		Mr. A. B. Kalyani	4.90	2.21
		Mr. G. K. Agarwal	0.03	0.02
		Mr. B. P. Kalyani	0.05	0.02
		Mr. K. M. Saletore#	0.01	0.00
		Mr. S. M. Thakore	-	0.09
		Mr. P. H. Ravikumar	0.05	0.02
			5.59	**2.61**

* As post-employment obligations and other long-term employee benefits obligation are computed for all employees in aggregate, the amounts relating to key management personnel cannot be individually computed and hence are not included in the above.

@ Does not include gratuity and leave encashment since the same is considered for all employees of the Company as a whole.

\# less than 0.01 million

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

48. Related party disclosures (contd.)

(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
16	**Dividend paid (contd.)**	**Relatives of key management personnel**		
		Mr. G. N. Kalyani	4.83	2.17
		Others	1.13	0.07
			5.96	**2.24**
			11.55	**4.85**
17	**Repayment of loan given**	**Associate**		
		Aeron Systems Private Limited	58.00	20.00
		Ferrovia Transrail Solutions Private Limited	-	63.86
			58.00	**83.86**
		Other related parties		
		Others	0.79	0.02
			0.79	**0.02**
			58.79	**83.88**
18	**Loan taken**	**Joint venture partners**		
		REFU Elektronik GmbH	-	86.77
			-	**86.77**
		Other related parties		
		Kalyani Technoforge Limited	-	9.36
			-	**9.36**
			-	**96.13**
19	**Finance cost**	**Joint venture partners**		
		REFU Elektronik GmbH	-	0.69
			-	**0.69**
		Other related parties		
		Kalyani Technoforge Limited	-	0.05
		Givia Pty Ltd ATF Yajilaara Trust	-	14.25
			-	**14.30**
			-	**14.98**
20	**Repayment of loan taken**	**Other related parties**		
		Kalyani Technoforge Limited	-	9.36
			-	**9.36**
			-	**9.36**

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

48. Related party disclosures (contd.)

(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
21	**Reversal of provision for diminution in value of investment**	**Associates and subsidiaries of associates**		
		TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)	-	1,499.62
			-	**1,499.62**
		Joint Venture		
		BF Premier Energy Systems Private Limited	1.20	-
			1.20	**-**
			1.20	**1,499.62**
22	**Contributions paid ***	**Post employment benefit trusts**		
		Provident fund		
		Bharat Forge Company Limited Staff Provident Fund	266.08	245.28
			266.08	**245.28**
		Gratuity fund		
		Bharat Forge Company Limited Employees Group Gratuity fund	32.58	43.10
		Kalyani Powertrain Ltd Employee's Group Gratuity Cash Accumulation Scheme	5.28	-
		Bharat Forge Company Limited Officer's GroupGratuity fund	78.05	68.90
			115.91	**112.00**
		Superannuation fund		
		Bharat Forge Company Limited Officer's Superannuation scheme	16.59	17.80
			16.59	**17.80**
			398.58	**375.08**
23	**Share based Payment**	**Key management personnel**		
		Mr P Risbud	-	1.37
			-	**1.37**

* The above disclosure does not include on behalf payments done by any related parties to each other. For closing balances of above employee benefit trusts refer note 40.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

48. Related party disclosures (contd.)

(iii) Balance outstanding as at the year end

In ₹ Million

Sr. No.	Nature of Balances	Name of the related party and nature of relationship	As at March 31, 2023	As at March 31, 2022
1	**Trade payables**	**Other related parties**		
		Saarloha Advance Material Private Limited **[Refer note 22]****	2,567.57	2,247.54
		Kalyani Steels Limited* **[Refer note 22]**	1,162.44	1,112.28
		Kalyani Cleantech Private Limited	1.06	-
		Kalyani Technoforge Limited	118.28	921.44
		Kalyani Strategic Management Services Limited	77.34	81.80
		Others	21.99	18.46
			3,948.68	**4,381.52**
		Associates and subsidiaries of associates		
		Avaada MHVidarbha Private Limited	7.76	-
			7.76	**-**
		Joint Venture		
		Refu Drive Gmbh	9.79	-
			9.79	**-**
		Subsidiary of a Joint venture		
		Refu Drive India Private Limited	-	0.97
			-	**0.97**
		Joint Venture Partners		
		REFU Elektronik GmbH	-	0.19
			-	**0.19**
		Minority holders		
		Rafael Advanced Defence Systems Limited	231.21	379.84
			231.21	**379.84**
			4,197.44	**4,762.51**
2	**Trade receivable**	**Other related parties**		
		Saarloha Advanced Materials Private Limited	924.43	771.10
		Automotive Axles Limited	203.95	155.05
		Kalyani Technoforge Limited	17.93	-
		Others	49.13	59.94
			1,195.44	**986.09**

* Net of advance given amounting to ₹ 470 million (March 31, 2022: ₹ 470 million)

** Net of advance given amounting to ₹ 250 million (March 31, 2022: ₹ 250 million)

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

48. Related party disclosures (contd.)

(iii) Balance outstanding as at the year end (contd.)

In ₹ Million

Sr. No.	Nature of Balances	Name of the related party and nature of relationship	As at March 31, 2023	As at March 31, 2022
2	**Trade receivable (contd.)**	**Joint Venture Partners**		
		REFU Elektronik GmbH	-	2.66
			-	**2.66**
		Minority holders		
		Rafael Advanced Defence Systems Limited	444.34	295.85
			444.34	**295.85**
		Associates		
		Aeron Systems Private Limited	20.00	54.25
			20.00	**54.25**
			1,659.78	**1,338.85**
3	**Receivable for property, plant and equipments**	**Minority holders**		
		Rafael Advanced Defence Systems Limited	4.05	-
			4.05	**-**
4	**Payables for capital goods**	**Other related parties**		
		Kalyani Cleantech Private Limited	0.49	2.63
			0.49	**2.63**
5	**Non-current investments**	**Other related parties**		
		Khed Economic Infrastructure Private Limited (including fair value)	988.00	825.26
			988.00	**825.26**
		Joint ventures (net of accumulated share of loss)		
		BF NTPC Energy Systems Limited	33.64	-
		Refu Drive GmbH	919.14	689.16
			952.78	**689.16**
		Associates (net of accumulated share of loss)		
		Avaada MHVidarbha Private Limited	113.75	-
		Talbahn GmbH	6.26	-
		Aeron Systems Private Limited	-	116.06
			120.01	**116.06**
			2,060.79	**1,630.48**
6	**Loans given**	**Associates**		
		Ferrovia Transrail Solutions Private Limited	-	136.56
		Aeron Systems Private Limited	-	8.00
			-	**144.56**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

48. Related party disclosures (contd.)

(iii) Balance outstanding as at the year end (contd.)

In ₹ Million

Sr. No.	Nature of Balances	Name of the related party and nature of relationship	As at March 31, 2023	As at March 31, 2022
6	**Loans given (contd.)**	**Joint Ventures**		
		REFU Drive GmbH	89.67	84.15
			89.67	**84.15**
		Other related parties		
		Kalyani Technoforge Limited	-	1.12
			-	**1.12**
			89.67	**229.82**
7	**Loans taken**	**Joint Venture Partners**		
		REFU Elektronik GmbH	-	84.66
			-	**84.66**
8	**Security deposits given**	**Other related parties**		
		BF Utilities Limited	200.00	200.00
		Kalyani Strategic Management Services Ltd (erstwhile Kalyani Technologies Ltd)	89.40	89.40
		Radium Merchandise Private Limited	-	25.00
		Others	39.71	14.71
			329.11	**329.11**
9	**Advance to suppliers**	**Other related parties**		
		Saarloha Advanced Materials Private Limited	1,350.00	1,350.00
		Others	0.06	-
			1,350.06	**1,350.00**
10	**Interest accured**	**Joint venture partners**		
		REFU Elektronik GmbH	-	0.42
		REFU Drive GmbH	2.45	-
			2.45	**0.42**
11	**Advance from customers**	**Other related parties**		
		Automotive Axles Limited	12.50	5.54
		Astra Rafael Comsys Pvt Ltd	2.34	6.23
			14.84	**11.77**
		Joint venture partners		
		REFU Elektronik GmbH	-	11.85
			-	**11.85**
		Minority holders		
		Rafael Advanced Defence Systems Limited	326.61	14.83
			326.61	**14.83**
			341.45	**38.45**

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

48. Related party disclosures (contd.)

(iii) Balance outstanding as at the year end (contd.)

In ₹ Million

Sr. No.	Nature of Balances	Name of the related party and nature of relationship	As at March 31, 2023	As at March 31, 2022
12	**Capital advances**	**Other related parties**		
		KGEPL Engineering Solutions Private Limited	21.48	21.48
		Khed Economic Infrastructure Private Limited	2,435.27	2,435.27
		Kalyani Global Engg. Pvt. Ltd.	44.71	-
			2,501.46	**2,456.75**
		Associates		
		Aeron Systems Private Limited	-	0.47
			-	**0.47**
			2,501.46	**2,457.22**
13	**Managerial remuneration payable***	**Key management personnel (Short-term employment benefits)**		
		Mr. B. N. Kalyani	41.34	31.20
		Mr. A. B. Kalyani	3.18	2.40
		Mr. G. K. Agarwal	3.00	2.40
		Mr. S. E. Tandale	15.79	12.98
		Mr. B. P. Kalyani	14.75	10.03
		Mr. K. M. Saletore	6.83	8.84
		Others	-	15.21
			84.89	**83.06**
14	**Commission to directors other than managing and whole time directors**	**Relatives of directors and other directors**		
		Mr. P. G. Pawar	1.44	1.40
		Mr. S. M. Thakore	-	0.60
		Mrs. Lalita D. Gupte	0.56	0.55
		Mr. P. H. Ravikumar	1.13	1.10
		Mr. P. C. Bhalerao	-	0.70
		Mr. Vimal Bhandari	1.38	0.80
		Mr. Dipak Mane	0.75	1.00
		Mr. Murali Sivaraman	0.63	0.80
		Mr. Kanwar Bir Singh Anand	0.38	-
		Mrs. Sonia Singh	0.38	-
			6.65	**6.95**
15	**Provision for diminution in value of Investment in associate**	**Joint Ventures**		
		BF NTPC Energy Systems Limited	33.64	-
			33.64	**-**

* Does not include gratuity and leave encashment since the same is considered for all employees of the Group as a whole.

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

48. Related party disclosures (contd.)

(iii) Balance outstanding as at the year end (contd.)

In ₹ Million

Sr. No.	Nature of Balances	Name of the related party and nature of relationship	As at March 31, 2023	As at March 31, 2022
16	**Other payables**	**Minority holders**		
		Rafael Advanced Defense Systems Limited	-	19.46
			-	**19.46**

Notes

1. Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured with a short term duration unless otherwise stated and interest free except for loans and settlement occurs in cash. For the year ended March 31, 2023 the Group has not recorded any impairment of receivables relating to amount owed by related parties other than those disclosed separately above (March 31, 2023: ₹ Nil). This assessment is undertaken in each financial year through examining the financial position of the related party and the market in which the related party operates.

2. All transactions were made on normal commercial terms and conditions and at market rates.

3. For Details of guarantees to related parties refer note 47.

4. The Group has various other welfare trusts to administer the long term benefits for its employees for which no contribution is made in the current or previous year.

iv. Board of Directors of the Holding Company in their meeting held on February 14, 2023 have passed a resolution for the reappointment of Mr. B. N. Kalyani (DIN: 00089380), as the Managing Director of the Company and for being designated as Chairman and Managing Director of the Company, for a period of five (5) years with effect from March 30, 2023 up to March 29, 2028, along with the terms and conditions of re-appointment including remuneration payable to him. Pursuant to Section 110 of the Companies Act, 2013 read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, on April 14, 2023, the Group has commenced the process for postal ballot for this proposed appointment and the e-voting for the same will be completed by May 27, 2023.

49. Segment Information

In accordance with paragraph 22 of notified Indian Accounting Standard 108 Operating Segments (Ind AS 108), the Group has disclosed segment information only on the basis of the consolidated financial statements which are presented together with the standalone financial statements. The Group's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group's business is divided into two reporting segments which comprises of "Forgings" and "Others" which represent the Group's businesses not covered in the Forgings segment. The Chief operating decision maker monitors the operating results of the business units separately for the purpose of making

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

49. Segment Information (contd.)

decisions about resource allocation and performance assessment based on an analysis of various performance indicators.

The Forgings segment produces and sells forged products comprising of forgings and machined components for the automotive and industrial sectors. Others primarily includes various new intiatives which the Group is carrying out other than forging related activities.

No operating segments have been aggregated to form the above reportable operating segments.

In ₹ Million

Sr. No.			March 31, 2023	March 31, 2022
1	**Segment revenue**			
	Revenue from external customers			
	a	Forgings	119,780.42	101,616.05
	b	Others	10,414.24	3,981.44
	Total		**130,194.66**	**105,597.49**
	Less - Intersegment revenue		**(316.43)**	**(7.03)**
	Total		**129,878.23**	**105,590.46**
	Adjustments and eliminations *		(775.64)	(979.68)
	Revenue from operations		**129,102.59**	**104,610.78**
2	**Segment results**			
	a	Forgings	12,207.44	15,263.20
	b	Others	449.78	(299.03)
	Total segment profits before interest, tax and exceptional items from each reportable segment		**12,657.22**	**14,964.17**
	Less: Finance cost		2,986.20	1,604.05
	Less: Other unallocable expenditure net off unallocable income		943.66	479.03
			8,727.36	**12,881.09**
	Add: Exceptional items gain/(loss)			
	a	Forgings	(457.91)	(846.09)
	b	Others	-	1,770.14
	Total Exceptional items gain/(loss)		**(457.91)**	**924.05**
	profit/(Loss) before tax and adjustments		**8,269.45**	**13,805.14**
	Adjustments and eliminations *		-	-
	Profit/(Loss) before tax		**8,269.45**	**13,805.14**

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

49. Segment Information (contd.)

In ₹ Million

Sr. No.		March 31, 2023	March 31, 2022
3	Segment income/(expense)		
3.1	Segment Depreciation, amortisation and impairment expense		
	a Forgings	6,869.71	6,965.21
	b Others	472.67	410.61
	C Unallocable	13.48	99.82
	Total	**7,355.86**	**7,475.64**
	Adjustments and eliminations *	-	(172.63)
	Depreciation, amortisation and impairment expense	**7,355.86**	**7,303.01**
3.2	Segment Income tax expense/(income)		
	a Forgings	3,103.97	3,033.25
	b Others	82.48	2.19
	Total	**3,186.45**	**3,035.44**
	Adjustments and eliminations *	(0.87)	(0.91)
	Income tax expense (excluding impact of deferred tax in OCI)	**3,185.58**	**3,034.53**
3.3	Share of (loss) of associates and joint ventures***		
	a Forgings	-	-
	b Others	(334.38)	(330.20)
	Total share of (loss) of associates and joint ventures	**(334.38)**	**(330.20)**
4	Segment assets		
	a Forgings	121,293.14	113,060.74
	b Others	19,000.56	9,436.34
	c Unallocable assets including unutilised fund	44,532.83	34,390.27
	Total	**184,826.53**	**156,887.35**
	Adjustments and eliminations *	(984.66)	(798.01)
	Total assets	**183,841.87**	**156,089.34**
5	Segment liabilities		
	a Forgings	27,229.23	24,846.55
	b Others	11,857.52	2,027.10
	c Unallocable	4,868.38	3,931.95
	Total	**43,955.13**	**30,805.60**
	Adjustments and eliminations *	(853.60)	(851.80)
	Total liabilities	**43,101.53**	**29,953.80**
	Net Capital employed	**140,740.34**	**126,135.54**

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

49. Segment Information (contd.)

In ₹ Million

Sr. No.		March 31, 2023	March 31, 2022
6	Other disclosures		
6.1	Investments in associates and joint ventures****		
	a Forgings	-	-
	b Others	586.52	805.22
	Total	**586.52**	**805.22**
	Adjustments and eliminations *	-	-
	Investments in associates and joint ventures	**586.52**	**805.22**
6.2	Increase in non-current non-financial assets for the year		
	a Forgings	12,845.47	10,537.67
	b Others	5,689.55	1,845.81
	Total	**18,535.02**	**12,383.48**
	Adjustments and eliminations *	158.88	(172.57)
	Increase in non-current non-financial assets for the year	**18,693.90**	**12,210.91**
7	Information in respect of geographical areas		
7.1	Segment revenue from external customers**		
	a Within India	**33,757.32**	**26,546.60**
	b Outside India	**95,345.27**	**78,064.18**
	Europe	46,322.00	48,857.64
	USA	28,085.25	19,928.28
	Others	20,938.02	9,278.26
	Subtotal	**95,345.27**	**78,064.18**
	Total	**129,102.59**	**104,610.78**
7.2	Segment non-current assets		
	a Within India	47,234.39	43,857.03
	b Outside India	25,973.78	21,470.16
	Total	**73,208.17**	**65,327.19**

* Ind AS 108 requires disclosure of reconciliations between segment information and respective line item in Consolidated Financial Statements. Adjustments and eliminations include the elimination of assets and liabilities of joint ventures and associates which have been accounted under the equity method. Further, inter-segment transactions are eliminated upon consolidation. There are no other reconciling items, hence, no separate reconciliation has been presented.

** The revenue information above is based on the location of the customers. No single external customer contributed more than 10% of Group's total revenue for the year ended March 31, 2023 and March 31, 2022.

*** Excluding effects of share of OCI of associates and joint ventures amounting to ₹ 0.89 (March 31, 2022 ₹ 0.57 million).

**** Excluding loan to associate representing long term interest of the Group in the associate. (Refer note 39).

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

50. Hedging activities and derivatives

Cash flow hedges

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in US Dollar and Euro. These forecast transactions are highly probable.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

In ₹ Million

Particulars	As at March 31, 2023		As at March 31, 2022	
	Assets	Liabilities	Assets	Liabilities
Fair value of foreign currency forward contracts	2,069.22	46.38	3,843.39	-

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arises requiring recognition through profit and loss. Amounts of outstanding forward contracts are as follows:

Nature of instrument	Currency	Purpose	March 31, 2023		March 31, 2022	
			Foreign Currency in Million	In ₹ Million	Foreign Currency in Million	In ₹ Million
Forward Contracts	USD	Hedging of highly probable forecast sales	619.80	53,643.40	628.22	53,217.25
Forward Contracts	EUR	Hedging of highly probable forecast sales	163.02	16,552.79	189.02	18,825.75

The cash flow hedges of the expected future sales during the year ended March 31, 2023 were assessed to be highly effective and a net unrealised (loss)/gain of ₹ 1,656.13 million (March 31, 2022: ₹ 3,761.17 million), with a deferred tax liability of ₹ 417.19 million (March 31, 2022: ₹ 946.61 million) relating to the hedging instruments, is included in OCI.

The amount was removed from OCI during the year and included in the carrying amount of the hedged item as an adjustment for the year ended March 31, 2023 as detailed in note 33, totalling ₹ 1,373.62 million (gross of deferred tax) (March 31, 2022: ₹ 1,349.93 million). The amounts retained in OCI at March 31, 2023 are expected to mature and affect the statement of profit and loss till the year ended March 31, 2026.

Fair value hedges

* At March 31, 2023 and March 31, 2022, the Company has a cross currency swap agreement in place. During the current year, the company has converted its Rupee Preshipment Credit into USD. Under the original agreement, the interest rate was fixed at 6.30% p.a. but due to cross currency swap arrangement the revised interest rate has been fixed at 4.00% p.a.

\# At March 31, 2023, one of the companies in the group has a cross currency agreement in place. The original lender shall make available to the Borrower, a term loan facility ("Facility A") upto an aggregate principal amount of 10 million euros and after Facility A has been disbursed, another facility ("Facility B") shall be utilised which will be made available upto an aggregate principal amount of 5 million euros. The rate of interest for Facility A and Facility B is fixed at EURIBOR + 250 basis points.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

50. Hedging activities and derivatives (contd.)

In earlier years, the Company has converted one of its USD loans into a Euro loan for interest arbitrage. Under the original agreement, the interest rate was fixed at LIBOR + 67 basis points, but due to the cross currency swap arrangement, the revised interest rate has been fixed at EURIBOR + 87 basis points, decreasing the corresponding interest cost on the term loan.

Also as at March 31, 2023 the Company had certain forward contracts outstanding, which are being used to hedge the exposure to changes in the fair value of its underlying trade receivables.

The impact of the derivative instrument on the balance sheet as at March 31, 2023 is as follows:

In ₹ Million

Fair value hedge	Nominal amount (In Million)	Carrying amount (In ₹ Million)	Line item in balance sheet where hedging instrument is disclosed	Changes in fair value for calculating hedge ineffectiveness for March 2022
Cross currency swap	EUR 10.21	76.42	Derivative instruments	Nil
Cross currency swap	USD 9.73	0.60	Derivative instruments	Nil
Cross currency swap#	EUR 15.00	175.67	Derivative instruments	Nil
Cross currency swap#	USD 17.40	-		
Forward Contracts	USD 2.28	1.47	Derivative instruments	Nil

The impact of the derivative instrument on the balance sheet as at March 31, 2022 is as follows:

In ₹ Million

Fair value hedge	Nominal amount (In Million)	Carrying amount (In ₹ Million)	Line item in balance sheet where hedging instrument is disclosed	Changes in fair value for calculating hedge ineffectiveness for March 2021
Cross currency swap	EUR 17.86	85.10	Derivative instruments	Nil
Cross currency swap	EUR 15.00	88.03	Derivative instruments	Nil
Forward Contracts	EUR 3.03	13.61	Derivative instruments	Nil
Forward Contracts	USD 7.03	(6.47)	Derivative instruments	Nil

The impact of the hedged item on the balance sheet as at March 31, 2023 is, as follows:

In ₹ Million

Fair value hedge	Nominal amount (In Million)	Changes in fair value for calculating hedge ineffectiveness for March 2022
Current borrowings	USD 12.00	NIL
Current borrowings	INR 800.00	NIL
Trade receivables	USD 2.28	NIL

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for the year ended March 31, 2023

50. Hedging activities and derivatives (contd.)

The impact of the hedged item on the balance sheet as at March 31, 2022 is as follows:

In ₹ Million

Fair value hedge	Nominal amount (In Million)	Changes in fair value for calculating hedge ineffectiveness for March 2021
Non-current borrowings	USD 21.00	NIL
Non-current borrowings	EUR 15.00	NIL
Trade receivables	EUR 3.03	NIL
Trade receivables	USD 7.03	NIL

Derivatives not designated as hedging instruments

The Group has used foreign exchange forward contracts to manage repayment of some of its foreign currency denominated borrowings. These foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions i.e. the repayments of foreign currency denominated borrowings.

51. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosure fair value measurement hierarchy for assets as at March 31, 2023

Financial Instruments by category

In ₹ Million

Particulars	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at FVTOCI			
Unquoted equity instruments			
Khed Economic Infrastructure Private Limited	-	-	988.00
Avaada SataraMH Private Limited	-	-	142.45
Avaada MHBudhana Private Limited [Refer note 51 (c)]	-	-	20.34
TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)	-	2,952.03	-
Electron Transport Inc.	-	-	350.21
Quoted equity instruments			
Birlasoft Limited (erstwhile KPIT Technologies Limited)	160.08	-	-
KPIT Technologies Limited [Refer note 51 (b)]	567.09	-	-
Derivative instruments at fair value through OCI			
Cash flow hedges	-	2,069.22	-

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

51. Fair value hierarchy (contd.)

In ₹ Million

Particulars	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at FVTPL			
Unquoted equity instruments			
Gupta Energy Private Limited [Refer note 51 (a)]	-	-	-
Derivative instruments at FVTPL			
Fair value hedges	-	254.16	-
Unquoted funds			
Investments in private equity fund	-	255.93	-
Investments in mutual funds	-	15,466.26	-
Quoted funds/bonds			
Investments in mutual funds	2,570.57	-	-

Quantitative disclosure fair value measurement hierarchy for assets/liabilities as at March 31, 2022

In ₹ Million

Particulars	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at FVTOCI			
Unquoted equity instruments			
Khed Economic Infrastructure Private Limited	-	-	825.26
Avaada SataraMH Private Limited	-	-	142.45
Avaada MHBudhana Private Limited [Refer note 51 (c)]	-	-	20.34
TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)	-	2,941.02	-
Electron Transport Inc.	-	-	305.70
Quoted equity instruments			
Birlasoft Limited (erstwhile KPIT Technologies Limited)	278.88	-	-
KPIT Technologies Limited [Refer note 51 (b)]	368.44	-	-
Derivative instruments at fair value through OCI			
Cash flow hedges	-	3,843.39	-

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

51. Fair value hierarchy (contd.)

In ₹ Million

Particulars	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at FVTPL			
Unquoted equity instruments			
Gupta Energy Private Limited [Refer note 51 (a)]	-	-	-
Derivative instruments at FVTPL			
Fair value hedges	-	180.27	-
Unquoted funds			
Investments in private equity fund	-	307.78	-
Investments in mutual funds	-	16,186.22	-
Quoted funds/bonds			
Investments in mutual funds	3,356.03	-	-

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at March 31, 2023 and March 31, 2022 are as shown below:

Particulars	Valuation technique	Significant unobservable inputs	Range	Sensitivity of the input to fair value
Unquoted equity shares in Khed Economic Infrastructure Private Limited (KEIPL)	Cost method	Estimated realisation rates for developed land and Land under development	March 31, 2023: ₹10.6 million to ₹12.6 million/acre (March 31, 2022: ₹ 10.50 million to ₹12.60 million/acre)	5% increase/(decrease) in realisation rate would result in increase/(decrease) in fair value per share by ₹ 1.50 (March 31, 2022: ₹ 55.27)
		Estimated realisation rates for undeveloped Land	Not Applicable	
Unquoted equity shares in Avaada SataraMH Private Limited (ASPL)	Discounted cash flow (DCF) method	Weighted Average Cost of Capital (WACC)	March 31, 2023: 18.80% (March 31, 2022: 18.80%)	1% (March 31, 2022: 1%) increase (decrease) in the WACC would result in decrease (increase) in fair value by ₹ 6.15 million (31 March 2022: ₹ 6.15 million)

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

51. Fair value hierarchy (contd.)

Particulars	Valuation technique	Significant unobservable inputs	Range	Sensitivity of the input to fair value
Unquoted equity shares in Avaada MHBuldhana Private Limited	Discounted cash flow (DCF) method	Weighted Average Cost of Capital (WACC)	March 31, 2023: 15.52% (March 31, 2022: Ref note c)	1% (March 31, 2022: 1%) increase (decrease) in the WACC would result in decrease (increase) in fair value by ₹ 0.11 million (March 31, 2022: Ref note c)

(a) Gupta Energy Private Limited (GEPL)

The Group has an investment in the equity instrument of GEPL. The same is classified as at fair value through profit and loss. Over the years, GEPL has been making consistent losses. The management of the Holding Company has made attempts to obtain the latest information for the purpose of valuation. However, such information is not available as GEPL has not filed the financial statements with the Ministry Of Corporate Affairs (MCA) since FY 2014-15. In view of the above, the management believes that the fair value of the investment is Nil as at April 1, 2015 and thereafter.

(b) KPIT Technologies Limited

The Company had invested into 613,000 equity shares of ₹ 2/- each of KPIT Technologies Limited. The Hon'ble National Company Law Tribunal, Mumbai Bench, has by its order approved the composite scheme of arrangement (Scheme), amongst Birlasoft (India) Limited, KPIT Technologies Limited, KPIT Engineering Limited and their respective shareholders. Pursuant to the Scheme, the engineering business of KPIT Technologies Limited has been transferred to KPIT Engineering Limited.

Pursuant to the order, Birlasoft (India) Limited has merged with KPIT Technologies Limited and KPIT Technologies has been renamed as "Birlasoft Limited". KPIT Engineering Limited has been renamed as "KPIT Technologies Limited".

Pursuant to the Scheme, the Group had received 1 equity share of KPIT Technologies Ltd. of ₹ 10/- each for 1 equity share of Birlasoft Ltd. of ₹ 2/- each. The ratio of cost of acquisition per share of Birlasoft Ltd. and KPIT Technologies Ltd. was 56.64% to 43.36%.

The investment in shares has been classified under level 1 of the fair value hierarchy as on March 31, 2023 and March 31, 2022

(c) Avaada MHBuldhana Private Limited

The investment in equity shares of Avaada MHBudhana Private Limited which was made on September 30, 2021 is governed by the terms of the share purchase agreement and the shares held by the Company are subject to certain restrictions in terms of ability of the Company to sell the shares and the value at which this can be done. Considering the nature of restrictions and the overall intention of the management in relation to the equity shares, the fair value of such shares for the Company is the same as its cost i.e. the face value.

(d) Electron Transport Inc.

The Group had made an investment in preferred stock of Electron Transport Inc in the previous year as well as in the current year. Considering the nature of the investment and the overall intention of the management in relation to this investment, the fair value of such investment as at March 31, 2023 is the same as its cost.

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for the year ended March 31, 2023

51. Fair value hierarchy (contd.)

Reconciliation of fair value measurement of financial assets classified as FVTOCI and FVTPL:

	Unquoted equity shares in Avaada SataraMH Private Limited	Unquoted equity shares in Khed Economic Infrastructure Private Limited	Unquoted equity shares in Avaada MHBuldhana Private Limited	Unquoted equity shares in TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)	Unquoted prefered stocks in Electron Transport Inc.
As at April 1, 2021	**142.45**	**589.58**	**-**	**-**	**-**
Remeasurement recognised in OCI	-	235.68	-	1,636.70	-
Purchases	-	-	20.34	-	305.70
Impairment reversal and conversion of investment in associate to financial instrument [Refer note 32(b)]				1,304.32	-
Sales	-	-	-	-	-
As at March 31, 2022	**142.45**	**825.26**	**20.34**	**2,941.02**	**305.70**
Remeasurement recognised in OCI	-	162.74	-	-	-
Remeasurement recognised in Statement of profit and loss	-	-	-	11.01	-
Purchases	-	-	-	-	44.51
As at March 31, 2023	**142.45**	**988.00**	**20.34**	**2,952.03**	**350.21**

52. Financial Instruments by category

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments as of March 31, 2023 and March 31, 2022, other than those with carrying amounts that are reasonable approximates of fair values:

In ₹ Million

Type of Borrower	Carrying value		Fair value	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
(i) Investments	14,601.13	6,152.10	14,601.13	6,152.10
(ii) Loans	56.78	169.61	56.78	169.61
(iii) Trade receivables	113.25	113.25	113.25	113.25
(iv) Derivative instruments	822.17	2,662.32	822.17	2,662.32
(v) Other non-current financial assets	570.14	677.79	570.14	677.79
Total financial assets	**16,163.47**	**9,775.07**	**16,163.47**	**9,775.07**
(i) Borrowings	17,512.72	17,873.43	17,512.72	17,873.43

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for the year ended March 31, 2023

52. Financial Instruments by category (contd.)

In ₹ Million

Type of Borrower	Carrying value		Fair value	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
(ii) Other non-current financial liabilities	391.09	247.65	391.09	247.65
(iii) Derivative instruments	-	-	-	-
(iv) Lease liabilities	4,161.77	2,835.16	4,161.77	2,835.16
Total financial liabilities	**22,065.58**	**20,956.24**	**22,065.58**	**20,956.24**

The management assessed that the fair value of cash and cash equivalent, trade receivables, derivative instruments, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

Further, the management assessed that the fair value of security deposits and other non current receivables approximate their carrying amounts largely due to expected credit loss/discounting at rates which are an approximation of current lending rates.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

(i) Long-term fixed rate and variable-rate receivables are evaluated by the Group based on parameters such as the individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

(ii) The fair values of quoted instruments are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables above. The management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

(iii) The fair values of the unquoted equity shares have been estimated using a cost method (KEIPL), market method (Tevva) as well as DCF model (ASPL). The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

(iv) The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

52. Financial Instruments by category (contd.)

and forward rate curves of the underlying. All derivative contracts are fully cash collateralised, thereby eliminating both the counterparty and the Group's own non-performance risk. As at March 31, 2023, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

(v) The Group's borrowings and loans are appearing in the books at fair value since the same are interest bearing, hence, discounting of the same is not required. The own non-performance risk as at March 31, 2023 and March 31, 2022 was assessed to be insignificant.

53. Statutory Group Information

In ₹ Million

Name of the entity in the group	Net assets (Total assets - total liabilities)		Share in profit and loss		Share in Other Comprehensive Income/(loss)		Share in Total Comprehensive Income	
	As a % of consoli-dated net assets	₹ Million	As a % of consol-idated profit or loss	₹ Million	As a % of consolidat-ed other Compre-hensive income	₹ Million	As a % of consoli-dated total Compre-hensive income	₹ Million
Parent								
Bharat Forge Limited								
Balance as at 31 March, 2023	114.22	**76,999.97**	**205.64**	10,454.72	185.46	(1,293.37)	208.85	9,161.34
Balance as at 31 March, 2022	107.29	**71,097.73**	**100.07**	10,778.01	104.75	2,463.03	100.91	13,241.04
Subsidiaries								
Foreign								
1) Bharat Forge Global Holding GmbH - Group								
Balance as at 31 March, 2023	2.32	1,566.13	(45.74)	(2,325.22)	28.48	(198.60)	(57.54)	(2,523.82)
Balance as at 31 March, 2022	5.27	3,492.22	8.23	885.92	6.13	144.04	7.85	1,029.96
2) Bharat Forge America Inc. - Group								
Balance as at 31 March, 2023	4.90	3,300.64	(37.71)	(1,916.99)	39.69	(276.81)	(50.01)	(2,193.80)
Balance as at 31 March, 2022	3.33	2,203.71	(3.40)	(365.95)	4.42	103.92	(2.00)	(262.03)
3) Bharat Forge International Limited								
Balance as at 31 March, 2023	3.22	2,169.45	8.07	410.02	(20.80)	145.08	12.65	555.10
Balance as at 31 March, 2022	2.44	1,613.93	3.29	354.89	3.27	76.79	3.29	431.68
Indian								
1) Kalyani Powertrain Private Limited - Group								
Balance as at 31 March, 2023	1.56	1,050.09	(22.46)	(1,141.80)	(1.91)	13.31	(25.73)	(1,128.49)
Balance as at 31 March, 2022	2.84	1,884.46	(1.16)	(124.76)	0.38	8.84	(0.88)	(115.92)

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for the year ended March 31, 2023

53. Statutory Group Information (contd.)

In ₹ Million

Name of the entity in the group	Net assets (Total assets - total liabilities)		Share in profit and loss		Share in Other Comprehensive Income/(loss)		Share in Total Comprehensive Income	
	As a % of consoli-dated net assets	₹ Million	As a % of consol-idated profit or loss	₹ Million	As a % of consolidat-ed other Compre-hensive income	₹ Million	As a % of consoli-dated total Compre-hensive income	₹ Million
2) Kalyani Strategic Systems Limited - Group								
Balance as at 31 March, 2023	1.42	959.88	3.09	156.99	(0.04)	0.29	3.59	157.28
Balance as at 31 March, 2022	0.56	370.45	(0.14)	(15.54)	0.01	0.12	(0.12)	(15.42)
3) BF Industrial Solutions Limited - Group								
Balance as at 31 March, 2023	7.06	4,757.43	5.81	295.55	0.03	(0.23)	6.73	295.32
Balance as at 31 March, 2022	1.46	964.82	0.39	42.15	0.12	2.81	0.34	44.96
4) BF Infrastructure Limited - Group								
Balance as at 31 March, 2023	0.39	263.30	(0.95)	(48.50)	(0.05)	0.32	(1.10)	(48.18)
Balance as at 31 March, 2022	0.44	291.80	(0.42)	(44.78)	0.02	0.55	(0.34)	(44.23)
5) Kalyani Centre for Precision Technology Limited								
Balance as at 31 March, 2023	1.08	729.94	1.04	52.79	0.00	(0.01)	1.20	52.78
Balance as at 31 March, 2022	1.02	677.17	0.06	6.65	0.00	0.02	0.05	6.67
6) Analogic Controls India Limited								
Balance as at 31 March, 2023	NA	NA	NA	NA	NA	NA	NA	NA
Balance as at 31 March, 2022	0.08	49.74	(0.19)	(20.45)	0.03	0.66	(0.15)	(19.79)
7) BF Elbit Advanced Systems Private Limited								
Balance as at 31 March, 2023	(0.22)	(148.11)	(0.38)	(19.13)	-	-	(0.44)	(19.13)
Balance as at 31 March, 2022	(0.19)	(128.98)	(0.15)	(16.17)	-	-	(0.12)	(16.17)
8) Eternus Performance Material Private Limited								
Balance as at 31 March, 2023	(0.00)	(1.72)	0.00	0.19	-	-	0.00	0.20
Balance as at 31 March, 2022	(0.00)	(1.91)	(0.01)	(1.08)	-	-	(0.01)	(1.08)
9) Kalyani Lightweighting Technology Solutions Limited								
Balance as at 31 March, 2023	(0.00)	(0.09)	(0.00)	(0.10)	-	-	(0.00)	(0.10)
Balance as at 31 March, 2022	-	-	-	-	-	-	-	-

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53. Statutory Group Information (contd.)

In ₹ Million

Name of the entity in the group	Net assets (Total assets - total liabilities)		Share in profit and loss		Share in Other Comprehensive Income/(loss)		Share in Total Comprehensive Income	
	As a % of consolidated net assets	₹ Million	As a % of consolidated profit or loss	₹ Million	As a % of consolidated other Comprehensive income	₹ Million	As a % of consolidated total Comprehensive income	₹ Million
Non-controlling interests in all subsidiaries								
Balance as at 31 March, 2023	0.54	360.72	(3.93)	(199.77)	0.04	(0.28)	(4.56)	(200.05)
Balance as at 31 March, 2022	0.85	560.77	(0.44)	(46.95)	0.01	0.15	(0.36)	(46.80)
Associates								
(accounting as per the equity method)								
Indian								
1) Ferrovia Transrail Solutions Private Limited								
Balance as at 31 March, 2023	-	(17.23)	(0.05)	(2.79)	(0.00)	0.02	(0.02)	(2.77)
Balance as at 31 March, 2022	-	(14.47)	0.05	5.19	0.00	0.02	0.04	5.21
2) Aeron Systems Private Limited								
Balance as at 31 March, 2023	-	242.22	(0.01)	(0.74)	0.06	(0.42)	(0.01)	(1.16)
Balance as at 31 March, 2022	-	245.36	(0.03)	(3.41)	(0.00)	0.01	(0.03)	(3.40)
3) Avaada MHVidarbha Private Limited								
Balance as at 31 March, 2023	-	422.46	(0.05)	(2.40)	-	-	(0.02)	(2.40)
Balance as at 31 March, 2022	-	-	-	-	-	-	-	-
Joint Ventures								
(accounting as per the equity method)								
Foreign								
1) REFU Drive GmbH (including subsidiary)								
Balance as at 31 March, 2023	-	(120.57)	(6.46)	(328.45)	0.07	(0.49)	(2.51)	(328.94)
Balance as at 31 March, 2022	-	563.35	(1.52)	(163.65)	(0.10)	0.69	(1.24)	(162.96)
Indian								
1) BF Premier Energy Systems Private Limited								
Balance as at 31 March, 2023	NA	NA	NA	NA	NA	NA	NA	NA
Balance as at 31 March, 2022	-	(0.17)	-	(0.11)	-	-	(0.00)	(0.11)

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

53. Statutory Group Information (contd.)

In ₹ Million

Name of the entity in the group	Net assets (Total assets - total liabilities)		Share in profit and loss		Share in Other Comprehensive Income/(loss)		Share in Total Comprehensive Income	
	As a % of consolidated net assets	₹ Million	As a % of consolidated profit or loss	₹ Million	As a % of consolidated other Comprehensive income	₹ Million	As a % of consolidated total Comprehensive income	₹ Million
Adjustments arising out of consolidation								
March 31, 2023	(36.48)	(24,591.65)	(12.49)	(634.88)	(130.91)	912.92	6.34	278.04
March 31, 2022	(25.36)	(16,808.41)	(4.64)	(499.33)	(19.15)	(450.24)	(7.24)	(949.57)
March 31, 2023 - Group	**100.00**	**67,415.98**	**100.00**	**5,083.87**	**100.00**	**(697.38)**	**100.00**	**4,386.49**
March 31, 2022 - Group	**100.00**	**66,267.51**	**100.00**	**10,770.61**	**100.00**	**2,351.41**	**100.00**	**13,122.02**

54.1 Details of funds advanced or loaned or invested to any other persons or entities by Holding Company, for lending or investing in other persons or entities (Ultimate Beneficiaries)

For year ended March 31, 2023

Investments

The Holding Company has investments in the following subsidiaries for being further invested in step-down subsidiaries of the Holding Company

In ₹ Million

Sl. No.	Name of the subsidiary	Date of investment into subsidiary	Amount invested in subsidiary	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary
1	Kalyani Powertrain limited	August 19, 2022	270.00	Kalyani Mobility INC	August 19, 2022	263.91
2	BF Industrial Solutions limited	July 01, 2022	3,380.00	Promoters of JS Auto Cast Foundry India Private Limited	July 01, 2022	3,257.31
		October 06, 2022	117.29	Promoters of JS Auto Cast Foundry India Private Limited	October 06, 2022	117.29
3	Bharat Forge America Inc	April 12, 2022	609.04	Bharat Forge Aluminium USA, Inc.	April 13, 2022	609.04
		June 21, 2022	956.28	Bharat Forge Aluminium USA, Inc.	June 22, 2022	956.28
		September 21, 2022	156.18	Bharat Forge Aluminium USA, Inc.	September 22, 2022	156.18

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

54.1 Details of funds advanced or loaned or invested to any other persons or entities by Holding Company, for lending or investing in other persons or entities (Ultimate Beneficiaries) (contd.)

Loans

The Holding Company has given loans to the following subsidiaries for being further invested in step-down subsidiaries of the Holding Company

In ₹ Million

Sl. No.	Name of the subsidiary	Date of investment into subsidiary	Amount invested in subsidiary	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary
1	Kalyani Powertrain limited	June 07, 2022	50.00	Tork Motors Private limited	June 08, 2022	50.00
		August 08, 2022	50.00	Tork Motors Private limited	August 12, 2022	50.00

For year ended March 31, 2022

Investments

The Company has investments in the following subsidiaries for being further invested in step-down subsidiaries of the Company

In ₹ Million

Sl. No.	Name of the subsidiary	Date of investment into subsidiary	Amount invested in subsidiary	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary
1	Bharat Forge America Inc.	May 10, 2021	440.39	Bharat Forge Aluminium USA, Inc.	May 10, 2021	440.39
		August 23, 2021	445.53	Bharat Forge Aluminium USA, Inc.	August 23, 2021	445.53
		October 13, 2021	226.16	Bharat Forge Aluminium USA, Inc.	October 13, 2021	226.16
2	Kalyani Powertrain Limited	September 09, 2021	347.57	Kalyani Mobility Inc.	September 09, 2021	347.57
		September 27, 2021	300.30	Tork Motors Private Limited	September 27, 2021	300.30
		February 10, 2022	150.05	Kalyani Mobility Inc.	February 10, 2022	149.98
		July 20, 2021	400.00	Tork Motors Private Limited #	November 24, 2021	399.98
3	BF Industrial Solutions Limited*	September 07, 2021	750.00	BF Industrial Technology and Solutions Limited	September 07, 2021	750.00

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for the year ended March 31, 2023

54.1 Details of funds advanced or loaned or invested to any other persons or entities by Holding Company, for lending or investing in other persons or entities (Ultimate Beneficiaries) (contd.)

In ₹ Million

Sl. No.	Name of the subsidiary	Date of investment into subsidiary	Amount invested in subsidiary	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary
4	BF Industrial Solutions Limited#	June 25, 2021	900.00	BF Industrial Technology and Solutions Limited	June 28, 2021	150.00
				Financial creditors as per IBC order	June 28, 2021	750.00

\# Investment in optionally convertible Debentures

* Amount repaid on the same date

Loans

The Company has given loans to the following subsidiaries for being further invested in step-down subsidiaries of the Company

In ₹ Million

Sl. No.	Name of the subsidiary	Date of investment into subsidiary	Amount invested in subsidiary	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary
1	Bharat Forge America Inc.	March 14, 2022	153.22	Bharat Forge Aluminium USA, Inc.	March 14, 2022	153.22

Statement of compliance

With regard to the investments made, loans given and guarantees given during the year ended March 31, 2022 as well as March 31, 2021, the Company has complied with the relevant provisions of the Foreign Exchange Management Act, 1999 and the Companies Act, 2013 and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003).

Particulars of the intermediaries/beneficiaries/ultimate beneficiaries

1 Bharat Forge Global Holding GmbH
Registered office: Mittelstrasse 64, 58256 Ennepetal, Germany
Relationship with the beneficiary: Wholly owned Subsidiary

2 Bharat Forge America Inc.
Registered office: 2150, Schmiede St, Surgoinville, Tennessee 37873, USA
Relationship with the beneficiary: Wholly owned Subsidiary

3 Bharat Forge CDP GmbH, Germany
Registered office: Mittelstrasse 64, 58256 Ennepetal, Germany
Relationship with the beneficiary: Step-down Subsidiary

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

54.1 Details of funds advanced or loaned or invested to any other persons or entities by Holding Company, for lending or investing in other persons or entities (Ultimate Beneficiaries) (contd.)

4 Bharat Forge Aluminiumtechnik GmbH (BFAT), Germany
Registered office: Berthelsodorfer StraBe 8, 09618 Brand-Erbisdorf, Germany
Relationship with the beneficiary: Step-down Subsidiary

5 Bharat Forge Aluminium USA, Inc.
Registered office: 160, Mine lake Court, Suite 200, Raleigh, North Carolina 27615, USA
Relationship with the beneficiary: Step-down Subsidiary

6 Kalyani Powertrain Limited
Registered office: S No 49, Industry House, Opposite Kalyani Limited, Mundhwa, Pune 411036
Relationship with the beneficiary: Wholly owned subsidiary

7 Kalyani Strategic Systems Limited
Registered office: Mundhwa, Pune
Relationship with the beneficiary: Wholly owned subsidiary

8 BF Industrial Solutions Limited
Registered office: S No 49, Industry House, Opposite Kalyani Limited, Mundhwa, Pune 411036
Relationship with the beneficiary: Wholly owned subsidiary

9 Tork Motors Pvt Ltd, India
Registered office: Plot No. 4/25, Sector No.10, PCNTDA, Pune 411026
Relationship with the beneficiary: Step-down subsidiary

10 Kalyani Mobility Inc.
Registered office: 160, Mine lake Court, Suite 200, Raleigh, North Carolina 27615, USA
Relationship with the beneficiary: Step-down subsidiary

11 BF Industrial Technology & Solutions Limited
Registered office: A8, Parvati Chambers, Opposite Apsara Cinema, Vadodara 390004
Relationship with the beneficiary: Step-down subsidiary

54.2 Details of funds received by components of the group from Holding Company (Financing party), for lending or investing in components or other persons or entities (Ultimate Beneficiaries)

(a) Kalyani Powertrain Limited ('KPL')

Investments

In ₹ Million

Sl. No.	Name of the funding party	Date of receipt	Amount funded by holding company	Name of the beneficiary	Date of further investment into beneficiary (subsidiary)	Amount invested into beneficiary (subsidiary)
1	Bharat Forge Limited	August 19, 2022	270.00	Kalyani Mobility INC	August 19, 2022	263.91

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

54.2 Details of funds received by components of the group from Holding Company (Financing party), for lending or investing in components or other persons or entities (Ultimate Beneficiaries) (contd.)

Statement of compliance

With regard to the investments made by KPL into KPM, as on March 31, 2023, KPL has complied with the relevant provisions of the Foreign Exchange Management Act, 1999 and the Companies Act, 2013 and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003).

Particulars of the funding party

1 Bharat Forge Limited
Registered office: Mundhwa, Pune
Relationship with the beneficiary: Holding Company

Particulars of ultimate beneficiaries

1 Kalyani Mobility Inc.
Registered office: 160, Mine lake Court, Suite 200, Raleigh, North Carolina 27615, USA
Relationship with the beneficiary: Wholly owned subsidiary

In ₹ Million

Sl. No.	Name of the funding party	Date of receipt	Amount funded by holding company	Name of the beneficiary	Date of further investment into beneficiary (subsidiary)	Amount invested into beneficiary (subsidiary)
1	Bharat Forge Limited	July 01, 2022	3,380.00	Promoters of JS Auto Cast Foundry India Private Limited	July 01, 2022	2,482.86
2	Bharat Forge Limited	October 06, 2022	117.29	Promoters of JS Auto Cast Foundry India Private Limited	October 06, 2022	27.89

Particulars of the funding party

1 Bharat Forge Limited
Registered office: Mundhwa, Pune
Relationship with the beneficiary: Holding Company

Particulars of ultimate beneficiaries

1 BF Industrial Technology and Solutions Limited
Registered office: 244/6&7 GIDC estate, Waghodia, Gujarat.
Relationship with the beneficiary: Wholly owned subsidiary

55. Financial risk management objectives and policies

The Group's principal financial liabilities other than derivatives, comprise loans and borrowings, trade payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Group also holds FVTOCI and FVTPL investments and enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a Finance

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

55. Financial risk management objectives and policies (contd.)

and Risk Management Committee (FRMC) that advises on financial risks and the appropriate financial risk governance framework for the Group. The FRMC provides assurance that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. Further, all the derivative activities for risk management purposes are carried out by experienced members from the senior management who have the relevant expertise, appropriate skills and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised as below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments in mutual funds, FVTOCI investments and derivative financial instruments.

The sensitivity analysis in the following sections relates to the position as at March 31, 2023 and March 31, 2022.

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at March 31, 2023.

The analysis excludes the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations and provisions.

The below assumptions have been made in calculating the sensitivity analysis:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2023 and March 31, 2022 including the effect of hedge accounting.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Group's exposure to the risk of changes in the market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group generally borrows in foreign currency, considering the natural hedge it has against its export. Long-term and Short-term foreign currency debt obligations carry floating interest rates and in certain cases with fixed interest rates.

The Group avails short term debt in foreign currency up to the tenure of 9 months, in the nature of export financing for its working capital requirements. LIBOR or EURIBOR for the said debt obligations is fixed for the entire tenor of the debt, at the time of availment.

The Group has an option to reset LIBOR/SOFR or EURIBOR either for 6 Months or 3 months for its long-term debt obligations. To manage its interest rate risk, the Group evaluates the expected benefit from either of the LIBOR resetting options and accordingly decides. The Group also has an option for its long-term

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

55. Financial risk management objectives and policies (contd.)

debt obligations to enter into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

As at March 31, 2023, the Group's majority long term borrowings are at a floating rate of interest except for 5.97% rated unsecured non-convertible debentures.

Interest rate sensitivity

The Group's total interest cost for the year ended March 31, 2023 was ₹ 2,986.20 million and for the year ended March 31, 2022, was ₹ 1,604.05 million. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, with all other variables held constant. The Group's profit/(loss) before tax is affected through the impact on floating rate long term borrowings, as follows:

		Effect on profit before tax and equity	
Particulars	**Change in basis points**	**March 31, 2023**	**March 31, 2022**
USD	+/- 50	21.37	28.42
EUR*	+50	44.18	59.03
EUR*	-50	(44.18)	(35.63)

* During the current as well as previous financial year, EURIBOR was trading in negative zone and some of the Euro borrowings were floored at zero EURIBOR while others were trading at floating EURIBOR. Further Euro borrowings includes USD borrowings swapped in to EURO borrowings through cross currency swap.

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing significantly higher volatility than in prior years.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's export revenue, long term foreign currency borrowings and Group's net investment in foreign subsidiaries and associates.

The Holding Company manages its foreign currency risk by hedging its forecasted sales up to 4 years to the extent of 25%-65% on a rolling basis and keep its long-term foreign currency borrowings un-hedged which will be natural hedge against its un-hedged exports. The Holding Company may hedge its long term borrowing near the repayment date to avoid rupee volatility in the short term.

The Holding Company avails bills discounting facility in INR for some of its export receivables to avail interest subvention benefit. The Group manages foreign currency risk by hedging the receivables against the said liability. The Group also manages foreign currency risk in relation to export receivable balances through forward exchange contracts.

When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions,

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

55. Financial risk management objectives and policies (contd.)

the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The Group discloses the fair value of the outstanding derivative in the financial statements. The impact on the Company's pre-tax equity due to changes in the fair value of the outstanding forward contracts is as follows:

In ₹ Million

Change in rate	Effect on OCI		Effect on net profit/(Loss)	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
USD/INR -1	630.73	628.22	2.28	7.03
EUR/INR -1	164.52	189.02	-	3.03
EUR/USD -0.01	Nil	Nil	8.39	24.91

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Group's profit/loss before tax is due to the changes in the fair value of un-hedged monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

In ₹ Million

Change in rate	Effect on Other Comprehensive Income		Effect on net profit/(Loss) before tax and equity	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
USD/INR -1	66.53	50.36	-115.13	84.86
EUR/INR -1	17.51	41.81	-16.66	89.55

Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the ongoing purchase of steel. Due to the significant volatility of the price of the steel, the Group has agreed with its customers for pass-through of increase/decrease in prices of steel. There may be lag effect in the case of such pass-through arrangement.

Commodity price sensitivity

The Group has back-to-back pass through arrangements for volatility in raw material prices for most of the customers. However, in a few cases, there may be lag effect in the case of such pass-through arrangements and might have some effect on the Group's profit/(loss) and equity.

Equity price risk

The Group is exposed to price risk in equity investments and classified on the balance sheet as fair value through profit or loss and through Other comprehensive income. To manage its price risk arising from investments in equity, the Group diversifies its portfolio. Diversification and investment in the portfolio are done in accordance with the limits set by the Board of Directors of the Group.

At the reporting date, the exposure to unlisted equity securities at fair value was ₹ 4,708.96 million (March 31, 2022: ₹ 4,542.55 million). Sensitivity analysis of major investments has been provided in Note 51.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

55. Financial risk management objectives and policies (contd.)

At the reporting date, the exposure to listed equity securities at fair value was ₹ 727.17 million (March 31, 2022: ₹ 647.32 million). Change of 10% on the NSE market index could have an impact of approximately ₹ 72.72 million (March 31, 2022: ₹ 64.73 million) on the OCI or equity attributable to the Group. These changes would not have an effect on profit or loss.

Other price risk

The Group invests its surplus funds in mutual funds, which are linked to debt markets. The Group is exposed to price risk for investments in such instruments that are classified as fair value through profit or loss. To manage its price risk arising from investments in mutual funds, the Group diversifies its portfolio. Diversification and investment in the portfolio is done in accordance with the Holding Company's investment policy approved by the Board of Directors. An increase/decrease in interest rates by 0.25% will have an impact of ₹ 45.09 million (March 31, 2022: ₹ 48.86 million)

Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, investment in mutual funds, other receivables and deposits, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Further, the Group's customers include marquee OEMs and Tier I companies that have long standing relationships with the Group. Outstanding customer receivables are regularly monitored and reconciled. At March 31, 2023, receivable from the Group's top 5 customers accounted for approximately 46.60% (March 31, 2022: 52.42%) of all the receivables outstanding. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix (refer to the table below). Further, an impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on historical data and subsequent expectations of receipts. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 12. The Group does not hold collateral as security except in the case of few customers. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Year ended	Particulars	Not yet due	Outstanding for following periods from due date of payment					
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
March 31, 2023	% of loss allowance	0.00%	3.6%	7.52%	25.27%	39.25%	12.62%	1.3%
March 31, 2022	% of loss allowance	0.00%	4.27%	17.69%	24.24%	12.14%	42.18%	1.47%

Other receivables, deposits with banks, mutual funds and loans given

Credit risk from balances with banks, financial institutions and mutual funds is managed in accordance with the Group's approved investment policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on a regular basis and the said limits gets revised as and when

Notes to Consolidated Financial Statements
for the year ended March 31, 2023

55. Financial risk management objectives and policies (contd.)

appropriate. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through the counterparty's potential failure to make payments.

The Group's maximum exposure to credit risk for the components of the balance sheet at March 31, 2023 and March 31, 2022 is the carrying amounts as illustrated in the respective notes except for financial guarantees. With respect to financial derivative instruments, refer note 50.

Liquidity risk

Cash flow forecasting is performed by the Treasury function. The Group's liquidity requirements are monitored at the Holding Company and individual component levels by respective treasury functions to ensure the availability of funds to meet operational needs. Such forecasting takes into consideration the compliance with internal cash management. The Group's treasury invests surplus cash in marketable securities as per the approved policy, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. At the reporting date, the Group held mutual funds of ₹ 18,036.83 million (March 31, 2022: ₹ 20,042.47 million) and other liquid assets of ₹ 10,351.01 million (March 31, 2022: ₹ 5,982.56 million) that are expected to readily generate cash inflows for managing liquidity risk.

As per the Group's policy, there should not be concentration of repayment of loans in a particular financial year. In case of such concentration of repayment, the Group evaluates the option of refinancing the entire or part of repayments for extended maturity. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders and the Group is also maintaining surplus funds with short term liquidity for future repayment of a loan.

The table below summarises the maturity profile of the Group's financial liabilities

In ₹ Million

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
March 31, 2023				
Borrowings	51,010.61	17,512.72	-	**68,523.33**
Trade and other payables	21,513.40	-	-	**21,513.40**
Lease Liabilities	447.27	1,493.30	2,668.47	**4,609.04**
Other financial liabilities	1,799.44	391.09	-	**2,190.53**
	74,770.72	**19,397.11**	**2,668.47**	**96,836.30**
March 31, 2022				
Borrowings	38,671.95	17,873.43	-	**56,545.38**
Trade and other payables	16,313.65	-	-	**16,313.65**
Lease Liabilities	335.72	1,189.38	1,645.78	**3,170.88**
Other financial liabilities	1,244.04	267.98	-	**1,512.02**
	56,565.36	**19,330.79**	**1,645.78**	**80,378.23**

The management believes that the probability of any outflow on account of financial guarantees and letters of support issued by the Group being called on is remote. Hence the same has not been included in the above table.

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for the year ended March 31, 2023

56. Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

(a) Amendments to Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Group does not expect this amendment to have any significant impact on its financial statements.

(b) Amendments to Ind-AS 12: Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group is evaluating the impact, if any, on its financial statements.

(c) Amendments to Ind-AS 8: Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Group does not expect this amendment to have any significant impact on its financial statements.

57. Acquisition of non-controlling interest in Kalyani Strategic Systems Limited

During the year ended March 31, 2021, the board of directors of the Holding Company had passed a resolution for the acquisition of non-controlling interest in KSSL. During the previous year, on receipt of necessary approval from the Department for Promotion of Industry and Internal Trade, the Holding Company acquired the balance 49% stake in KSSL resulting in an increase in the Company's stake in KSSL from 51% to 100%. Consequently, KSSL became a wholly owned subsidiary of the Company with effect from February 28, 2022. The Group has recognised the difference between the fair value of the consideration paid and the proportion of the equity acquired from non-controlling interest holders as changes in NCI reserve under other comprehensive income amounting to ₹ 148.19 million.

58. Change in the accounting period of foreign components

The statutory financial reporting period of the Holding Company for standalone and consolidated financial statements is April 01 to March 31. For certain foreign components (Refer note 36), the reporting period till March 31, 2021 was January 01 to December 31 ("non-coterminous period"). During the previous year, the Board of Directors of the Holding Company considered the above and decided to align the accounting periods for consolidation purposes of all the subsidiaries, associates and joint ventures

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

58. Change in the accounting period of foreign components (contd.)

for better presentation of operating performance of the Group. As a result, the accounting year of those foreign components was aligned with that of the Holding Company. Consequently, the financial statements of these components were prepared for 15 months from January 1, 2021 to March 31, 2022 and included into the consolidated financial statements of the Group. Accordingly, the current period's figures are not comparable to those of the previous year. Also refer Note 2.2 for details regarding the consolidation procedure.

The impact of such change in the accounting period on key financial statement indicators in relation to the Group is presented below:

In ₹ Million

Particulars	As per the financial statements	Without change in financial reporting period of certain foreign components	Impact of inclusion of certain foreign components on alignment of year end from December 31, 2021 to March 31, 2022
Revenue from operations	104,610.78	95,527.72	9,083.06
Total expenses	93,358.49	84,370.35	8,988.14
Profit before tax	13,805.14	13,699.33	105.81
Profit for the period	10,770.61	10,707.80	62.81
Other comprehensive income	2,351.41	2,185.84	165.57
Total comprehensive income	13,122.02	12,893.64	228.38
Earnings per share			
Basic	23.23	23.10	0.13
Diluted	23.23	23.10	0.13
Cash and cash equivalents	5,584.24	5,605.79	(21.55)

59. Employee share-based payments

One of the step down subsidiary companies, Tork Motors Private Limited ('TMPL') in the Group has provided share-based payment schemes to its employees. The relevant details of the scheme and the grant are as below:

TMPL had granted options under Employee Stock Option Plan I in the FY 2018-19 pursuant to the approval of Shareholders at its meeting held on January 25, 2019 which was subsequently amended and approved in General meeting held on November 12, 2020 and Board meeting held on October 23, 2021 for achieving wider coverage and talent retention (TMPL Amended Employee Stock Option Plan – 2020). The said ESOP Plan 2020 was further amended and approved by the Board in its meeting held on October 23, 2021 resolving thereby a few discrepancies, ambiguities etc.

The fair value of the share options was estimated at the grant date using the fair value at which shares were issued to the Holding company considering the terms and conditions upon which the share options

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

59. Employee share-based payments (contd.)

were granted. The exercise price of the share options is the face value i.e. ₹ 10. The contractual term of each option granted is 3 years.

In ₹ Million

Particulars	March 31, 2023	March 31, 2022
Expense arising from equity-settled share-based payment transactions	21.11	16.29

Movement in share options post acquisition of TMPL by the Group:

In ₹ Million

Particulars	March 31, 2023	March 31, 2022
Outstanding at March 31, 2022	1,198	1,223
Granted during the period	1,027	-
Forfeited during the period	-	-
Exercised during the period	-	-
Expired during the period	124	25
Outstanding at March 31, 2023	2,101	1,198
Exercisable at March 31, 2023	1,198	650

The weighted average share price on the date of exercise of these options is ₹ 10. The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur.

Exercise price of the options granted in the financial year ended March 31, 2022 was determined based on the price at which equity shares of the TMPL were issued to external investors. Exercise price of the options granted in the financial year ended March 31, 2023 has been determined by a category 1 merchant banker using the Black and Scholes Option Pricing Model.

60. Other statutory information

60.1. Relationship with companies struck off under section 248 of the Companies Act 2013 or section 560 of the Companies Act 1956.

Name of the struck off company	Balance outstanding	Nature of transaction	Relationship with the struck off company
March 31, 2023			
Bharat Forge Limited (Holding Company)			
Harinagar Sugar Mills Ltd.	0.72	Receivables	Customer
Havinhomes Reality & Consulting Services Private Limited	0.01	Payables	Vendor
Dreams Broking Private Limited*	0.00	Dividend	Shareholder
Aditya Cyber Services and Management Solutions Private Limited*	0.00	Dividend	Shareholder

* Less than ₹ 0.01 Million

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

60. Other statutory information (contd.)

Name of the struck off company	Balance outstanding	Nature of transaction	Relationship with the struck off company
March 31, 2022			
Bharat Forge Limited (Holding Company)			
Havinhomes Reality & Consulting Services Private Limited	0.01	Payables	Vendor
Wisdom Solutions Private Limited*	-	Payables	Vendor
BF Industrial Technology & Solutions Limited (Step down Subsidiary)			
Angel Engineering Works Private Limited	0.04	Payables	Vendor
Kalyan Corporation Private Limited	0.01	Payables	Vendor
Nasa Electronics Private Limited	0.01	Payables	Vendor
Om Enterprises Private Limited	0.02	Payables	Vendor
Pantech Instruments Private Limited*	0.00	Payables	Vendor
Parth Travels Private Limited*	0.00	Payables	Vendor
Prince Enterprises Private Limited	0.01	Payables	Vendor
Suman Enterprises Private Limited*	0.00	Payables	Vendor
Synergy Associates Private Limited	0.02	Payables	Vendor
Tirupati Balaji Transport and Minerals Private Limited	0.28	Payables	Vendor
Unique Enterprises Private Limited	0.06	Payables	Vendor
Unity Packers Private Limited	0.05	Payables	Vendor
Vijay Hydrotech Private Limited	0.01	Payables	Vendor
Yash Hydraulic Equipment Private Limited	0.01	Payables	Vendor
Atul Adams Limited*	-	Receivable	Customer
Ultra Engineers Private Limited	1.46	Receivable	Customer

* Less than ₹ 0.01 Million

These customers & vendors are not related parties as per the definition of 'related party' under section 2(76) of the Companies Act, 2013.

60.2. There are no proceedings initiated or pending against the Group for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

60.3. The Group has not traded or invested in Cyrptocurrency or Virtual Currency during the financial year.

60.4. The Group does not have any charge, which is yet to be registered with the Registrar of Companies ('ROC') beyond the statutory period. With regard to satisfaction of charges, a few cases of the Holding Company are outstanding with ROC due to technical reasons and the Holding Company is in the process of obtaining no dues certificates from the lenders, which the Holding Company will be filing with the Registrar of Companies for satisfaction of the related charges.

Notes to Consolidated Financial Statements

for the year ended March 31, 2023

60. Other statutory information (contd.)

60.5. During the year ended March 31, 2023, none of the components of the Group has surrendered any transaction or disclosed as income in the tax assessments under the Income Tax Act, 1961, (such as search or survey or any other relevant provisions of the Income Tax Act, 1961).

60.6. The Group has not revalued any property, plant and equipment or intangible assets.

60.7. During the current year, the holding Company transferred its interest in wholly owned Analogic Controls India Limited ('ACIL') to its another wholly owned subsidiary Kalyani Strategic Systems Limited ('KSSL'). After this transfer, KSSL filed a scheme of amalgamation of ACIL with KSSL under section 233 of the Companies Act, 2013 read with Rule 25 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and the same was approved by the Ministry of Corporate Affairs through Regional Director (W.R), wide Order dated 24th February, 2023. Through this scheme the entire business and undertaking together with all the related assets and liabilities of ACIL were deemed to have been transferred to and vested in the KSSL.

60.8. In accordance with the requirements of Division II - Ind AS Schedule III to the Companies Act, 2013, analytical ratios have been disclosed only in standalone financial statements.

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Shiraz Vastani
Partner
Membership Number: 103334

Place: Pune
Date: May 05, 2023

For and on behalf of the Board of Directors of Bharat Forge Limited

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

G. K. Agarwal
Deputy Managing Director
DIN : 00037678

Kishore Saletore
Executive Director and CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 05, 2023

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

In ₹ Million

Sr. No.	Name of the Subsidiary	Reporting Period	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Details of Investments	Turnover	Profit Before Taxation	Provision for taxation	Profit after taxation	% of Holding
1	Bharat Forge Global Holding GmbH	Apr 22 to Mar 23	EUR	89.61	448.04	3,397.27	9,043.36	5,198.05	6,872.86	0.05	310.48	(66.20)	376.68	100%
2	Bharat Forge CDP GmbH	Apr 22 to Mar 23	EUR	89.61	44.80	3,892.16	11,955.80	8,018.84	138.89	19,862.31	163.59	28.76	134.83	100%
3	Bharat Forge Holding GmbH	Apr 22 to Mar 23	EUR	89.61	2.24	1,145.24	1,654.63	507.15	1,527.92	-	(3.95)	-	(3.95)	100%
4	Bharat Forge Aluminiumtechnik GmbH	Apr 22 to Mar 23	EUR	89.61	743.74	(1,227.96)	14,964.54	15,448.75	-	11,108.71	(2,732.06)	-	(2,732.06)	100%
5	Bharat Forge Kilsta AB	Apr 22 to Mar 23	EUR	89.61	159.07	(118.45)	5,324.68	5,284.07	-	10,851.49	(251.77)	397.74	(649.51)	100%
6	Bharat Forge Daun GmbH	Apr 22 to Mar 23	EUR	89.61	4.48	355.65	2,179.48	1,819.35	-	1,697.87	(14.94)	(7.80)	(7.14)	100%
7	Mecanique Generale Langroise	Apr 22 to Mar 23	EUR	89.61	53.76	182.40	387.70	151.53	-	501.12	48.99	-	48.99	100%
8	Bharat Forge America Inc.	Apr 22 to Mar 23	USD	82.22	0.00	2,037.02	3,623.33	1,586.31	2,319.38	103.37	(1,988.27)	-	(1,988.27)	100%
9	Bharat Forge PMT Technologie LLC	Apr 22 to Mar 23	USD	82.22	8.01	1,470.99	3,030.00	1,550.99	-	3,106.26	(25.99)	-	(25.99)	100%
10	Bharat Forge Tennessee Inc.	Apr 22 to Mar 23	USD	82.22	0.00	567.00	613.28	46.28	309.79	29.60	(5.21)	(1.87)	(3.34)	100%
11	Bharat Forge Aluminium USA, Inc.	Apr 22 to Mar 23	USD	82.22	0.01	2,079.60	11,859.38	9,779.77	-	1,815.77	(2,021.97)	-	(2,021.97)	100%
12	Kalyani Mobility Inc (formerly Kalyani Precision Machining Inc.)	Apr 22 to Mar 23	USD	82.22	0.00	16.76	531.08	514.31	331.54	18.66	(238.03)	-	(238.03)	100%
13	Bharat Forge International Limited	Apr 22 to Mar 23	USD	82.22	8.61	2,160.84	24,525.81	22,356.36	141.36	34,473.22	541.64	122.32	419.33	100%
14	Kalyani Strategic Systems Australia Pty Ltd.	Apr 22 to Mar 23	INR	1.00	0.00	0.40	0.40	-	-	-	(0.04)	-	(0.04)	100%
15	BF Infrastructure Limited	Apr 22 to Mar 23	INR	1.00	2,239.67	(1,974.72)	291.51	26.56	4.12	10.85	(50.55)	-	(50.55)	100%
16	Kalyani Strategic Systems Limited	Apr 22 to Mar 23	INR	1.00	665.11	115.76	9,221.11	8,440.24	336.65	318.20	169.38	26.22	143.16	100%
17	Kalyani Rafael Advanced Systems Private Limited	Apr 22 to Mar 23	INR	1.00	398.03	(20.01)	1,357.99	979.97	-	1,313.05	17.52	4.34	13.17	50%
18	BF Elbit Advanced Systems Private Limited	Apr 22 to Mar 23	INR	1.00	19.80	(167.92)	26.46	174.57	-	-	(19.13)	-	(19.13)	51%
19	Analogic Controls India Limited	Apr 22 to Mar 23	INR	1.00	-	-	-	-	-	-	-	-	-	100%
20	BFIL-CEC JV	Apr 22 to Mar 23	INR	1.00	-	(2.28)	5.77	8.05	-	-	(0.52)	-	(0.52)	74%
21	Kalyani Centre for Precision Technology Limited	Apr 22 to Mar 23	INR	1.00	690.88	39.06	1,069.22	339.28	-	481.53	71.05	18.26	52.79	100%
22	Eternus Performance Materials Private Limited	Apr 22 to Mar 23	INR	1.00	1.63	(3.35)	34.48	36.20	-	12.11	0.19	-	0.19	51%
23	Kalyani Powertrain Limited	Apr 22 to Mar 23	INR	1.00	1,893.79	(753.50)	3,001.06	1,860.77	1,199.99	162.83	(729.55)	-	(729.55)	100%
24	Tork Motors Private Limited	Apr 22 to Mar 23	INR	1.00	0.42	435.69	1,220.66	784.56	1.33	355.59	(551.56)	0.16	(551.72)	64.29%
25	Lycan Electric Private Limited	Apr 22 to Mar 23	INR	1.00	1.33	(14.68)	75.05	88.39	-	169.62	(11.77)	-	(11.77)	64.29%
26	BF Industrial Solutions Limited (Formerly Nouveau Power and Infrastructure Private Limited)	Apr 22 to Mar 23	INR	1.00	4,417.29	(35.38)	4,472.05	90.13	4,361.48	0.86	(27.78)	0.42	(28.20)	100%
27	BF Industrial Technology & Solutions Limited (Formerly Sanghvi Forging and Engineering Limited)	Apr 22 to Mar 23	INR	1.00	900.50	(115.34)	1,067.88	282.72	-	996.72	163.42	0.15	163.27	100%

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries (contd.)

In ₹ Million

Sr. No.	Name of the Subsidiary	Reporting Period	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Details of Investments	Turnover	Profit Before Taxation	Provision for taxation	Profit after taxation	% of Holding
28	J S Auto Cast Foundry India Pvt. Ltd.	Jul 22 to Mar 23	INR	1.00	39.68	819.65	3,793.07	2,933.73	-	3,449.26	229.64	50.89	178.75	100%
29	Electroforge Limited	Apr 22 to Mar 23	INR	1.00	0.10	(0.09)	0.10	0.09	-	-	(0.09)	-	(0.09)	100%
30	Ferrovia Transrail Solutions Private Limited	Apr 22 to Mar 23	INR	1.00	0.10	(17.75)	124.52	142.17	-	-	(0.41)	0.01	(0.41)	100%
31	Kalyani Lightweighting Technology Solutions Limited	Apr 22 to Mar 23	INR	1.00	0.01	(0.10)	0.02	0.11	-	-	(0.10)	-	(0.10)	100%
32	Sagar-Manas Technologies Limited	Apr 22 to Mar 23	INR	1.00	0.01	(0.11)	0.00	0.11	-	-	(0.11)	-	(0.11)	51%
33	Sanghvi Europe B.V.	Apr 22 to Mar 23	INR	1.00	0.01	(9.10)	0.26	9.36	-	-	-	-	-	100%

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

In ₹ Million

S.N.	Name of Associates/Joint Ventures	Avaada MHVidarbha Private Limited	Aeron Systems Private Limited	Refu Drive GmbH
1	Latest audited Balance Sheet Date	March 31, 2023	March 31, 2023	December 31, 2022
2	Shares of Associate/Joint Ventures held by the company on the year end			
i	Nos.	11,375,000	136,500	12,500
ii	Amount of Investment in Associates/Joint Venture	113.75	140.00	919.14
ii	Extend of Holding %	26.00%	37.14%	50.00%
3	Description of how there is significant influence	Note-A	Note-A	Note-A
4	Reason why the associate/joint venture is not consolidated	Consolidated by equity method	Consolidated by equity method	Consolidated by equity method
5	Networth attributable to Shareholding as per latest audited Balance Sheet	109.84	89.96	(60.29)
6	Profit / Loss for the year			
i	Considered in Consolidation	(2.41)	(0.74)	(328.45)
ii	Not Considered in Consolidation	(6.84)	(1.26)	(328.45)

Note:

A. There is significant influence due to percentage(%) of Share Capital.

For and on behalf of the Board of Directors of **Bharat Forge Limited**

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

G. K. Agarwal
Deputy Managing Director
DIN : 00037678

Kishore Saletore
Executive Director and CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 05, 2023