Independent Auditor's Report

To the Members of Bharat Forge Limited

Report on the Audit of the Standalone Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Independent Auditor's Report (Contd.)

Revenue from Sale of Products

See Note 2.2(e) and Note 24 to standalone financial statements

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

Independent Auditor's Report (Contd.)

Assessment of impairment of investments in subsidiaries, associates and joint ventures

See Note 2.2 (r) and Note 06 to standalone financial statements

The key audit matter	How the matter was addressed in our audit
The Company has significant investments in subsidiaries, associates and joint ventures as at 31 March 2023. The Company periodically assesses if there are any impairment indicators for recognising impairment loss in respect of these investments. The estimation of the recoverable amount of each investment is based on complex assumptions. Considering that significant judgment is required and the underlying complexity of the assumptions used, this is considered as a key audit matter	In view of the significance of the matter we applied the following audit procedures in this area, to obtain sufficient and appropriate audit evidence: • We obtained an understanding of the Company's process for assessing the indicators of impairment of investments, and for the estimation of the recoverable value, wherever necessary • We evaluated the design, implementation and operating effectiveness of key internal controls over impairment assessment of investments in subsidiaries, associates and joint ventures. • We assessed the models used by the Company to estimate the recoverable value of relevant investments, and consistency with the applicable Ind AS. • We evaluated the appropriateness of key inputs and assumptions used in the cash flow projections including discount rates, expected growth rates and terminal growth rates. • We involved specialists to assist us in evaluating the impairment models, assumptions and estimates. • We performed sensitivity analysis of key assumptions to ascertain the extent of change in those assumptions that either individually or collectively could change the outcome of the impairment assessments.

Other Information

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

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

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

Independent Auditor's Report (Contd.)

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

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

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of standalone financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Other Matters

a. The standalone financial statements of the Company for the year ended 31 March 2022 were audited by the predecessor auditor who had expressed an unmodified opinion on 16 May 2022.

Report on Other Legal and Regulatory Requirements

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

2 A. As required by Section 143(3) of the Act, we report that:

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

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c. The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

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

Independent Auditor's Report (Contd.)

e. On the basis of the written representations received from the directors as on 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

a. The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its standalone financial statements - Refer Note 38 to the standalone financial statements.

b. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 9 to the standalone financial statements.

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

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

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

(iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

Independent Auditor's Report (Contd.)

e. The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with Section 123 of the Act.

The final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

As stated in Note 17 to the standalone financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. However, the re-appointment of the Chairman and Managing Director for the period from 30 March 2023 to 28 March 2028 and the remuneration for this period are subject to approval of the shareholders, for which the Company has started the process of obtaining approval by postal ballot, in accordance with the provisions of the Companies Act, 2013 (Also refer note 39 (iv) to the standalone financial statements). The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

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

Shiraz Vastani
Partner
Membership No.: 103334
ICAI UDIN:23103334BGYMRG2165

Place: Pune
Date: 05 May 2023

Independent Auditor's Report (Contd.)

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

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

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

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

(i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company, except for the following which are not held in the name of the Company:

Description of property	Gross carrying value	Held in the name of	Whether promoter, director or their relative or employee	Period held- indicate range, where appropriate	Reason for not being held in the name of the Company. Also indicate if in dispute
FLAT- G/8 SAI NAGARI SOC K. NAGAR	₹ 0.31 million	Shri. Anajwala Khozema F & Smt. Anajwala Amina	No	1 April 1987	Not in dispute. Index II awaited by the Company.

Title deeds for two immovable properties amounting to gross block of ₹ 0.28 million is not available and hence we are unable to comment on the same.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. For stocks lying with third parties at the year-end, written confirmations have been obtained and for inward goods-in-transit subsequent evidence of receipts has been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has made investments, provided guarantee or security, granted loans and advances in the nature of loans, secured or unsecured to companies, limited liability partnership and other parties in respect of which the requisite information is as below:

(a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided loans or provided advances in the nature of loans, or stood guarantee to any other entity as below:

In ₹ Million

Particulars	Guarantees	Security	Loans	Advances in nature of loans
Aggregate amount during the year				
Subsidiaries*	3,131.53	-	3,848.16	-
Joint ventures*	-	-	-	-
Associates*	-	-	-	-
Others	-	-	96.95	-
Balance outstanding as at balance sheet date				
Subsidiaries*	7,408.28	-	1,452.55	-
Joint ventures*	-	-	-	-
Associates*	-	-	-	-
Others*	-	-	90.21	1,350.00

* As per the Companies Act, 2013

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made, guarantees provided, security given during the year and the terms and conditions of the grant of loans and advances in the nature of loans and guarantees provided during the year are, prima facie, not prejudicial to the interest of the Company.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular except for the cases mentioned below.

Independent Auditor's Report (Contd.)

The loans of ₹ 89.47 Million to Bharat Forge Global Holding GmbH and ₹ 156.69 Million to BF Elbit Advanced Systems Private Limited are repayable on demand. As informed to us, the Company has not demanded repayment of the loan during the year. Thus, there has been no default on the part of the party to whom the money has been lent.

In ₹ Million

Name of the entity	Amount	Due Date	Extent of delay (in days)	Remarks, if any
BF Elbit Advanced Systems Private Limited	13.21	31-Mar-23	Not Applicable	Amount of such interest has been converted into loan as on 31 March 2023 net of withholding taxes.
Tork Motors Private Limited	1.50	12-Apr-22	351	Delay in receipt of principal.
	1.50	12-Jul-22	260	Delay in receipt of principal.
	1.50	12-Oct-22	168	Delay in receipt of principal.
	1.00	12-Nov-22	137	Delay in receipt of principal.
	1.50	12-Jan-23	76	Delay in receipt of principal.
	2.50	12-Feb-23	45	Delay in receipt of principal.
	0.06	12-Apr-22	33	Delay in receipt of interest.
	0.12	12-May-22	3	Delay in receipt of interest.
	0.02	12-May-22	140	Delay in receipt of interest.
	0.44	12-Jul-22	79	Delay in receipt of interest.
	0.30	12-Aug-22	48	Delay in receipt of interest.
	0.14	12-Oct-22	168	Delay in receipt of interest.
	0.30	12-Nov-22	137	Delay in receipt of interest.
	0.44	12-Jan-23	76	Delay in receipt of interest.
	0.30	12-Feb-23	45	Delay in receipt of interest.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion following instances of loans falling due during the year were renewed or extended or settled by fresh loans:

In ₹ Million

Name of the parties	Aggregate amount of loans or advances in the nature of loans granted during the year	Aggregate overdue amount settled by renewal or extension or by fresh loans granted to same parties	Percentage of the aggregate to the total loans or advances in the nature of loans granted during the year
Aeron Systems Private Limited	8.00	8.00	0.21%

Independent Auditor's Report (Contd.)

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment except for the following loans or advances in the nature of loans to its Promoters and related parties as defined in Clause (76) of Section 2 of the Companies Act, 2013 ("the Act"):.

In ₹ Million

	All Parties	Promoters	Related Parties
Aggregate of loans/advances in nature of loan			
- Repayable on demand (A)	246.16	-	246.16
- Agreement does not specify any terms or period of Repayment (B)	-	-	-
Total (A+B)	**246.16**	**-**	**246.16**
Percentage of loans/advances in nature of loan to the total loans	8.78%	-	8.78%

(iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of investments made and loans, guarantees and security given by the Company, in our opinion the provisions of Section 185 and 186 of the Companies Act, 2013 ("the Act") have been complied with.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable. However, according to the information and explanations given to us, in respect of deposits accepted earlier under relevant provisions of the erstwhile Companies Act, 1956, and the rules framed thereunder, there are certain unclaimed deposits amounting to ₹ 0.04 million including interest thereon which are subject to litigation.

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of products manufactured by it, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have generally been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable, except as mentioned below:

Independent Auditor's Report (Contd.)

Delay in depositing dues of ₹ 0.55 million in the Investor Education and Protection Fund ('IEPF').

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

In ₹ Million

Name of the statute	Nature of the dues	Amount	Paid Under Protest	Period to which the amount relates	Forum where dispute is pending
Property Tax	Demand received for differential Property Tax	306.79	236.58	FY 2004-05 to 2022-23	High Court
Customs Act, 1962	Demand received for wrong availment of duty drawback	52.97	1.00	FY 2002-03	High Court, Mumbai
Customs Act, 1962	Demand received for wrong availment of duty drawback	135.12	121.35	FY 2011-12 & 2012-13	Principal Commissioner (RA) and Ex-Officio Additional Secretary to the Government of India
Central Excise Act, 1944	Duty demand on subsidy amount received under PSI scheme	84.21	-	FY 2004-05, 2005-06, 2006-07, 2009-10, 2010-11, 2011-12 & 2012-13	Commissioner, Central Excise, Pune III Commissionerate
Central Excise Act, 1944	Short reversal of CENVAT credit taken on the Inputs written off	44.24	5.50	FY 1998 to 2006, FY 2009-10 to 2016-17	CESTAT, Mumbai
Central Excise Act, 1944	Removal of excisable goods manufactured in the factory by way of writing off in the books of accounts without payment of duty	2.76	-	FY 2004-05 & 2005-06	Additional Commissioner of Central Excise, Pune III Commissionerate
Central Excise Act, 1944	Non payment of service tax under reverse charge mechanism on Ocean Freight services availed	0.95	-	FY 2017	The Dy Commissioner of Central GST.
Customs Act, 1962	Non levy/short levy of customs duty on incorrect set off of Cess in case of import under MEIS Scheme	10.81	-	FY 2018-19	CESTAT, Mumbai
Income Tax Act, 1961	Non deduction of withholding taxes u/s 195	54.92	54.92	FY 2013-14	High Court

Independent Auditor's Report (Contd.)

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures as defined under the Act.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies (as defined under the Act).

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of our audit procedures.

Independent Auditor's Report (Contd.)

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

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

(d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) has more than one CIC as part of the Group. The Group has two CICs as part of the Group

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

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

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

Independent Auditor's Report (Contd.)

(xx) (a) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project other than ongoing projects. Accordingly, clause 3(xx)(a) of the Order is not applicable.

(b) In respect of ongoing projects, the Company has transferred the unspent amount to a Special Account within a period of 30 days from the end of the financial year in compliance with Section 135(6) of the said Act.

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

Shiraz Vastani
Partner
Membership No.: 103334
ICAI UDIN:23103334BGYMRG2165

Place: Pune
Date: 05 May 2023

Independent Auditor's Report (Contd.)

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

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

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

Opinion

We have audited the internal financial controls with reference to financial statements of Bharat Forge Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

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

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

Auditor's Responsibility

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

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

Independent Auditor's Report (Contd.)

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

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

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

Shiraz Vastani
Partner
Membership No.: 103334
ICAI UDIN:23103334BGYMRG2165

Place: Pune
Date: 05 May 2023

Balance Sheet

as at March 31, 2023

In ₹ Million

	Notes	As at March 31, 2023	As at March 31, 2022
Assets			
I. **Non-current assets**			
(a) Property, plant and equipment	3	28,996.01	30,722.47
(b) Capital work-in-progress	3	3,032.30	2,480.08
(c) Investment property	4	2.89	2.89
(d) Intangible assets	5	52.63	102.92
(e) Right-of-use asset	35	3,328.35	2,185.80
(f) Financial assets			
(i) Investment in subsidiaries, joint ventures and associates	6	21,161.16	14,291.19
(ii) Other investments	7	14,102.82	5,709.32
(iii) Loans	8	1,316.98	342.19
(iv) Trade receivables	12	113.25	113.25
(v) Derivative instruments	9	646.49	2,574.29
(vi) Other financial assets	10	357.21	630.44
(g) Income tax assets (net)		705.42	514.82
(h) Other assets	14	4,265.99	4,223.35
		78,081.50	**63,893.01**
II. **Current assets**			
(a) Inventories	11	12,638.43	11,110.58
(b) Financial assets			
(i) Investments	7	7,526.97	18,994.94
(ii) Trade receivables	12	32,433.66	24,810.48
(iii) Cash and cash equivalent	13	3,977.16	3,777.68
(iv) Other bank balances	13	46.56	50.74
(v) Loans	8	225.78	303.02
(vi) Derivative instruments	9	1,325.53	1,361.34
(vii) Other financial assets	10	2,342.21	1,603.54
(c) Other assets	14	3,343.22	2,503.19
		63,859.52	**64,515.51**
Total assets		**141,941.02**	**128,408.52**
Equity and Liabilities			
Equity			
(a) Equity share capital	15	931.27	931.27
(b) Other equity	16	76,068.72	70,166.48
Total equity		**76,999.99**	**71,097.75**
Liabilities			
I. **Non-current liabilities**			
(a) Financial liabilities			
(i) Borrowings	18	12,031.78	13,006.52
(ii) Lease liabilities	35	3,309.21	2,152.21
(iii) Derivative instruments	19(a)	146.08	-
(iV) Other financial liabilities	19	391.09	247.65
(b) Provisions	20	220.27	313.07
(c) Deferred tax liabilities (net)	21	2,000.12	2,887.88
		18,098.55	**18,607.33**
II. **Current liabilities**			
(a) Financial liabilities			
(i) Borrowings	18	32,324.47	25,985.37
(ii) Lease liabilities	35	151.26	96.46
(iii) Trade payables	22		
Dues to micro enterprises and small enterprises		63.70	69.06
Dues to other than micro enterprises and small enterprises		12,063.04	9,600.81
(iv) Derivative instruments	19(a)	41.80	-
(v) Other financial liabilities	19	626.09	948.68
(b) Other liabilities	23	804.44	1,190.79
(c) Provisions	20	470.20	465.72
(d) Current tax liabilities (net)		297.48	346.55
		46,842.48	**38,703.44**
Total liabilities		**64,941.03**	**57,310.77**
Total equity and liabilities		**141,941.02**	**128,408.52**

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

As per our report of even date

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

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

Shiraz Vastani
Partner
Membership Number: 103334

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

G. K. Agarwal
Deputy Managing Director
DIN : 00037678

Kishore Saletore
Executive Director and CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune,
Date: May 05, 2023

Place: Pune
Date: May 05, 2023

Statement of Profit and Loss

for the year ended March 31, 2023

In ₹ Million

	Notes	Year ended March 31, 2023	Year ended March 31, 2022
Income			
Revenue from operations	24	75,727.12	62,546.12
Other income	25	1,504.96	1,675.02
Total income [i]		**77,232.08**	**64,221.14**
Expenses			
Cost of raw materials and components consumed	26	33,506.59	26,472.70
(Increase) in inventories of finished goods, work-in-progress, dies and scrap	27	(673.13)	(946.73)
Employee benefits expense	28	5,430.06	5,057.85
Finance costs	29	2,126.89	1,073.01
Depreciation and amortisation expenses	30	4,259.57	4,117.91
Other expenses	31	18,352.50	14,805.00
Total expenses [ii]		**63,002.48**	**50,579.74**
Profit before exceptional items and tax [i - ii]		14,229.60	13,641.40
Exceptional items gain/(loss)	32	(402.13)	318.03
Profit before tax		**13,827.47**	**13,959.43**
Income tax expense/(income)	21		
Current tax		3,759.26	3,328.22
Deferred tax charge/(credit)		(386.53)	(146.82)
Income tax expense		**3,372.73**	**3,181.40**
Profit for the year		**10,454.74**	**10,778.03**
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)			
- Re-measurement gains on defined benefit plans	33	61.79	178.64
- Net gain on FVTOCI equity securities	33	242.59	1,965.22
		304.38	**2,143.86**
Income tax effect		(27.04)	(443.09)
[a]		**277.34**	**1,700.77**
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)			
- Net movement on cash flow hedges	33	(2,098.99)	1,008.09
Income tax effect		528.27	(245.85)
[b]		**(1,570.72)**	**762.24**
Other comprehensive income/(loss) for the year (net of tax) [a+b]		**(1,293.38)**	**2,463.01**
Total comprehensive income for the year (net of tax)		**9,161.36**	**13,241.04**
Earnings per equity share [nominal value per share ₹ 2/- (March 31, 2022: ₹ 2/-)]	34		
Basic (in ₹)		22.45	23.15
Diluted (in ₹)		22.45	23.15

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

As per our report of even date

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

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

Shiraz Vastani
Partner
Membership Number: 103334

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

G. K. Agarwal
Deputy Managing Director
DIN : 00037678

Kishore Saletore
Executive Director and CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 05, 2023

Place: Pune
Date: May 05, 2023

Statement of changes in equity

for the year ended March 31, 2023

A. Equity share capital

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

	No.
As at March 31, 2023	465,588,632
As at March 31, 2022	465,588,632
As at April 01, 2021	465,588,632

(1) For the year ended 31st March 2023

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

(2) For the year ended 31st March 2022

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

B. Other equity

In ₹ Million

	Reserves and Surplus [Refer note 16]				Items of OCI[Refer note 16]		
	Security premium	Capital reserves	General reserve	Retained earnings	Equity Instruments through Other Comprehensive Income	Cash flow hedge reserve	Total
Balance as at April 1, 2022	6,930.89	15.50	3,230.48	55,238.50	1,936.55	2,814.56	70,166.48
- Profit for the year	-	-	-	10,454.74	-	-	10,454.74
- Other Comprehensive Income/(loss)	-	-	-	46.24	231.10	(1,570.72)	(1,293.38)
Total comprehensive income	-	-	-	10,500.98	231.10	(1,570.72)	9,161.36
Transaction with owners in their capacity as owners							
- Final Equity dividend	-	-	-	(2,560.74)	-	-	(2,560.74)
- Interim equity dividend	-	-	-	(698.38)	-	-	(698.38)
Balance as at March 31, 2023	6,930.89	15.50	3,230.48	62,480.36	2,167.65	1,243.84	76,068.72
Balance as at April 1, 2021	6,930.89	15.50	3,230.48	45,956.35	369.46	2,052.32	58,555.00
- Profit for the year	-	-	-	10,778.03	-	-	10,778.03
- Other Comprehensive Income	-	-	-	133.68	1,567.09	762.24	2,463.01
Total comprehensive income	-	-	-	10,911.71	1,567.09	762.24	13,241.04
Transaction with owners in their capacity as owners							
- Final Equity dividend	-	-	-	(931.18)	-	-	(931.18)
- Interim equity dividend	-	-	-	(698.38)	-	-	(698.38)
Balance as at March 31, 2022	6,930.89	15.50	3,230.48	55,238.50	1,936.55	2,814.56	70,166.48

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

As per our report of even date

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

Shiraz Vastani
Partner
Membership Number: 103334

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

Place: Pune
Date: May 05, 2023

Cash flow statement

for the year ended March 31, 2023

In ₹ Million

	Year ended March 31, 2023	Year ended March 31, 2022
Operating activities		
Profit after exceptional items and before tax	13,827.47	13,959.43
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	4,259.57	4,117.91
Unrealised foreign exchange loss/(gain)/MTM (net),etc.	393.54	(405.94)
Interest income	(449.49)	(220.40)
Liabilities/provisions no longer required written back	(8.35)	(78.57)
Provision for doubtful debts and advances (includes expected credit loss) (net)	61.78	50.00
Bad debts/advances written off	5.27	0.08
Finance cost	2,126.89	1,073.01
(Gain) on sale of property, plant and equipment (net)	(45.64)	(288.78)
Dividend income from investment	(4.78)	(4.41)
Dividend income from subsidiary company	-	(94.50)
Net loss/(gain) on sale of financial investments	(1,363.28)	(900.37)
Net loss/(gain) on fair valuation of financial instruments (FVTPL)	704.76	129.10
Non-cash exceptional items	(39.99)	(654.88)
Operating profit before working capital changes	19,467.75	16,681.68
Working capital adjustments :		
(Increase)/decrease in trade receivables	(6,856.22)	(9,533.88)
(Increase)/decrease in inventories	(1,527.85)	(2,362.01)
(Increase)/decrease in other financial assets	(506.54)	(230.49)
(Increase)/decrease in other assets	(853.39)	(449.87)
Increase/(decrease) in provisions	(44.54)	(17.39)
Increase/(decrease) in trade payables	2,450.74	1,746.14
Increase/(decrease) in other financial liabilities	93.58	37.28
Increase/(decrease) in other liabilities	(386.35)	329.26
Cash generated from operations	11,837.18	6,200.72
Income taxes paid (net of refunds)	(3,954.59)	(3,446.26)
Net cash flows from operating activities (A)	7,882.59	2,754.46
Investing activities		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress, capital creditors and capital advances)	(3,006.26)	(3,783.65)
Proceeds from sale of property, plant and equipment and intangible assets	156.45	757.78
Investment in subsidiaries, associates and joint ventures	(4,768.22)	(3,684.63)
Loans given to subsidiaries and associates	(3,848.16)	(1,001.22)
Proceeds from loan given to subsidiaries and associates	1,135.95	800.00
Loans given to employees	-	(121.74)
Proceeds from loan given to employees	-	90.54
Investments in mutual funds, fixed deposits and other deposits	(99,404.44)	(83,635.43)
Proceeds from sale of financial instruments including fixed deposits	103,458.65	87,847.05
Interest received	263.37	145.60
Dividends received	4.78	98.91
Net cash flows (used in) investing activities (B)	(6,007.88)	(2,486.79)
Financing activities		
Dividend paid on equity shares	(3,252.83)	(1,641.68)
Interest Paid on lease liability	(220.32)	-
Interest paid on borrowing and other liabilities	(1,545.51)	(713.90)
Payment of principal portion of lease liabilities	(114.23)	(276.99)
Proceeds from borrowings including bill discounting (net of expenses)	71,578.97	61,158.76
Repayment of borrowings including bill discounting	(68,168.91)	(57,778.86)
Net cash flows from/(used in) financing activities (C)	(1,722.83)	747.33
Net increase in cash and cash equivalents (A + B + C)	151.88	1,015.00
Net foreign exchange difference	47.60	3.56
Cash and cash equivalents at the beginning of the year*	3,777.68	2,759.12
Cash and cash equivalents at the end of the year*	3,977.16	3,777.68

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

Cash flow statement

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

Cash and Cash equivalents for the purpose of cash flow statement

In ₹ Million

	Year ended March 31, 2023	Year ended March 31, 2022
Balances with banks (Note 13):		
In cash credit and current accounts	3,875.52	3,277.28
Deposits with original maturity of less than three months	100.96	500.00
Cash on hand	0.68	0.40
Total	**3,977.16**	**3,777.68**

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

As per our report of even date

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

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 Financial Statements

for the year ended March 31, 2023

1. Corporate Information

Bharat Forge Limited ("the Company") is a public Company domiciled in India and incorporated under the provisions of the Companies Act applicable in India. The Company's shares are listed on two stock exchanges in India. The Company is engaged in the manufacturing and selling of forged and machined components including aluminium castings for the auto and industrial sectors. The Company caters to both domestic and international markets. The registered office of the Company is located at Mundhwa, Pune. The Company has manufacturing facilities at Mundhwa, Baramati, Chakan, Satara and Nellore locations. The Company's CIN is L25209PN1961PLC012046. The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on May 05, 2023.

2. Significant accounting policies

2.1 Basis of preparation

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

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

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

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

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

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

2.2 Summary of significant accounting policies

a. Current versus non-current classification

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

- expected to be realized or intended to be sold or consumed in a normal operating cycle
- held primarily for the purpose of trading
- expected to be realized within twelve months after the reporting period, or
- cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

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

2.2 Summary of significant accounting policies (contd.)

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

A liability is current when:

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

The terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

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

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

b. Foreign currencies

The Company's financial statements are presented in INR, which is also its functional currency.

Transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange difference that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognised as income or expenses in the period in which they arise except for differences pertaining to long-term foreign currency monetary items as mentioned subsequently.

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

Exchange differences

The Company had availed the option available under Ind AS 101 para D13 AA and is continuing the policy adopted for accounting for exchange difference arising from the translation of long-term foreign currency monetary items recognised in the financial statements for the year

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

2.2 Summary of significant accounting policies (contd.)

b. Foreign currencies (contd.)

ended March 31, 2016, pertaining to long-term foreign currency translation difference account (FCMITDA). Hence, such exchange differences are accounted as below:

a) Exchange differences arising on long-term foreign currency monetary items related to the acquisition of property, plant and equipment are capitalized and depreciated over the remaining useful life of the asset.

b) Exchange differences arising on other long-term foreign currency monetary items are accumulated in the FCMITDA through Other Comprehensive Income (OCI). The amortization of the balance of FCMITDA is transferred to the statement of profit and loss over the remaining life of the respective monetary item.

c) All other exchange differences are recognised as income or as expense in the period in which they arise.

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

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

c. Investment in subsidiaries, joint ventures and associates

The Company has accounted for its investment in subsidiaries, joint ventures and associates at cost less accumulated impairment [Refer note 2.2(n)].

d. Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

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

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

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

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

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

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

Notes to Financial Statements

for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

d. Fair value measurement (contd.)

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

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

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

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

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

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

- disclosures for valuation methods, significant estimates and assumptions (note 52)
- quantitative disclosures of fair value measurement hierarchy (note 48)
- investment in unquoted equity shares (note 7)
- investment properties (note 4)
- financial instruments (including those carried at amortised cost) (note 49)

e. Revenue from operations

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

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 52(3).

Notes to Financial Statements

for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

e. Revenue from operations (contd.)

Sale of goods

Revenue from the sale of goods is recognised when the performance obligation is satisfied and usually coincides with the point in time when control of the asset is transferred to the customer, generally on the date of the bill of lading for export sales and generally on delivery for domestic sales. The normal credit term is 30 to 240 days upon delivery.

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

Tooling income

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

Sale of services

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

Trade receivables

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

Contract liabilities

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

f. Other Income

Interest income

For all financial assets measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options)

Notes to Financial Statements

for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

f. Other Income (contd.)

but does not consider the expected credit losses. Interest income is included in "Other income" in the statement of profit and loss.

Dividends

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

g. Government grants

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

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

Export incentives

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

h. Taxes

Current income tax

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

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

Deferred tax

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

Notes to Financial Statements

for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

h. Taxes (contd.)

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

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

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

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

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

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

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

Indirect taxes paid on acquisition of assets or on incurring expenses

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

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

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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

2.2 Summary of significant accounting policies (contd.)

i. Property, plant and equipment

Property, plant and equipment are stated at the cost of acquisition or construction net of accumulated depreciation and impairment loss (if any). On transition to Ind AS, the group has elected to continue with the carrying value of all of its property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment. Internally manufactured property, plant and equipment are capitalised at cost, including GST for which credit is not available, wherever applicable. All significant costs relating to the acquisition and installation of property, plant and equipment are capitalised. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

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

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

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

Type of asset	Schedule II life (years)	Useful lives estimated by the management (years)
Building - Factories	30	30
Buildings - Others (including roads)	5 to 60	5 to 60
Plant and machineries	15	1 to 23
Plant and machineries- Dies	15	1 to 7
Plant and machineries - Windmill	25	19
Plant and machineries - Computers	3	3
Office equipment	5	5
Railway sidings	15	10
Electrical installations	10	10
Factory equipments	10	10

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

2.2 Summary of significant accounting policies (contd.)

i. Property, plant and equipment (contd.)

Type of asset	Schedule II life (years)	Useful lives estimated by the management (years)
Furniture and fixtures	10	5 to 10
Vehicles	8	8
Aircrafts	20	7 to 18

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

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

Freehold land is carried at cost.

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

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

j. Investment properties

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

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

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

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

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

Notes to Financial Statements

for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

k. Intangible assets

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

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

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

The summary of the amortisation policy applied to the Company's intangible assets is as below:

Type of asset	Life (years)
Computer software	3
Technology licenses	5

Research and development costs

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

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

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

Notes to Financial Statements

for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

l. Borrowing costs

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

m. Leases

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

Company as a lessee

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

I) Right-of-use assets

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

Type of Asset	Useful life estimated by management (years)
Buildings	2 to 18 years
Leasehold land	95 years
Plant and machinery	15 years

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

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (n) Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments

Notes to Financial Statements

for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

m. Leases (contd.)

include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

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

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

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

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

Company as a lessor

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

n. Inventories

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

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

Notes to Financial Statements

for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

n. Inventories (contd.)

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

Scrap is valued at net realisable value.

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

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

o. Impairment of non-financial assets

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

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

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

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

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

2.2 Summary of significant accounting policies (contd.)

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

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

p. Provisions and contingent liabilities

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

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

q. Post-employment and other employee benefits

Provident fund

The Company operates two plans for its employees to provide employee benefits in the nature of a provident fund.

Eligible employees receive benefits from a provident fund, which is a defined benefit plan. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes a part of the contributions to the "Bharat Forge Company Limited Staff Provident Fund Trust". The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

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

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

2.2 Summary of significant accounting policies (contd.)

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

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

The employees who are not covered under the above scheme, their portion of provident fund is contributed to the Government-administered provident fund which is a defined contribution scheme.

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

Gratuity

The Company operates two defined benefits plan for its employees viz. gratuity and special gratuity scheme. Payment for present liability of future payment of gratuity is being made to approve gratuity funds. The special gratuity scheme is unfunded. The cost of providing benefits under these plans is determined on the basis of actuarial valuation at each year end. A separate actuarial valuation is carried out for each plan using the project unit credit method.

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

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

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

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

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

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

Notes to Financial Statements

for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

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

Superannuation

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

Privilege leave benefits

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

The Company treats accumulated leave expected to be carried forward beyond 12 months, as a long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

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

Termination benefits

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

r. Financial instruments

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

Notes to Financial Statements

for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

r. Financial instruments (contd.)

Financial assets

Initial recognition and measurement

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets measured at fair value through profit or loss) are added to the fair value measured on initial recognition of financial assets. Transaction costs directly attributable to the acquisition of financial assets measured at fair value through profit or loss are recognised in profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

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

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

Financial assets at amortised cost

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

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

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

2.2 Summary of significant accounting policies (contd.)

r. Financial instruments (contd.)

Financial assets at FVTOCI

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

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

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

Financial asset at FVTPL

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

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

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

Equity investments

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

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

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

Derecognition

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

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

2.2 Summary of significant accounting policies (contd.)

r. Financial instruments (contd.)

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

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

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

Impairment of financial assets

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

a) Financial assets that are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

b) Financial assets that are measured at FVTOCI

c) Lease receivables under Ind AS 116

d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

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

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

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

Notes to Financial Statements

for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

r. Financial instruments (contd.)

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

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

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

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

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

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

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

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

- Debt instruments measured at FVTOCI:

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

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

Notes to Financial Statements

for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

r. Financial instruments (contd.)

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Loans and borrowings

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

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

Financial guarantee contracts

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

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

2.2 Summary of significant accounting policies (contd.)

r. Financial instruments (contd.)

Derecognition

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

Embedded derivatives

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

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

Offsetting of financial instruments

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

s. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

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

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

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

2.2 Summary of significant accounting policies (contd.)

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

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

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

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

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

Fair value hedges

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

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

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

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

Cash flow hedges

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

Notes to Financial Statements

for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

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

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

The Company uses forward currency contracts and range forward contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in finance costs. Refer note 50.

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

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

t. Cash and cash equivalents

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

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

u. Dividend to equity holders of the Company

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

v. Segment reporting

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

w. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and

Notes to Financial Statements

for the year ended March 31, 2023

2.2 Summary of significant accounting policies (contd.)

w. Earnings per share (contd.)

reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

2.3 Changes in accounting policies and new and amended standards

New and amended standards

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after April 01, 2022. The Company has not early adopted any other standard or amendment that has been issued but is not yet effective:

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

The amendment specifies that a subsidiary, associate or joint venture may opt for an exemption regarding cumulative translation difference wherein they can elect to account for the cumulative translation difference in their own financial statements, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. As the Company has already transitioned to Ind-AS, there is no impact on its standalone financial statements.

(b) Ind-AS 103: Business Combinations

The amendment adds a new exception in Ind AS 103 for liabilities and contingent liabilities. The amendment had no impact on the financial statements of the Company.

(c) Ind-AS 109: Financial Instruments

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

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

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of the cost of an item of property, plant, and equipment. The amendment had no impact on the financial statements of the Company.

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

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendment had no material impact on the financial statements of the Company.

(f) Ind AS 41: Agriculture

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

Notes to Financial Statements

for the year ended March 31, 2023

3. Property, plant and equipment

In ₹ Million

	Freehold land	Buildings (notes a, b)	Plant and machinery (note d)	Office equipment	Railway sidings	Electrical installations	Factory equipments	Furniture and fixtures	Vehicles and aircraft	Power line	Total	Capital work-in-progress (note e)
Cost												
at April 1, 2021	**410.92**	**6,427.67**	**38,340.16**	**132.85**	**0.02**	**257.66**	**980.32**	**300.49**	**3,090.47**	**6.17**	**49,946.73**	**2,699.22**
Additions	-	15.42	2,495.73	16.49	-	-	83.06	1.66	7.41	-	2,619.77	2,386.23
Disposals	-		(155.05)	(22.02)	-	-	(19.70)	(4.59)	(896.09)	-	(1,097.45)	(2,619.77)
Other adjustments												
- Borrowing costs (Refer note c)	-	-	38.19	-	-	-	-	-	-	-	38.19	14.40
at March 31, 2022	**410.92**	**6,443.09**	**40,719.03**	**127.32**	**0.02**	**257.66**	**1,043.68**	**297.56**	**2,201.79**	**6.17**	**51,507.24**	**2,480.08**
Additions	-	0.13	2,182.63	27.24	-		130.36	19.79	9.38	-	2,369.53	2,911.70
Disposals	-	-	(124.38)	-	-	-	-	(0.38)	(3.43)	-	(128.19)	(2,369.53)
Other adjustments											-	
- Borrowing costs (Refer note c)	-	-	24.53	-	-	-	-	-	-	-	24.53	10.05
at March 31, 2023	**410.92**	**6,443.22**	**42,801.81**	**154.56**	**0.02**	**257.66**	**1,174.04**	**316.97**	**2,207.74**	**6.17**	**53,773.11**	**3,032.30**
Depreciation and impairment												
at April 1, 2021	-	**885.85**	**14,751.29**	**68.14**	-	**149.44**	**335.00**	**102.41**	**1,235.41**	**6.17**	**17,533.71**	-
Charge for the year	-	210.59	3,267.39	21.06	-	6.70	87.13	27.70	258.94	-	3,879.51	-
Disposals	-	-	(32.04)	(20.85)	-	-	(4.19)	(2.46)	(568.91)	-	(628.45)	-
at March 31, 2022	-	**1,096.44**	**17,986.64**	**68.35**	-	**156.14**	**417.94**	**127.65**	**925.44**	**6.17**	**20,784.77**	-
Charge for the year	-	209.33	3,504.28	20.12	-	5.28	94.73	28.34	137.06	-	3,999.14	-
Disposals	-	-	(3.86)	-	-	-	-	(0.26)	(2.69)	-	(6.81)	-
at March 31, 2023	-	**1,305.77**	**21,487.06**	**88.47**	-	**161.42**	**512.67**	**155.73**	**1,059.81**	**6.17**	**24,777.10**	-
Net block												
at March 31, 2022	**410.92**	**5,346.65**	**22,732.39**	**58.97**	**0.02**	**101.52**	**625.74**	**169.91**	**1,276.35**	-	**30,722.47**	**2,480.08**
at March 31, 2023	**410.92**	**5,137.45**	**21,314.75**	**66.09**	**0.02**	**96.24**	**661.37**	**161.24**	**1,147.93**	-	**28,996.01**	**3,032.30**

(a) Buildings include cost of hangar jointly owned with other companies ₹ 0.07 million (March 31, 2022: ₹ 0.07 million).

Notes to Financial Statements

for the year ended March 31, 2023

3. Property, plant and equipment (contd.)

(b) The title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company except:

a. Flat at Kalyani Nagar in possession of the Company since April 01, 1987, whose title deed is in the name of Shri Anajwala Khozema F & Smt. Anajwala Amina aggregating gross block ₹ 0.31 million and net block at ₹ 0.17 million for which exchange deed is registered at authority, however, certified true copy and index II is awaited.

b. Hangar at Lohegoan in possession of the Company since April 01, 1977 aggregating gross block of ₹ 0.12 million and net block of ₹ 0.05 million and Tenements at Kharadi- Vimannagar in possession of the Company since April 01, 1981 aggregating gross block of ₹ 0.16 million and net block of ₹ 0.01 million for which title deeds are not available with the Company.

(c) Capitalised borrowing costs:

The Company capitalises borrowing costs in the capital work-in-progress (CWIP) first. The amount of borrowing costs capitalised as other adjustments in the above note reflects the amount of borrowing cost transferred from Capital work-in-progress (CWIP) balances. The borrowing costs capitalised during the year ended March 31, 2023 was ₹ 20.16 million (March 31, 2022: ₹ 16.96 million). The capitalisation rate ranges from LIBOR + 60 bps to LIBOR + 100 bps p.a. and EURIBOR + 60 bps to EURIBOR + 95 bps p.a. refer to note 18(a)

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

(e) Capital work in progress (CWIP) Ageing Schedule

In ₹ Million

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
March 31, 2023					
Projects in progress	2,244.30	211.47	32.88	543.65	**3,032.30**
Projects temporarily suspended	-	-	-	-	**-**
Total	**2,244.30**	**211.47**	**32.88**	**543.65**	**3,032.30**
March 31, 2022					
Projects in progress	1,306.31	258.64	363.84	551.29	**2,480.08**
Projects temporarily suspended	-	-	-	-	**-**
Total	**1,306.31**	**258.64**	**363.84**	**551.29**	**2,480.08**

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

f) The Company has not revalued any property, plant and equipment during the year.

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

4. Investment property

In ₹ Million

Particulars	Freehold land
Cost	
at April 1, 2021	**2.89**
Additions	-
Disposals	-
at March 31, 2022	**2.89**
Additions	-
Disposals	-
at March 31, 2023	**2.89**
Depreciation and impairment	
at April 1, 2021	**-**
Depreciation for the year	-
at March 31, 2022	**-**
Depreciation for the year	-
at March 31, 2023	**-**
Net block	
at March 31, 2021	**2.89**
at March 31, 2022	**2.89**
at March 31, 2023	**2.89**

Information regarding income and expenditure of investment property

In ₹ Million

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

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

As at March 31, 2023 and March 31, 2022, the fair values of the properties are ₹ 1,139.56 million and ₹ 2,432.95 million respectively. The Company obtains independent valuations for its investment properties at least annually.

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

4. Investment property (contd.)

These valuations are performed by an accredited independent valuer firm and this firm is a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Company considers ready reckoner rates. The main input used is the ready reckoner rate. All resulting fair value estimates for investment properties are included in Level 2.

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

Reconciliation of fair value

In ₹ Million

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

The fair value reduction in the current year is on account of the change in the basis of the ready reckoner rate used for the valuation. Till earlier periods separate ready reckoner value for the industrial area was not available and hence the fair value was derived basis the relevant ready reckoner rate. In the current year, since a separate ready reckoner rate for the industrial area is available, it has been considered for the fair value for disclosure purposes. There is no other change in the basis of fair valuation disclosure.

5. Intangible assets

In ₹ Million

Particulars	Computer software	Technology License	Total
Cost			
at April 1, 2021	**314.87**	**193.72**	**508.59**
Purchase	13.41	24.85	38.26
Disposals	(259.16)	-	(259.16)
at March 31, 2022	**69.12**	**218.57**	**287.69**
Purchase	16.08	-	16.08
Disposals	-	-	-
at March 31, 2023	**85.20**	**218.57**	**303.77**

Notes to Financial Statements

for the year ended March 31, 2023

5. Intangible assets (contd.)

In ₹ Million

Particulars	Computer software	Technology License	Total
Amortisation and impairment			
at April 1, 2021	**270.63**	**98.75**	**369.38**
Amortisation	27.45	47.10	74.55
Disposals	(259.16)	-	(259.16)
at March 31, 2022	**38.92**	**145.85**	**184.77**
Amortisation	18.37	48.00	66.37
Disposals	-	-	-
at March 31, 2023	**57.29**	**193.85**	**251.14**
Net block			
at March 31, 2022	**30.20**	**72.72**	**102.92**
at March 31, 2023	**27.91**	**24.72**	**52.63**

The Company has not revalued any intangible assets during the year.

6. Investment in subsidiaries, joint ventures and associates

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
At Cost		
Unquoted equity instruments		
- Investment in wholly owned subsidiaries		
Bharat Forge Global Holding GmbH		
Subscription to the equity share capital	287.98	287.98
[EUR 5,000,000 (March 31, 2022: EUR 5,000,000)]		
Capital contribution credited in favour of Bharat Forge Limited **[Refer note 6(a)]**	5,801.62	5,801.62
[EUR 83,464,428 (March 31, 2022: EUR 83,464,428)]		
	6,089.60	**6,089.60**
60 (March 31, 2022: 60) Common stock of 1 cent each fully paid up in Bharat Forge America Inc. USD 94,319,514 (March 31, 2022: USD 59,396,597) **[Refer note 6(b)]**	5,643.78	2,755.59
64,000 (March 31, 2022: 64,000) equity shares of £ 1/- each fully paid up in Bharat Forge International Limited	304.78	304.78
202,152,744 (March 31, 2022: 202,152,744) equity shares of ₹ 10/- each fully paid up in BF Infrastructure Limited	1,641.55	1,641.55
Less: Provision for impairment in value of investments	1,355.60	1,355.60
	285.95	**285.95**
carried over	12,324.11	9,435.92

Notes to Financial Statements

for the year ended March 31, 2023

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

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
brought over	12,324.11	9,435.92
Nil (March 31, 2022: 18,489,670) equity shares of ₹ 10/- each fully paid up in Analogic Controls India Limited	-	20.15
Less: Provision for impairment in value of investments	-	16.55
[Refer note 6(e)]	**-**	**3.60**
189,378,517 (March 31, 2022: 162,324,444) equity shares of ₹ 10/- each fully paid up in Kalyani Powertrain Limited **[Refer note 6(c)]**	1,893.79	1,623.24
69,088,330 (March 31, 2022: 69,088,330) equity shares of ₹ 10/- each fully paid up in Kalyani Centre For Precision Technology Limited	690.88	690.88
291,729,112 (March 31, 2022: 92,000,000) equity shares of ₹ 10/- each fully paid up in BF Industrial Solutions Limited (formerly Nouveau Power and Infrastructure Private Limited) **[Refer note 6(d)]**	2,917.29	920.00
66,510,734 (March 31, 2022: 36,113,684) equity shares of ₹ 10/- each fully paid up in Kalyani Strategic Systems Limited **[Refer note 6(e)]**	788.34	466.76
Nil (March 31, 2022: 12,037,892) equity shares of ₹ 10/- each partly paid up in Kalyani Strategic Systems Limited **[Refer note 6(e)]**	-	77.80
1,000 (March 31, 2022: Nil) equity shares of ₹ 10/- each Fully paid up in Kalyani Lightweighting Technology Solutions Limited **[Refer note 6(f)]**	0.01	-
- Other subsidiaries where Company holds 51% or more of the equity share capital		
1,010,000 (March 31, 2022: 1,010,000) equity shares of ₹ 10/- each fully paid up in BF Elbit Advanced Systems Private Limited	10.10	10.10
83,226 (March 31, 2022: 83,226) equity shares of ₹ 10/- each fully paid up in Eternus Performance Materials Private Limited	3.75	3.75
- Investments in joint ventures		
7,128,219 (March 31, 2022: 7,128,219) equity shares of ₹ 10/- each fully paid up in BF NTPC Energy Systems Limited **[Refer note 6(g)]**	33.64	33.64
Less: Provision for impairment in value of investments	33.64	33.64
	-	**-**
12,500 (March 31, 2022: 12,500) shares of EUR 1/- each in REFU Drive GmbH EUR 11,350,000 (March 31, 2022: EUR 11,350,000)	919.14	919.14
- Investments in associates		
11,375,000 (March 31, 2022: Nil) equity shares of ₹ 10/- each in Avaada MHVIDARBHA Private Limited **[Refer note 6(h)]**	113.75	-
Nil (March 31, 2022: 136,500) equity shares of ₹ 10/- each in Aeron Systems Private Limited **[Refer note 6(e)]**	-	140.00
carried over	19,661.16	14,291.19

Notes to Financial Statements

for the year ended March 31, 2023

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

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
brought over	19,661.16	14,291.19
Unquoted Preference shares (fully paid)		
150,000,000 (March 31, 2022: Nil) preference shares of ₹ 10/- each fully paid up in BF Industrial Solutions Limited (formerly Nouveau Power and Infrastructure Private Limited) **[Refer note 6(d)]**	1,500.00	-
Total	**21,161.16**	**14,291.19**

(a) Bharat Forge Global Holding GmbH (BFGH)

Contributions to the capital reserves of BFGH as per the German Commercial Code (code), forms a part of the equity share capital and accordingly, have been considered as an investment and are redeemable subject to provisions of the code.

(b) Bharat Forge America Inc

During the current year, the Company has invested an amount of ₹ 826.45 million by acquiring 10,000,000 shares (USD 10.00 million) for further investment by Bharat Forge America Inc into its subsidiary, Bharat Forge Aluminium USA, Inc. The Company has also converted a loan and interest thereon of USD 24.92 million into a capital contribution amounting to ₹ 2,061.74 million during the current year.

During the previous year, the Company had invested an amount of ₹ 1,112.08 million by acquiring 15,000,000 shares (USD 15 million) for further investment by Bharat Forge America Inc into its subsidiary, Bharat Forge Aluminium USA, Inc.

(c) Kalyani Powertrain Limited (KPL)

During the current year, the Company has invested an amount of ₹ 270.55 million by acquiring 27,054,073 right shares of ₹ 10 each in Kalyani Powertrain Limited.

During the previous year, the Company had invested an amount of ₹ 1,223.23 million by acquiring 122,324,444 equity shares of ₹ 10 each for further investment into Tork Motors Private Limited, the acquisition of Kalyani Mobility Inc and other business activities.

During the previous year, the Company had invested in convertible debentures of ₹ 400 million in July 2021 which had been converted into 40,000,000 equity shares of ₹ 10 each.

(d) BF Industrial Solutions Limited (BFISL) (formerly Nouveau Power and Infrastructure Private Limited)

During the current year, the Company has invested an amount of ₹ 1,997.29 million by acquiring 199,729,112 equity shares of ₹ 10 each and an amount of ₹ 1,500.00 million by acquiring 150,000,000 preference shares of ₹ 10 each for further investment by BFISL into its subsidiary JS Auto cast Foundry India Private Limited.

During the previous year, the Company had invested ₹ 20.00 million by acquiring 2,000,000 equity shares of ₹ 10 each in BFISL.

Notes to Financial Statements

for the year ended March 31, 2023

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

During the previous year, the Company had invested in convertible debentures of ₹ 900 million which were subsequently converted into 90,000,000 equity shares of ₹ 10 each in that year.

The Company through its wholly owned subsidiary BFISL had acquired Sanghvi Forging & Engineering Limited (SFEL), (which was then renamed BF Industrial Technology and Solutions Limited) along with its wholly owned subsidiary Sanghvi Europe B.V. on June 28, 2021 for a consideration of ₹ 770.60 million. SFEL is engaged in the manufacture of heavy forging for industrial applications. SFEL was admitted under Corporate Insolvency Resolution Process under the Insolvency and Bankruptcy Code, 2016 of India. The National Company Law Tribunal (NCLT) vide its order dated April 26, 2021, approved the resolution plan for acquiring a controlling stake in SFEL, pursuant to which, the Company has acquired SFEL through BFISL.

(e) Kalyani Strategic Systems Limited (KSSL)

During the current year, the company has invested an amount of ₹ 60.19 million by converting 12,037,892 partly paid equity shares, paid up the amount of ₹ 5 per share into fully paid equity shares af ₹ 10 each. The company has transferred its investments in ACIL and Aeron to KSSL. It has transferred ACIL for an amount of ₹ 46.41 million by transferring 4,640,908 equity shares of ₹ 10 each due to which ACIL ceased to be a subsidiary of the Company and Aeron for an amount of ₹ 137.18 million by transferring 13,718,250 equity shares of 10 each due to which Aeron ceased to be an associate of the Company.

During the previous year, the Company had acquired 17,695,706 fully paid up equity shares of ₹ 10 each and 5,898,568 partly paid up equity shares of ₹ 10 each in KSSL, consequent to which it had become a wholly owned subsidiary of the Company.

(f) Kalyani Lightweighting Technology Solutions Limited (KLTSL)

During the current year, the Company has invested an amount of ₹ 0.10 million by acquiring 1,000 equity shares of ₹ 10 each.

(g) BF NTPC Energy Systems Limited (BFNTPCESL)

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

(h) Avaada MHVIDARBHA Private Limited

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

(i) Compliance with a number of layers

The Company has invested funds in subsidiaries, associates and joint ventures directly or through its wholly owned subsidiaries. The Company has complied with the number of layers prescribed under section 2 (87) of the Companies Act, 2013 read with the Companies (Restriction on number of Layers) Rules, 2017.

Notes to Financial Statements

for the year ended March 31, 2023

7. Investments

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current investments		
(a) Investments designated at amortised cost		
Debt instruments (unquoted) (fully paid)		
24,644,121.159 (March 31, 2022: 24,644,121.159) Units of ₹ 10 each of Aditya Birla Sun Life Nifty SDL Plus PSU Bond Sep 2026 60:40 Index Fund - Regular - Growth	265.29	250.11
54,987,000.538 (March 31, 2022: 24,658,220.043) Units of ₹ 10 each of ICICI Prudential PSU Bond Plus SDL 40:60 Index Fund - Sep 2027 Growth	581.13	250.11
45,187,442.54 (March 31, 2022: Nil) Units of ₹ 10 each of Kotak Nifty SDL Apr 2027 Top 12 Equal Weight Index Fund-Regular Plan- Growth	466.37	-
30,393,925.04 (March 31, 2022: Nil) units of ₹ 10 each SBI CPSE Bond Plus SDL Sep 2026 50:50 Index Fund - Regular Plan - Growth	315.94	-
Total amortised cost investments (a)	**1,628.73**	**500.22**
(b) Investments designated at fair value through OCI (FVTOCI)		
Equity instruments (unquoted) (fully paid)		
- Investments in others (Company holds 5% or more of the share capital)		
38,384,202 (March 31, 2022: 38,384,202) equity shares of ₹ 10/- each fully paid up in Khed Economic Infrastructure Private Limited **[Refer note 48]**	988.00	825.26
14,245,000 (March 31, 2022: 14,245,000) equity shares of ₹ 10/- each in Avaada SataraMH Private Limited	142.45	142.45
2,033,850 (March 31, 2022: 2,033,850) equity shares of ₹ 10/- each in Avaada MHBuldhana Private Limited **[Refer note 7(e)]**	20.34	20.34
11,09,132 (March 31, 2022: 11,09,132) ordinary shares of £ 0.00001 each in TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited) **[Refer note 7(f)]**	2,803.94	2,803.94
Equity instruments (quoted) (fully paid)		
- Investments in others		
613,000 (March 31, 2022: 613,000) equity shares of ₹ 2/- each fully paid up in Birlasoft Limited (erstwhile KPIT Technologies Limited) **[Refer note 7(b)]**	160.08	278.88
613,000 (March 31, 2022: 613,000) equity shares of ₹ 10/- each fully paid up in KPIT Technologies Limited (erstwhile KPIT Engineering Limited) **[Refer note 7(b)]**	567.09	368.44
Total FVTOCI investments (b)	**4,681.90**	**4,439.31**
carried over	6,310.63	4,939.53

Notes to Financial Statements

for the year ended March 31, 2023

7. Investments (contd.)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
brought over	6,310.63	4,939.53
(c) Investments designated at fair value through profit or loss (FVTPL)		
Equity instruments (unquoted) (fully paid)		
- Investments in others (Company holds 5% or more of the share capital)		
504,432 (March 31, 2022: 504,432) equity shares of ₹ 10/- each in Gupta Energy Private Limited **[Refer note 7(a)]**	-	-
Investments in private equity fund (unquoted funds)		
1,538,810.22 (March 31, 2022: 1,740,954.27) Units of ₹ 100/- each of Paragon Partners Growth Fund - I	255.92	307.78
Investments in mutual funds (quoted funds)		
28,195,019.307 (March 31, 2022: 28,195,019.307) Units of ₹ 10 each of Bharat Bond FOF - April 2030 - Regular Plan - Growth Option	352.76	338.52
40,050,260.803 (March 31, 2022: Nil) Units of ₹ 10 each of HDFC Banking & PSU Debt Fund - Regular Plan - Growth	777.01	-
- Investments in mutual funds (unquoted funds)		
491,333.259 (March 31, 2022: Nil) Units of ₹ 1,000 each of Axis Banking & PSU Debt Fund - Regular Plan - Growth	1,097.44	-
33,508,303.378 (March 31, 2022: Nil) Units of ₹ 10 each of Bandhan Banking & PSU Debt Fund (Erstwhile known as IDFC Banking & PSU Debt Fund) - Regular Plan - Growth	699.97	-
Nil (March 31, 2022: 3,408,321.993) Units of ₹ 10 each of Nippon India Floating Rate Fund - Growth Plan	-	123.49
2,783,672.325 (March 31, 2022: Nil) Units of ₹ 100 each of Aditya Birla Sun Life Banking & PSU Debt Fund - Regular Plan -Growth (erstwhile known as Aditya Birla Sun Life Treasury Optimizer Plan)	861.08	-
14,551,853.308 (March 31, 2022: Nil) Units of ₹ 10 each of HSBC Banking & PSU Debt Fund - Regular Plan - Growth (Erstwhile known as L&T Banking & PSU Debt Fund)	299.99	-
39,455,415.320 (March 31, 2022: Nil) Units of ₹ 10 each of ICICI Prudential Banking & PSU Debt Fund - Growth	1,086.88	-
16,071,817.315 (March 31, 2022: Nil) Units of ₹ 10 each of Kotak Banking & PSU Debt Fund - Regular Plan - Growth	885.22	-
379,039.509 (March 31, 2022: Nil) Units of ₹ 1,000 each of SBI Banking & PSU Fund - Regular Plan - Growth (Erstwhile known as SBI Treasury Advantage Fund)	999.95	-
carried over	7,316.22	769.79
carried over	13,626.85	5,709.32

Notes to Financial Statements

for the year ended March 31, 2023

7. Investments (contd.)

In ₹ Million

Particulars		As at March 31, 2023	As at March 31, 2022
	brought over	13,626.85	5,709.32
	brought over	7,316.22	769.79
27,198,363.058 (March 31, 2022: Nil) Units of ₹ 10 each of Nippon India Banking and PSU Debt Fund - Growth Plan		475.97	-
		7,792.19	**769.79**
Total FVTPL investments (Non-current)	**(C)**	**7,792.19**	**769.79**
	Total [(a) + (b)+(c)]	**14,102.82**	**5,709.32**
Current investments			
- Investments in mutual funds (quoted funds)			
Nil (March 31, 2022: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series SJ (1135 days) - Direct Plan-Growth		-	25.17
Nil (March 31, 2022: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series SL (1120 days) - Direct Plan-Growth		-	24.95
Nil (March 31, 2022: 159,035.490) Units of ₹ 10 each of HDFC Liquid Fund - Regular Plan - Growth		-	660.28
26,053,398.004 (March 31, 2022: 26,053,398.004) Units of ₹ 10 each of HDFC Floating Rate Debt Fund - Wholesale Option - Growth Option		1,087.78	1,031.69
Nil (March 31, 2022: 160,601.917) Units of ₹ 1,000 each of HDFC Money Market Fund - Regular Plan - Growth		-	737.26
13,466,320.732 (March 31, 2022: 13,466,320.732) Units of ₹ 10 each of HDFC Ultra Short Term Fund - Regular Plan - Growth		174.01	165.33
6,586,226.882 (March 31, 2022: 6,586,226.882) Units of ₹ 10 each of HDFC Corporate Bond Fund - Regular Plan - Growth		179.01	172.12
Nil (March 31, 2022: 2,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 85 - 1129 Days Plan P - Direct Plan - Cumulative Option		-	24.92
Nil (March 31, 2022: 2,000,000) Units of ₹ 10 each of Kotak FMP Series 252 - Direct - Growth		-	26.11
Nil (March 31, 2022: 2,000,000) Units of ₹ 10 each of Kotak FMP Series 267 - Direct - Growth		-	24.96
Nil (March 31, 2022: 2,000,000) Units of ₹ 10 each of SBI Debt Fund Series C - 48 (1177 Days) - Direct Growth		-	25.22
Nil (March 31, 2022: 2,000,000) Units of ₹ 10 each of SBI Debt Fund Series C - 50 (1177 Days) - Direct Growth		-	24.96
Total		**1,440.80**	**2,942.97**
- Investments in mutual funds (unquoted funds)			
Nil (March 31, 2022: 235,104.158) Units of ₹ 100 each of Aditya Birla Sun Life Liquid Fund - Growth - Regular Plan		-	80.04
	carried over	-	80.04
	carried over	1,440.80	3,023.01

Notes to Financial Statements

for the year ended March 31, 2023

7. Investments (contd.)

In ₹ Million

Particulars		As at March 31, 2023	As at March 31, 2022
	brought over	1,440.80	3,023.01
	brought over	-	80.04
Nil (March 31, 2022: 2,303,031.715) Units of ₹ 100 each of Aditya Birla Sun Life Money Manager Fund - Growth - Regular Plan		-	682.34
1,865,798.957 (March 31, 2022: 1,865,798.957) Units of ₹ 100 each of Aditya Birla Sun Life Savings Fund - Growth - Regular Plan		866.02	821.55
81,943.980 (March 31, 2022: Nil) Units of ₹ 1,000 each of Axis Liquid Fund - Growth		203.56	-
131,237.171 (March 31, 2022: 131,237.171) Units of ₹ 1,000 each of Axis Banking & PSU Debt Fund - Regular Plan - Growth		293.13	280.94
Nil (March 31, 2022: 494,011.321) Units of ₹ 1,000 each of Axis Money Market Fund - Regular - Growth		-	566.76
Nil (March 31, 2022: 56,145.154) Units of ₹ 1,000 each of DSP Liquidity Fund - Regular Plan - Growth		-	169.44
Nil (March 31, 2022: 7,217,944.726) Units of ₹ 10 each of DSP Savings Fund - Regular Plan - Growth		-	308.92
Nil (March 31, 2022: 3,389,749.504) Units of ₹ 100 each of ICICI Prudential Money Market Fund - Growth		-	1,031.28
14,158,530.231 (March 31, 2022: 14,158,530.231) Units of ₹ 10 each of Bandhan Banking & PSU Debt Fund (Erstwhile known as IDFC Banking & PSU Debt Fund) - Regular Plan - Growth		295.76	283.40
Nil (March 31, 2022: 16,679,872.267) Units of ₹ 10 each of IDFC Ultra Short Term Fund - Regular Plan - Growth		-	205.75
10,387,261.324 (March 31, 2022: 10,387,261.324) Units of ₹ 10 each of ICICI Prudential Corporate Bond Fund - Growth		259.39	245.72
605,818.819 (March 31, 2022: 2,381,058.607) Units of ₹ 100 each of ICICI Prudential Liquid Fund - Growth		200.32	745.61
1,422,546.019 (March 31, 2022: 1,422,546.019) Units of ₹ 100 each of ICICI Prudential Savings Fund - Growth		650.80	616.48
Nil (March 31, 2022: 7,724,376.96) Units of ₹ 10 each of IDFC Low Duration Fund - Growth - (Regular Plan)		-	242.22
Nil (March 31, 2022: 77,649.317) Units of ₹ 1,000 each of Invesco India Liquid Fund - Growth		-	225.56
55,952.940 (March 31, 2022: 55,952.940) Units of ₹ 1,000 each of Kotak Corporate Bond Fund Standard Growth - Regular Plan		176.89	169.75
Nil (March 31, 2022: 233,037.311) Units of ₹ 1,000 each of Kotak Money Market Fund - Growth (Regular Plan)		-	839.05
Nil (March 31, 2022: 79,484.957) Units of ₹ 1,000 each of Kotak Liquid Regular Plan Growth		-	340.12
9,527,430.568 (March 31, 2022: 9,527,430.568) Units of ₹ 10 each of Kotak Savings Fund - Growth (Regular Plan)		349.69	332.41
	carried over	3,295.56	8,187.34
	carried over	4,736.36	11,130.31

Notes to Financial Statements

for the year ended March 31, 2023

7. Investments (contd.)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
brought over	4,736.36	11,130.31
brought over	3,295.56	8,187.34
Nil (March 31, 2022: 152,758.763) Units of ₹ 1,000 each of L&T Liquid Fund Regular - Growth	-	443.03
Nil (March 31, 2022: 35,516.374) Units of ₹ 1,000 each of LIC MF Liquid Fund-Regular Plan-Growth	-	135.89
24,236,087.005 (March 31, 2022: 24,236,087.005) Units of ₹ 10 each of Nippon India Banking and PSU Debt Fund - Growth Plan	424.13	408.49
5,332,465.356 (March 31, 2022: 14,224,483.194) Units of ₹ 10 each of Nippon India Floating Rate Fund -Growth Plan	201.59	515.35
Nil (March 31, 2022: 135,676.575) Units of ₹ 1,000 each of Nippon India Money Market Fund-Growth Plan	-	450.65
39,101.649 (March 31, 2022: Nil) Units of ₹ 1,000 each of Nippon India Liquid Fund -Growth Plan (erstwhile Reliance Liquid Fund)	213.23	-
Nil (March 31, 2022: 677,542.399) Units of ₹ 1,000 each of SBI Liquid Fund - Regular Plan - Growth	-	2,243.18
Nil (March 31, 2022: 150,819.939) Units of ₹ 1,000 each of SBI Magnum Low Duration Fund-Regular Plan - Growth	-	429.40
Nil (March 31, 2022: 35,382,420.348) Units of ₹ 10 each of SBI Savings Fund - Regular Plan - Growth	-	1,192.13
Nil (March 31, 2022: 122,043.819) Units of ₹ 1,000 each of Sundaram Liquid Fund - Regular Plan - Growth	-	227.76
Nil (March 31, 2022: 146,593.704) Units of ₹ 1,000 each of Tata Liquid Fund-Regular Plan - Growth	-	488.61
259,725.430 (March 31, 2022: 383,686.917) Units of ₹ 1,000 each of UTI Liquid Cash Plan - Regular - Growth Plan	951.51	1,330.14
277,179.242 (March 31, 2022: Nil) units of ₹ 1,000 each SBI Overnight Regular Growth	1,000.15	-
Total	**6,086.17**	**16,051.97**
Total FVTPL investments (Current)	**7,526.97**	**18,994.94**
Non-current		
Aggregate book value of quoted investments	**1,187.24**	**309.98**
Aggregate market value of quoted investments	**1,856.94**	**985.84**
Aggregate value of unquoted investments	**12,245.88**	**4,723.48**
Current		
Aggregate book value of quoted investments	**1,047.84**	**2,562.30**
Aggregate market value of quoted investments	**1,440.80**	**2,942.97**
Aggregate value of unquoted investments	**6,086.17**	**16,051.97**

Notes to Financial Statements

for the year ended March 31, 2023

7. Investments (contd.)

(a) Gupta Energy Private Limited (GEPL)

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

(b) Birlasoft Limited and KPIT Technologies Limited

The Company had invested into 613,000 equity shares of ₹ 2/- each of KPIT Technologies Limited. The Hon'ble National Company Law Tribunal, Mumbai Bench, had by its order approved the composite scheme of arrangement (Scheme), amongst Birlasoft (India) Limited, KPIT Technologies Limited, KPIT Engineering Limited and their respective shareholder Pursuant to the Scheme, the engineering business of KPIT Technologies Limited had been transferred to KPIT Engineering Limited.

Pursuant to the order during the earlier year, Birlasoft (India) Limited had merged with KPIT Technologies Limited and KPIT Technologies had been renamed as "Birlasoft Limited". KPIT Engineering Limited had been renamed as "KPIT Technologies Limited".

Pursuant to the Scheme, the Company had received 1 equity share of KPIT Technologies Limited of ₹ 10/- each for 1 equity share of Birlasoft Limited of ₹ 2/- each. The ratio of cost of acquisition per share of Birlasoft Limited and KPIT Technologies Limited was 56.64% to 43.36%.

(c) Investments at fair value through OCI (fully paid) reflect investment in quoted and unquoted equity securities and quoted debt securities. Refer note 48 for determination of their fair values.

(d) Investments at fair value through profit or loss (fully paid) reflect investment in quoted/unquoted equity and debt securities. Refer note 48 for determination of their fair values.

(e) Avaada MHBuldhana Private Limited [ABPL]

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

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

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

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

8. Loans

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current (Unsecured, considered good)		
Loans to related parties [refer note 42, 46]		
Loans to subsidiaries	1,260.20	282.51
Other loans		
Loans to employees	56.78	59.68
Total	**1,316.98**	**342.19**
Current (Unsecured, considered good)		
Loans to related parties [refer note 42, 46]		
Loans to subsidiaries*	192.35	262.06
Loans to an associate	-	8.00
Other loans		
Loans to employees	33.43	32.96
Total	**225.78**	**303.02**

* Interest accrued is included in the carrying value of loans to subsidiaries for FY 2022-23

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

9. Derivative instruments

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	646.49	2,525.66
Fair value hedges (FVTPL)		
Cross currency swap	-	48.63
Total	**646.49**	**2,574.29**
Current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	1,247.05	1,317.73
Fair value hedges (FVTPL)		
Foreign currency forward contracts	1.46	7.14
Cross currency swap	77.02	36.47
Total	**1,325.53**	**1,361.34**

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

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

9. Derivative instruments (contd.)

Derivative instruments at fair value through profit or loss reflect the positive change in fair value of cross currency swaps, designated as fair value hedge through which the Company has converted one of its long term USD loans into a Euro loan and INR pre-shipment credit into USD for positive interest arbitrage. They also reflect positive changes in the fair value of foreign currency forward contracts to hedge exposure to changes in the fair value of underlying trade receivables.

10. Other financial assets

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current		
Government grants*	48.57	350.05
Security deposits	308.38	280.39
Deposits with original maturity for more than twelve months	0.26	-
Total	**357.21**	**630.44**
Current		
Government grants*	477.04	467.67
Energy credit receivable - windmills	10.32	10.56
Interest accrued on fixed deposits, loans to various parties and others	-	68.28
Recoverable from subsidiaries [Refer note 39]	1,832.08	1,057.03
Interest Recoverable	22.77	-
Total	**2,342.21**	**1,603.54**

* Includes receivable against various schemes of export incentives and Industrial Promotion Subsidy (IPS) under Package Scheme of Incentives (PSI) 2007. There are no unfulfilled conditions or other contingencies attached to the said government grants.

11. Inventories

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Raw materials and components*	4,731.10	3,810.45
Work-in-progress	4,383.56	3,935.29
Finished goods**	2,246.01	2,122.80
Stores, spares and loose tools	930.49	996.42
Dies and dies under fabrication	216.59	166.88
Scrap	130.68	78.74
Total	**12,638.43**	**11,110.58**

* Includes goods in transit March 31, 2023: ₹ 182.73 million [March 31, 2022: ₹ 135.08]

** Includes goods in transit March 31, 2023: ₹ 1,254.87 million [March 31, 2022: ₹ 1,167.25 million]

During the year ended March 31, 2023: ₹ 12.53 million [March 31, 2022: (₹ 14.59 million)] was recognised as (reversal of expense)/expenses for inventories carried at net realisable value.

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

12. Trade receivables

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current		
Unsecured		
Considered good	117.36	117.36
Significant increase in credit risk	-	-
	117.36	**117.36**
Less:		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Unsecured (Considered good)	4.11	4.11
Significant increase in credit risk	-	-
	4.11	**4.11**
Total	**113.25**	**113.25**
Current		
Secured		
Considered good	87.82	83.33
	87.82	**83.33**
Unsecured		
Considered good (including related party receivables)	32,583.53	24,921.77
Significant increase in credit risk	-	-
Credit impaired	98.14	93.57
	32,681.67	**25,015.34**
Less:		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Credit impaired	98.14	93.57
Unsecured (Considered good)	237.69	194.62
	335.83	**288.19**
Total	**32,433.66**	**24,810.48**

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

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

For terms and conditions relating to related party receivables, refer note 39. For details of debts due from firms or private companies in which any director is a partner, a director or a member, refer note 39 and 42.

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

12. Trade receivables (contd.)

Trade receivable ageing schedule

As at March 31, 2023

In ₹ Million

Particulars	Not yet due	Outstanding for following periods from due date of payment					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues							
(a) Considered good*	28,570.61	3,306.09	606.15	186.01	43.48	76.37	32,788.71
(b) Which have significant increase in credit risk	-	-	-	-	-	-	-
(c) Credit impaired	-	-	-	55.71	23.64	18.79	98.14
Unbilled revenue	-	-	-	-	-	-	-
Total	**28,570.61**	**3,306.09**	**606.15**	**241.72**	**67.12**	**95.16**	**32,886.85**
Loss Allowance	**23.08**	**164.42**	**34.23**	**67.87**	**26.91**	**23.43**	**339.94**

As at March 31, 2022

In ₹ Million

Particulars	Not yet due	Outstanding for following periods from due date of payment					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues							
(a) Considered good*	21,716.69	3,009.33	121.49	175.33*	15.78	83.84	25,122.46
(b) Which have significant increase in credit risk	-	-	-	-	-	-	-
(c) Credit impaired	-	-	33.27	33.52	7.00	19.78	93.57
Unbilled revenue	-	-	-	-	-	-	-
Total	**21,716.69**	**3,009.33**	**396.00**	**208.85**	**22.78**	**103.62**	**25,216.03**
Loss Allowance	**-**	**170.90**	**42.06**	**45.38**	**8.30**	**25.66**	**292.30**

* Includes non current undisputed trade receivables considered good of ₹ 117.36 million

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

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Transferred receivables	20,391.04	16,607.13
Associated secured borrowing **[bank loans - refer note 18]**	20,395.53	16,609.20

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

13. Cash and bank balances

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalent		
Balances with banks:		
In cash credit and current accounts	3,875.52	3,277.28
Deposits with original maturity of less than three months	100.96	500.00
Cash on hand	0.68	0.40
Total	**3,977.16**	**3,777.68**
Other bank balances		
Earmarked balances (on unclaimed dividend and unspent CSR accounts)	44.18	47.61
Deposits with original maturity of less than twelve months	2.38	3.13
Total	**46.56**	**50.74**

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

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

14. Other assets

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current (Unsecured, considered good)		
Capital advances	2,679.41	2,651.86
Balances with government authorities	236.58	221.49
Advance to suppliers #	1,350.00	1,350.00
Total	**4,265.99**	**4,223.35**
Current (Unsecured, considered good)		
Balances with government authorities	1,787.44	1,383.32
Advance to suppliers	847.29	663.47
Others	708.49	456.40
Total	**3,343.22**	**2,503.19**

\# Pertains to long-term advance given to Saarloha Advanced Materials Private Limited for a period of 4 years at an interest rate of 8.25% p.a. Frequency of interest payment is quarterly. Also refer note 42.

No advances are due from directors or other officers of the Company, firms in which a director is a partner or private companies in which a director is a director or a member either severally or jointly with any other person except as disclosed in note 39 and note 42.

For terms and conditions relating to related party receivables, refer note 39.

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

Break up of financial assets carried at cost

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Investment in subsidiaries, joint ventures and associates [Refer note 6]	21,161.16	14,291.19
Total	**21,161.16**	**14,291.19**

Break up of financial assets carried at amortised cost

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Investments [Refer note 7]	1,628.73	500.22
Loans [Refer note 8]	1,542.76	645.21
Other financial assets [Refer note 10]	2,699.42	2,233.98
Trade receivables [Refer note 12]	32,546.91	24,923.73
Cash and cash equivalents [Refer note 13]	3,977.16	3,777.68
Other bank balances [Refer note 13]	46.56	50.74
Total	**42,441.54**	**32,131.56**

Break up of financial assets carried at fair value through OCI

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Investments [Refer note 7]	4,681.90	4,439.31
Derivative instruments [Refer note 9]	1,893.54	3,843.39
Total	**6,575.44**	**8,282.70**

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

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Investments [Refer note 7]	15,319.16	19,764.73
Derivative instruments [Refer note 9]	78.48	92.24
Total	**15,397.64**	**19,856.97**

Notes to Financial Statements

for the year ended March 31, 2023

15. Equity share capital

In ₹ Million

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

(a) Terms/rights attached to equity shares

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

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

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

In ₹ Million

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

Notes to Financial Statements

for the year ended March 31, 2023

15. Equity share capital (contd.)

(c) Disclosure of shareholding of promoters and promoter group

Name of the promoter/promoter group member	Number of shares held at March 31, 2023	% of total shares	% Change during the year
Promoter			
Babasaheb Neelkanth Kalyani	78,150	0.02%	-
Promoter group			
Amit Babasaheb Kalyani	700,350	0.15%	-
Deeksha Amit Kalyani	50	0.00%	-
Gaurishankar Neelkanth Kalyani	690,440	0.15%	-
Rohini Gaurishankar Kalyani	101,460	0.02%	-
Sheetal Gaurishankar Kalyani	22,980	0.00%	-
Viraj Gaurishankar Kalyani	22,800	0.00%	-
KSL Holdings Private Limited	46,285,740	9.94%	-
Ajinkya Investment & Trading Company	14,981,850	3.22%	-
Sundaram Trading and Investment Private Limited	55,240,174	11.86%	-
Kalyani Investment Company Limited	63,312,190	13.60%	-
BF Investments Limited	15,614,676	3.35%	-
Rajgad Trading Company Private Limited	1,360,260	0.29%	-
Tangmarg Trading and Investment Private Limited	904,200	0.19%	-
Yusmarg Trading and Investment Private Limited	1,847,000	0.40%	-
Kalyani Consultants Private Limited	936,472	0.20%	-
Jannhavi Investment Private Limited	4,686,640	1.01%	-
Dronacharya Trading and Investment Private Limited	152,980	0.03%	-
Cornflower Investment & Finance Limited	533,900	0.11%	-
Dandkaranya Trading and Investment Private Limited	1,107,350	0.24%	-
Campanula Investment & Finance Limited	739,980	0.16%	-
Hastinapur Trading and Investment Private Limited	178,800	0.04%	-
Kalyani Export & Investment Pvt Ltd	1,003,240	0.22%	-
Aboli Investment Pvt Ltd	127,872	0.03%	-
Wathar Investment & Trading Co. Pvt Ltd	61,320	0.01%	-

Notes to Financial Statements

for the year ended March 31, 2023

15. Equity share capital (contd.)

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

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

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

Notes to Financial Statements

for the year ended March 31, 2023

15. Equity share capital (contd.)

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

In ₹ Million

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

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

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

(g) Shares reserved for issue under option

Particulars	As at March 31, 2023	As at March 31, 2022
	No.	No.
4,680 (March 31, 2022: 4,680) equity shares of ₹ 2/- each out of the bonus issue and previous issue of equity shares on a right basis together with 234 (March 31, 2022: 234) detachable warrants entitled to subscription of 2,340 (March 31, 2022: 2,340) equity shares of ₹ 2/- each, have been kept in abeyance and reserve for issue pending adjudication of title to the pre-right holding.	7,020	7,020

(h) Global depository receipts

The Company had issued 3,636,500 equity shares of ₹ 10/- each (later sub-divided into 18,182,500 equity shares of ₹ 2/- each) in April 2005 represented by 3,636,500 Global Depository Receipts (GDR) (on sub division 18,182,500 GDRs) evidencing "Master GDR Certificates" at a price of USD 27.50 per GDR (including premium). GDRs outstanding as at year end are 800 (March 31, 2022: 800). The funds raised had been utilized towards the object of the issue.

Holders of GDRs will have no voting rights or other direct rights of a shareholder with respect to the shares underlying the GDR.

Notes to Financial Statements

for the year ended March 31, 2023

16. Other equity

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Capital reserves		
Special capital incentive [Refer note 16(a)]		
Balance as per the last financial statements	2.50	2.50
Closing balance	**2.50**	**2.50**
Warrants subscription money [Refer note 16(b)]		
Balance as per the last financial statements	13.00	13.00
Closing balance	**13.00**	**13.00**
Closing balance	**15.50**	**15.50**
Securities premium [Refer note 16(c)]		
Balance as per the last financial statements	6,930.89	6,930.89
Closing balance	**6,930.89**	**6,930.89**
General reserve [Refer note 16(d)]		
Balance as per the last financial statements	3,230.48	3,230.48
Closing balance	**3,230.48**	**3,230.48**
Retained earnings in the statement of profit and loss [Refer note 16(e)]		
Balance as per the last financial statements	55,238.50	45,956.35
Add:		
- Net profit for the year	10,454.74	10,778.03
- Items of OCI:		
Re-measurement of defined benefit obligations	46.24	133.68
Less:		
- Final equity dividend of previous year	2,560.74	931.18
- Interim equity dividend for current financial year	698.38	698.38
Closing balance	**62,480.36**	**55,238.50**
Cash flow hedge reserve [Refer note 2.2(r)]		
Balance as per the last financial statements	2,814.56	2,052.32
Add: Arising during the year	(542.81)	1,772.42
Less: Adjusted during the year	1,027.91	1,010.18
Closing balance	**1,243.84**	**2,814.56**
Equity instruments through other comprehensive income		
Balance as per the last financial statements	1,936.55	369.46
Add: Arising during the year	231.10	1,567.09
Closing balance	**2,167.65**	**1,936.55**
Closing balance	**76,068.72**	**70,166.48**

Notes to Financial Statements

for the year ended March 31, 2023

16. Other equity (contd.)

(a) Special capital incentive:

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

(b) Warrants subscription money:

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

(c) Securities premium:

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

(d) General reserve:

General reserve is created by way of transfer from profits for the year.

(e) Retained earnings:

Retained earnings in the statement of profit and loss represents the balanced undistributed profits of the Company as on the balance sheet date.

17. Distribution made and proposed to be made

In ₹ Million

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

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at year end.

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

Notes to Financial Statements

for the year ended March 31, 2023

18. Borrowings

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current borrowings		
- Debentures		
5.97% Rated Unsecured Non-Convertible Debentures **[Refer Note 18 (a)(i)]**	3,981.20	4,969.27
5.80% Rated Unsecured Non-Convertible Debentures **[Refer Note 18(a)(ii)]**	1,995.44	-
- Term loans from banks		
Foreign currency term loans (unsecured)		
On syndication basis **[Refer note 18(a)]**	-	909.57
On bilateral basis **[Refer note 18(a)]**	4,055.14	7,127.68
Rupee loans term loan (Unsecured)		
On bilateral basis **[Refer note 18(b)]**	2,000.00	-
Total	**12,031.78**	**13,006.52**
Current borrowings		
- Debentures		
5.97% Rated Unsecured Non-Convertible Debentures **[Refer Note 18 (a)(i)]**	999.22	-
- Current maturity of term loans from banks		
Foreign currency term loans (unsecured)		
On syndication basis **[Refer note 18(a)]**	986.31	682.18
On bilateral basis **[Refer note 18(a)]**	3,605.53	4,087.71
- Current maturity of other loans (secured)		
- From banks		
Foreign currency loans		
Preshipment credit (secured) **[Refer note 18(c)]**	5,190.78	4,606.28
Bill discounting with banks (secured) **[Refer note 18(d)]**	13,696.56	12,461.28
Bill discounting with banks (unsecured) **[Refer note 18(d)]**	6,439.44	3,795.61
Rupee loans		
Preshipment credit (secured) **[Refer note 18(c)]**	200.00	-
Preshipment credit (unsecured) **[Refer note 18(c)]**	600.00	-
Bill discounting with banks (unsecured) **[Refer note 18(d)]**	259.53	352.31
Interest accrued but not due on borrowings	347.10	-
Total	**32,324.47**	**25,985.37**
Total secured loans	19,087.34	17,067.56
Total unsecured loans	25,268.91	21,924.33
	44,356.25	**38,991.89**

Notes to Financial Statements

for the year ended March 31, 2023

18. Borrowings (contd.)

Changes in liabilities arising from financing activities *

In ₹ Million

Particulars	Current borrowings	Non-current borrowings
Balance as on April 1, 2021	**18,508.05**	**17,609.25**
Net cash flows	3,433.39	(6.70)
Foreign exchange differences	(684.06)	112.02
Regroup from non-current to current	4,741.51	(4741.51)
Others	(13.52)	33.46
Balance as on March 31, 2022	**25,985.37**	**13,006.52**
Net cash flows	(589.94)	4,000.00
Foreign exchange differences	1,298.06	289.04
Regroup from non-current to current	5,278.14	(5,278.14)
Others	352.84	14.36
Balance as on March 31, 2023	**32,324.47**	**12,031.78**

* For details relating to lease liabilities **refer note 35(a)**.

(a) Foreign currency term loans

Foreign currency term loans on syndicated and bilateral basis (Unsecured)

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

Date of repayment	Repayment schedule			
	As at March 31, 2023		As at March 31, 2022	
	USD in Million	In ₹ Million	USD in Million	In ₹ Million
From				
- August 2021 (Yearly installment over 3 years)	12.00	986.31	21.00	1,591.75
- October 2021 (Yearly installment over 3 years)	20.00	1,643.85	35.00	2,652.91
- December 2022 (18 months installment over 4.5 years)	32.00	2,630.16	40.00	3,031.90
	EUR in Million	In ₹ Million	EUR in Million	In ₹ Million
- August 2020 (Yearly installment over 3 years)	-	-	8.00	673.68
- May 2022 (Yearly installment over 3 years)	28.00	2,505.58	40.00	3,368.40
- February 2020 (Yearly installment over 5 years)	10.00	894.85	18.00	1,515.78
Total		**8,660.75**		**12,834.42**

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

18. Borrowings (contd.)

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

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

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

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

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

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

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

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

(b) Rupee Term Loan (unsecured)

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

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

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

18. Borrowings (contd.)

(c) Preshipment credit

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

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

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

(d) Bill discounting with banks

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

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

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

(e) Loans availed for a specific purpose and their utilisation for the specified purpose:

During the year ended March 31, 2023, the Company has availed an unsecured term loan and issued listed, rated, unsecured, redeemable, non-convertible debentures on a private placement basis. Proceeds from this term loan and debentures have been utilised for the intended purpose.

(f) Working capital facilities and statements filed with bank

The Company has availed working capital facilities from banks in the form of packing credit, bill discounting and cash credit. The Company has filed quarterly statements with banks with regard to the securities provided against such working capital facilities on a periodic basis. The statements filed by the respective company's are in agreement with the books of accounts of the Company.

The Company has been sanctioned a fund-based limit of ₹ 34,080 million and a non-fund based limit of ₹ 7,250 million in respect of working capital facilities by its bankers as at March 31, 2023 and March 31, 2022.

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

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

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

Notes to Financial Statements

for the year ended March 31, 2023

19. Other financial liabilities

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Other non-current financial liabilities		
Voluntary retirement scheme compensation (at amortised cost)	273.12	227.31
Security deposits	117.97	20.34
Total	**391.09**	**247.65**
Other current financial liabilities at amortised cost		
Interest accrued but not due on borrowings	-	203.12
Payables for capital goods	260.27	301.16
Security deposits	81.10	226.87
Directors commission	7.00	6.95
Investor Education and Protection Fund (as and when due) #		
- Unpaid dividend	38.00	35.14
- Unpaid matured deposits	0.04	0.04
Voluntary retirement scheme compensation	239.68	175.40
Total	**626.09**	**948.68**

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

19(a). Derivative instruments

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	146.08	-
Total	**146.08**	**-**
Current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	41.80	-
Total	**41.80**	**-**

Notes to Financial Statements

for the year ended March 31, 2023

19. Other financial liabilities (contd.)

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

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

20. Provisions

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Non-current		
Provision for gratuity **[Refer note 37(a)]**	68.44	113.92
Provision for special gratuity **[Refer note 37(b)]**	148.05	169.57
Provision for employees' provident fund **[Refer note 37(c)]**	3.78	29.58
Total	**220.27**	**313.07**
Current		
Provision for gratuity **[Refer note 37(a)]**	110.00	110.00
Provision for special gratuity **[Refer note 37(b)]**	19.47	11.33
Provision for leave benefits	340.73	344.39
Total	**470.20**	**465.72**

21. Income and deferred taxes

The major components of income tax expense for the years ended March 31, 2023 and March 31, 2022 are:

Statement of profit and loss:

Profit and loss section

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current income tax:		
Current income tax charge	3,759.26	3,328.22
Deferred tax:		
Relating to origination and reversal of temporary differences	(386.53)	(146.82)
Income tax expense reported in the statement of profit and loss	**3,372.73**	**3,181.40**

Notes to Financial Statements

for the year ended March 31, 2023

21. Income and deferred taxes (contd.)

OCI section

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Deferred tax related to items recognised in OCI:		
Net Gain/(Loss) on revaluation of cash flow hedges	(528.27)	245.85
Net Gain/(Loss) on re-measurement of defined benefit plans	27.04	443.09
Net Gain/(Loss) on FVTOCI equity securities	-	-
Income tax charged to OCI	**(501.23)**	**688.94**

Reconciliation of tax expense and the accounting profit multiplied by the applicable tax rate for the year ended March 31, 2023 and March 31, 2022

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Accounting profit before tax from operations	13,827.47	13,959.43
Applicable income tax rate of 25.168% (March 31, 2022: 25.168%)	3,480.10	3,513.31
Exceptional items	(10.07)	(224.00)
Other disallowances	1.44	43.87
Adjustment in respect of reversal of income tax expense of earlier years	(98.74)	(151.78)
At the effective income tax rate of 24.46% (March 31, 2022: 22.79%)	**3,372.73**	**3,181.40**
Income tax expense reported in the statement of profit and loss	**3,372.73**	**3,181.40**

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

Deferred tax liability (net)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Deferred tax relates to the following:		
Property, plant and equipment and intangible assets	1,801.81	1,963.37
Fair valuation of cash flow hedges	418.34	946.61
Fair valuation of FVTOCI equity securities	446.12	434.64
Temporary differences in accounting treatment as required by Income tax standards	(666.15)	(456.74)
Net deferred tax liabilities	**2,000.12**	**2,887.88**

Notes to Financial Statements

for the year ended March 31, 2023

21. Income and deferred taxes (contd.)

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

Deferred tax expense/(income)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Deferred tax relates to the following:		
Property, plant and equipment and intangible assets	(161.56)	(48.75)
Temporary differences in accounting treatment as required by Income tax standards	(224.97)	(98.07)
Deferred tax expense	**(386.53)**	**(146.82)**

Reflected in the balance sheet as follows

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Deferred tax assets	(1,649.46)	(1,254.24)
Deferred tax liabilities	3,649.58	4,142.12
Deferred tax liabilities (net)	**2,000.12**	**2,887.88**

Reconciliation of deferred tax liabilities (net)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Opening balance	2,887.88	2,345.76
Tax expense/(income) during the period recognised in profit or loss	(386.53)	(146.82)
Tax expense/(income) during the period recognised in OCI	(501.23)	688.94
Closing balance	**2,000.12**	**2,887.88**

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

22. Trade payables

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Trade payables		
Dues to micro enterprises and small enterprises **[Refer note 43]**	63.70	69.06
Dues to other than micro enterprises and small enterprises (including related parties payables)	12,063.04	9,600.81
Total	**12,126.74**	**9,669.87**

Notes to Financial Statements

for the year ended March 31, 2023

22. Trade payables (contd.)

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are generally settled on 60 to 90 days terms.
- Other payables (under note 19 and 23) are non-interest bearing and have an average term of 90 days
- For terms and conditions with related parties, refer note 39.

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

For the Company's credit risk management processes, refer note 53.

Trade payables ageing schedule

As at March 31, 2023

In ₹ Million

Particulars	Outstanding for following periods from due date of payment						
	Unbilled*	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises (Undisputed)	-	57.53	6.17	-	-	-	63.70
Total outstanding dues of creditors other than micro enterprises and small enterprises (Undisputed)	2,308.97	7,362.26	1,942.56	160.76	125.72	162.77	12,063.04
Total outstanding dues of micro enterprises and small enterprises (Disputed)	-	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises (Disputed)	-	-	-	-	-	-	-
Total	**2,308.97**	**7,419.79**	**1,948.73**	**160.76**	**125.72**	**162.77**	**12,126.74**

* Unbilled represents accrual for expenses

Notes to Financial Statements

for the year ended March 31, 2023

22. Trade payables (contd.)

As at March 31, 2022

In ₹ Million

Particulars	Outstanding for following periods from due date of payment						
	Unbilled*	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises (Undisputed)	-	63.77	5.29	-	-	-	69.06
Total outstanding dues of creditors other than micro enterprises and small enterprises (Undisputed)	2,166.47	5,384.98	1,651.44	157.68	109.64	130.60	9,600.81
Total outstanding dues of micro enterprises and small enterprises (Disputed)	-	-	-	-	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises (Disputed)	-	-	-	-	-	-	-
Total	**2,166.47**	**5,448.75**	**1,656.73**	**157.68**	**109.64**	**130.60**	**9,669.87**

* Unbilled represents accrual for expenses

23. Other liabilities

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Current		
Contract liabilities (advances from customers) $	561.26	920.27
Employee contributions and recoveries payable	109.83	93.05
Statutory dues payable including tax deducted at source #	122.13	166.70
Others*	11.22	10.77
Total	**804.44**	**1,190.79**

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

Includes payable with respect to Goods and Services Tax, Local Body Tax, Gram Panchayat Tax, Withholding taxes, provident fund etc.

* Others includes rent received in advance and miscellaneous liabilities.

Notes to Financial Statements

for the year ended March 31, 2023

Break up of the financial liabilities at amortised cost

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Borrowings [Refer note 18]	44,356.25	38,991.89
Lease liabilities [Refer note 35]	3,460.47	2,248.67
Other financial liabilities [Refer note 19]	1,017.18	1,196.33
Trade payables [Refer note 22]	12,126.74	9,669.87
Total financial liabilities carried at amortised cost	**60,960.64**	**52,106.76**

24. Revenue from operations

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Sale of products		
- Sale of goods	70,858.72	58,488.03
- Tooling income	308.33	154.57
Total sale of products	**71,167.05**	**58,642.60**
Sale of services		
- Job work charges	316.72	246.42
Other operating revenues		
- Manufacturing scrap	3,159.22	2,755.01
- Government grants - export incentives [Refer note 10]	1,039.00	847.23
- Sale of electricity/REC - Windmills	45.13	54.86
Total	**75,727.12**	**62,546.12**
- Within India	31,224.37	25,925.47
- Outside India	44,502.75	36,620.65
Total Revenue from operations	**75,727.12**	**62,546.12**

* Sale of goods includes F.O.B. value of export of ₹ 44,386.31 million (March 31, 2022: ₹ 36,265.37 million).

Set out below is the amount of revenue recognised from

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Amounts included in contract liabilities at the beginning of the year	687.93	229.37
Performance obligations satisfied in previous year	-	-

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

Notes to Financial Statements

for the year ended March 31, 2023

24. Revenue from operations (contd.)

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

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Sale of products	71,167.05	58,642.60
Sale of services	316.72	246.42
Manufacturing scrap	3,159.22	2,755.01
Revenue from contract with customers	**74,642.99**	**61,644.03**
Add/(less): Adjustments (sales returns, discounts, etc.)	(774.01)	(777.84)
Revenue as per contracted price	**73,868.98**	**60,866.19**

25. Other income

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Dividend income from investments	4.78	4.41
Dividend income from subsidiary company	-	94.50
Net (loss)/gain on fair valuation of financial instruments (FVTPL)	(704.76)	(129.10)
Net gain on sale of financial instruments	1,363.28	900.37
Government grants*	28.93	22.73
Liabilities/provisions no longer required written back	8.35	78.57
Interest Income on assets measured at amortised cost:		
- Fixed deposits and others**	268.17	194.95
- Loans to subsidiaries/associates	181.32	25.45
Rent **(Refer note 35(b))**	64.13	21.08
Gain on sale/discard of property, plant and equipment (net)	45.64	288.78
Miscellaneous income	245.12	173.28
Total	**1,504.96**	**1,675.02**

* Includes government grant on pre-shipment credit and bill discounting where the Company has availed the benefit of interest equalisation scheme of the Reserve Bank of India. Interest on borrowings is accounted for on gross basis in note 29. There are no unfulfilled conditions or contingencies attached to these grants.

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

26. Cost of raw materials and components consumed

In ₹ Million

Particulars		Year ended March 31, 2023	Year ended March 31, 2022
Inventory at the beginning of the year [Refer note 11]		3,810.45	2,391.76
Add: Purchases		34,427.24	27,891.39
Less: Inventory as at end of the year [Refer note 11]		4,731.10	3,810.45
Cost of raw materials and components consumed	**Total**	**33,506.59**	**26,472.70**

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

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

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Inventories at the end of the year [Refer note 11]		
Work-in-progress [includes items lying with third parties]	4,383.56	3,935.29
Finished goods [includes items lying with third parties and items in transit]	2,246.01	2,122.80
Dies and dies under fabrication	216.59	166.88
Scrap	130.68	78.74
	6,976.84	**6,303.71**
Inventories at the beginning of the year [Refer note 11]		
Work-in-progress [includes items lying with third parties]	3,935.29	3,711.96
Finished goods [includes items lying with third parties and items in transit]	2,122.80	1,469.05
Dies and dies under fabrication	166.88	145.73
Scrap	78.74	30.24
	6,303.71	**5,356.98**
Total	**(673.13)**	**(946.73)**

28. Employee benefits expense

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Salaries, wages and bonus (including managing and whole time director's remuneration)	4,683.64	4,298.42
Contributions to provident and other funds/scheme #	202.52	201.63
Gratuity expense **[Refer note 37(a)]**	78.24	80.17
Special gratuity expense **[Refer note 37(b)]**	3.38	20.87
Staff welfare expenses	462.28	456.76
Total	**5,430.06**	**5,057.85**

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

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

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

29. Finance costs

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest on bank facilities under amortised cost method	1,657.69	666.77
Exchange differences regarded as an adjustment to borrowing costs *	250.03	181.75
Interest on lease liabilities **[Refer note 35]**	220.32	195.86
Others #	(1.15)	28.63
Total	**2,126.89**	**1,073.01**

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

Others includes net interest expense on defined benefit plans **[Refer note 37]** etc.

30. Depreciation and amortisation expense

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation on property, plant and equipment **[Refer note 3]**	3,999.14	3,879.51
Amortisation on intangible assets **[Refer note 5]**	66.37	74.55
Depreciation on right-of-use assets **[Refer note 35]**	194.06	163.85
Total	**4,259.57**	**4,117.91**

31. Other expenses

In ₹ Million

Particulars		Year ended March 31, 2023	Year ended March 31, 2022
Consumption of stores, spares and tools		3,523.89	3,035.61
Machining/subcontracting charges		2,270.08	2,033.40
Power, fuel and water	4,837.82		3,541.57
Less: Credit for energy generated	64.69		62.33
		4,773.13	**3,479.24**
Repairs and maintenance			
- Building repairs and road maintenance		130.81	92.14
- Plant and machinery		632.28	572.31
Contract labour charges		840.84	718.77
Rent **[Refer note 35]**		11.23	23.58
Rates and taxes		52.81	46.33
Insurance		114.42	124.36
CSR expenditure **[Refer note 45]**		160.50	169.36

Notes to Financial Statements

for the year ended March 31, 2023

31. Other expenses (contd.)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Legal and professional fees	1,054.41	884.99
Commission	7.50	3.15
Donations	1.25	28.28
Packing material	1,127.62	1,015.55
Freight forwarding charges	1,211.93	1,276.38
Directors' fees and travelling expenses	5.36	3.38
Commission to directors other than managing and whole time directors	7.00	6.95
Provision for doubtful debts and advances (including expected credit losses)	61.78	50.00
Bad debts/advances written off	5.27	0.08
Exchange difference (net) *	167.98	(352.81)
Payment to auditors **[Refer note 31(a)]**	25.74	21.54
Miscellaneous expenses **	2,166.67	1,572.41
Total	**18,352.50**	**14,805.00**

* Includes MTM (gain)/loss on derivatives amounting to ₹ 8.08 million (March 31, 2022: ₹ (89.21) million) and foreign exchange (gain)/loss amounting to ₹ 167.04 million (March 31, 2022: ₹ (38.94) million) on account of differential reinstatement of foreign exchange loans. It also includes credit valuation adjustment on derivative contracts of ₹ (9.15) million (March 31, 2022: ₹ 6.36)

** Miscellaneous expenses include travelling expenses, printing, stationery, postage, telephone, etc.

(a) Payment to auditors

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
As auditor:		
- Audit fee	12.46	12.23
- Limited review*	7.88	5.60
- Others (including certification fees)*	4.27	3.35
Reimbursement of expenses*	1.13	0.36
Total	**25.74**	**21.54**

* Includes expenditure of ₹ 5.52 million related to erstwhile auditors

Notes to Financial Statements

for the year ended March 31, 2023

31. Other expenses (contd.)

(b) Capitalisation of expenditure

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

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest on bank facilities	24.53	16.96
Salaries, wages and bonus	27.20	26.40
Consumption of stores and spares and loose tools	2.83	1.29
Others	3.10	6.28
Total	**57.66**	**50.93**

(c) Expenditure on research and development

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Cost of raw materials and components consumed	6.48	9.80
Employee benefits expenses	332.07	310.31
Other expenses	243.17	257.88
Total	**581.72**	**577.99**

32. Exceptional items

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Voluntary retirement scheme compensation **[Refer note 32(a)]**	(442.12)	(739.56)
Gain on fair valuation (on loss of significant influence and reversal of impairment of Tevva Motors Jersey Ltd.) **[(Refer note 32(b)]**	-	1,057.59
Gain on transfer of Shares of Analogic to KSSL **[(Refer note 32(c)]**	42.81	-
Loss on transfer of Shares of Aeron to KSSL **[(Refer note 32(d)]**	(2.82)	-
Total	**(402.13)**	**318.03**

(a) Voluntary retirement scheme compensation

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

During the previous year, the Company had announced Voluntary Retirement Schemes (VRS) on June 4, 2021, October 22, 2021, December 30, 2021 and January 17, 2022 for its permanent eligible employees who

Notes to Financial Statements

for the year ended March 31, 2023

32. Exceptional items (contd.)

(a) Voluntary retirement scheme compensation (contd.)

had attained 40 years of age and had completed 10 years of service with the Company. The amount of expenditure under these schemes was disclosed as an exceptional item.

(b) Reversal of impairment and gain on the fair valuation on the loss of significant influence in Tevva Motors (Jersey) Ltd.

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

The Company's equity investment in Tevva Motors (Jersey) Limited was earlier impaired in the financial year that ended March 31, 2020. With the global EV markets gaining traction and setting higher valuation benchmarks, reversal of impairment and gain on the fair valuation on the loss of significant influence as an associate of ₹ 1,057.59 million was recorded as a part of "Exceptional items" for the year ended March 31, 2022.

(c) Gain on transfer of shares of Analogic Controls India Limited to Kalyani Strategic Systems Limited

During the year, the Company has transferred shares of its subsidiary Analogic Controls India Limited to its other subsidiary, Kalyani Strategic Systems Limited. The Company has recognised a surplus on the transfer of this investment and the resultant reversal of impairment provision amounting to ₹ 42.81 million as an exceptional item.

(d) Loss on transfer of shares of Aeron Systems Private Limited to Kalyani Strategic Systems Limited

During the year, the Company has transferred shares of its associate Aeron Systems Private Limited to Kalyani Strategic Systems Limited at its fair value. Loss on the transfer of shares has been recorded as an exceptional item.

33. Components of Other Comprehensive Income (OCI)

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

In ₹ Million

During the year ended March 31, 2023	Cash flow hedge reserve	FVTOCI reserve	Foreign currency monetary items translation difference account	Retained earnings	Income tax/ Deferred tax effect	Total
Currency forward contracts	(725.37)	-	-	-	182.56	(542.81)
Reclassified to statement of (profit) or loss	(1,373.62)	-	-	-	345.71	(1,027.91)
Gain/(loss) on FVTOCI financial assets	-	242.59	-	-	(11.49)	231.10
Re-measurement gains/(losses) on defined benefit plans	-	-	-	61.79	(15.55)	46.24
Total	**(2,098.99)**	**242.59**	**-**	**61.79**	**501.23**	**(1,293.38)**

Notes to Financial Statements

for the year ended March 31, 2023

33. Components of Other Comprehensive Income (OCI) (contd.)

In ₹ Million

During the year ended March 31, 2022	Cash flow hedge reserve	FVTOCI reserve	Foreign currency monetary items translation difference account	Retained earnings	Income tax/ Deferred tax effect	Total
Foreign exchange revaluation differences	-	-	-	-	-	-
Currency forward contracts	2,358.02	-	-	-	(585.60)	1,772.42
Reclassified to statement of (profit) or loss	(1,349.93)	-	-	-	339.75	(1,010.18)
Gain/(Loss) on FVTOCI financial assets	-	1,965.22	-	-	(398.13)	1,567.09
Re-measurement gains/(losses) on defined benefit plans	-	-	-	178.64	(44.96)	133.68
Total	**1,008.09**	**1,965.22**	**-**	**178.64**	**(688.94)**	**2,463.01**

34. Earnings per equity share (EPS)

In ₹ Million

Particulars		As at March 31, 2023	As at March 31, 2022
Numerator for basic and diluted EPS			
Net profit after tax attributable to shareholders (in ₹ million)	(A)	10,454.74	10,778.03
Denominator for basic EPS			
Weighted average number of equity shares for basic EPS	(B)	465,588,632	465,588,632
Denominator for diluted EPS			
Weighted average number of equity shares for diluted EPS	(C)	465,588,632	465,588,632
Basic earnings per share of face value of ₹ 2/- each (in ₹)	(A/B)	22.45	23.15
Diluted earnings per share of face value of ₹ 2/- each (in ₹)	(A/C)	22.45	23.15

35. Leases

(a) Company as lessee

The Company has lease contracts for solar plant and various items of building and leasehold land, etc. used in its operations. These leases generally have lease terms between 2 and 18 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further mentioned below:

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

Notes to Financial Statements

for the year ended March 31, 2023

35. Leases (contd.)

(a) Company as lessee (contd.)

Below are the carrying amounts of right-of-use assets recognised and the movements during the year:

In ₹ Million

Particulars	Leasehold land	Plant & Machinery	Buildings	Total
As at April 01, 2021	**66.07**	**1,575.35**	**396.48**	**2,037.90**
Additions	-	240.37	71.38	311.75
Depreciation	(0.79)	(125.87)	(37.19)	(163.85)
As at March 31, 2022	**65.28**	**1,689.85**	**430.67**	**2,185.80**
Additions	-	1,380.75	0.61	1,381.36
Disposals	-	-	(44.75)	(44.75)
Depreciation	(0.79)	(147.58)	(45.69)	(194.06)
As at March 31, 2023	**64.49**	**2,923.02**	**340.84**	**3,328.35**

Below are the carrying amounts of lease liabilities and the movements during the year:

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Opening Balance	**2,248.67**	**2,018.05**
Additions	1,381.36	311.75
Disposals	(55.32)	-
Accretion of Interest	220.32	195.86
Payments	(334.55)	(276.99)
Closing Balance	**3,460.48**	**2,248.67**
Current	151.26	96.46
Non Current	3,309.21	2,152.21

The maturity analysis of lease liabilities are disclosed in Note 53.

The effective interest rate for lease liabilities is between 8.40% and 9.35% p.a. (March 31, 2022: 8.40% to 9.35% p.a.)

The following are the amounts recognised in the statement of profit and loss:

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation expense of right-of-use assets	194.06	163.85
Interest expense on lease liabilities	220.32	195.86
Expenses relating to short-term leases and low value leases (included in other expenses)	11.23	23.58
Total amount recognised in profit or loss	**425.61**	**383.29**

Notes to Financial Statements

for the year ended March 31, 2023

35. Leases (contd.)

(a) Company as lessee (contd.)

The Company had total cash outflows for leases of ₹ 334.55 million (March 31, 2022: ₹ 276.99 million). The Company also had non-cash additions to right-of-use assets and lease liabilities of ₹ 1,381.36 million (March 31, 2022: 311.75 million) and ₹ 1,381.36 million (March 31, 2022: ₹ 311.75 million) respectively.

The Company has several lease contracts that include extension and termination options. These options are negotiated by the management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. The management exercises judgment in determining whether the extension and termination options are reasonably certain to be exercised. Refer note 52.

Below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

In ₹ Million

Particulars	Within five years	More than five years	Total
Year ended March 31, 2023			
Extension options expected not to be exercised	-	-	-
Termination options expected to be exercised	-	-	-
Obligations under leases not yet commenced	-	-	-
Year ended March 31, 2022			
Extension options expected not to be exercised	-	-	-
Termination options expected to be exercised	-	-	-
Obligations under leases not yet commenced	764.60	1,737.73	2,502.33

(b) Company as lessor

The Company has entered into agreements/arrangement in the nature of lease/sub-lease agreement with different lessees for the purpose of land and building. These are generally in the nature of operating leases. Period of agreements/arrangement are generally for three years to twenty five years and cancellable with a notice of thirty days to six months and renewal at the options of the lessee/lessor.

Future minimum rentals receivable under operating leases are as follows:

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Within one year	73.36	14.37
After one year but not more than five years	232.23	11.73
More than five years	68.71	-
Total	**374.30**	**26.10**

36. Segment information

In accordance with paragraph 4 of notified Ind AS 108 "Operating segments", the Company has disclosed segment information only on the basis of the consolidated financial statements.

Notes to Financial Statements

for the year ended March 31, 2023

37. Gratuity and other post-employment benefit plans

(a) Gratuity plan

Funded scheme

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

Risk exposure and asset-liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as the company take on uncertain long term obligations to make future benefit payments.

1) Liability risks

a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is succesfully neutralises valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may appear minor, but they can have a significant impact on the defined benefit liabilities.

c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities, especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset risks

All plan assets are managed by the trust and are invested in various funds (majorly LIC of India). LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Company has no control over the management of funds and this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured and also interest rate and inflation risk are taken care of.

The following table summarises the components of a net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plans.

Notes to Financial Statements

for the year ended March 31, 2023

37. Gratuity and other post-employment benefit plans (contd.)

(a) Gratuity plan (contd.)

The principal assumptions used in determining gratuity for the Company's plan are shown below:

Particulars	As at March 31, 2023	As at March 31, 2022
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	7.50%	7.20%
Expected rate of return on plan assets	7.20%	6.90%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)*	11.00*	11.14*
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	5.00%	5.00%
Age 31 - 40 years	5.00%	5.00%
Age 41 - 50 years	5.00%	5.00%
Age above 50 years	5.00%	5.00%

* It is an actuarially calculated term of the liability using probabilities of death withdrawal and retirement.

Changes in the present value of the defined benefit obligation recognised in the balance sheet are as follows:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of obligation as at the beginning of the period	1,216.31	1,214.15
Interest expense	85.92	79.52
Current service cost	78.25	80.17
Benefits paid	(45.90)	(123.65)
Remeasurements on obligation [actuarial (gain)/loss]	(20.07)	(33.88)
Closing defined benefit obligation	**1,314.51**	**1,216.31**

Changes in the fair value of plan assets recognised in the balance sheet are as follows:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Opening fair value of plan assets	992.39	932.52
Interest income	73.77	63.87
Contributions	110.28	110.00
Benefits paid	(45.90)	(123.65)
Remeasurements- Return on plan assets, excluding the amount included in Interest Income	5.53	9.65
Closing fair value of plan assets	**1,136.07**	**992.39**

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

37. Gratuity and other post-employment benefit plans (contd.)
(a) Gratuity plan (contd.)

Net interest expense/(income)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest expense on defined benefit obligation	85.92	79.51
Interest (income) on plan assets	(73.77)	(63.87)
Net interest expense for the period	**12.15**	**15.64**

Remeasurements for the period [actuarial (gain)/loss]

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Experience (gain)/loss on plan liabilities	9.76	(4.42)
Demographic (gain) on plan liabilities	-	-
Financial (gain)/loss on plan liabilities	(29.83)	(29.46)
Experience (gain)/loss on plan assets	(2.46)	(8.73)
Financial (gain)/loss on plan assets	(3.07)	(0.92)

Amount recognised in the statement of other comprehensive income (OCI)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Remeasurement (gain)/loss for the period on defined benefit obligation		
(Gain)/loss on plan liabilities due to experience assumptions	9.76	(4.42)
(Gain)/loss on plan liabilities due to demographic assumptions	-	-
(Gain)/loss on plan liabilities due to financial assumptions	(29.83)	(29.46)
Remeasurement (gain)/loss for the period on plan asset		
(Gain)/loss on plan assets due to experience assumptions	(2.46)	(8.73)
(Gain)/loss on plan assets due to demographic assumptions	-	-
(Gain)/loss on plan assets due to financial assumptions	(3.07)	(0.92)
Total remeasurement cost for the period recognised in OCI	**(25.60)**	**(43.53)**

The amounts to be recognised in the balance sheet

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of obligation	(1,314.51)	(1,216.31)
Fair value of plan assets	1,136.07	992.39
Net asset/(liability) to be recognised in the balance sheet	**(178.44)**	**(223.92)**

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

37. Gratuity and other post-employment benefit plans (contd.)
(a) Gratuity plan (contd.)

Expenses recognised in the statement of profit and loss

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current service cost **(refer note 28)**	78.25	80.17
Net interest expense **(refer note 29)**	12.15	15.64
Net periodic benefit cost recognised in the statement of profit and loss	**90.40**	**95.81**

Reconciliation of net asset/(liability) recognised:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Net asset/(liability) recognised at the beginning of the period	(223.92)	(281.64)
Company's contributions	110.28	110.00
Expense recognised for the year	(90.40)	(95.81)
Amount recognised in OCI	25.60	43.53
Net asset/(liability) recognised at the end of the period	**(178.44)**	**(223.92)**

The Company expects to contribute ₹ 110.00 million to the gratuity fund in the next year (March 31, 2022: ₹ 110.00 million)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	As at March 31, 2023	As at March 31, 2022
Funds managed by insurer	100.00%	100.00%

Sensitivity analysis:

A) Impact of change in discount rate when base assumption is decreased/increased on defined benefit obligations

In ₹ Million

Discount rate	As at March 31, 2023	As at March 31, 2022
Decrease by 1%	1,418.46	1,317.80
Increase by 1%	1,222.90	1,124.69

B) Impact of change in rate of increase in compensation levels on defined benefit obligation

In ₹ Million

Rate of increase in compensation levels	As at March 31, 2023	As at March 31, 2022
Decrease by 1%	1,231.55	1,133.28
Increase by 1%	1,406.45	1,305.84

Notes to Financial Statements

for the year ended March 31, 2023

37. Gratuity and other post-employment benefit plans (contd.)

(a) Gratuity plan (contd.)

C) Impact of change in the withdrawal rate when the base assumption is decreased/increased on defined benefit obligation

In ₹ Million

Withdrawal rate	As at March 31, 2023	As at March 31, 2022
Decrease by 1%	1,317.48	1,220.31
Increase by 1%	1,312.46	1,209.82

The estimates of future compensation level increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following are the expected benefit payments to the defined benefit plan in future years:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Within one year	257.97	195.45
After one year but not more than five years	408.15	370.72
After five years but not more than ten years	654.88	625.00

Weighted average duration of the defined benefit plan obligation (based on discounted cash flows using mortality, withdrawal and interest rate) is 10.59 years (March 31, 2022: 10.83 years).

(b) Special gratuity

The Company has a defined benefit special gratuity plan. Under the gratuity plan, every eligible employee who has completed ten years of service gets an additional gratuity on departure which will be salary of specified months based on the last drawn basic salary. The scheme is unfunded.

1) Liability risks

a) **Asset-liability mismatch risk**

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully neutralises valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b) **Discount rate risk**

Variations in the discount rate used to compute the present value of the liabilities may appear minor, but they can have a significant impact on the defined benefit liabilities.

c) **Future salary escalation and inflation risk**

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting

Notes to Financial Statements

for the year ended March 31, 2023

37. Gratuity and other post-employment benefit plans (contd.)

(b) Special gratuity (contd.)

in a higher present value of liabilities, especially unexpected salary increases provided at the management's discretion may lead to uncertainties in estimating this increasing risk.

2) Unfunded plan risk

This represents unmanaged risks and a growing liability. There is an inherent risk here that the Company may default on paying the benefits in adverse circumstances. Funding the plan removes volatility in the Company's financial statements and also benefit risk through return on the funds made available for the plan.

The principal assumptions used in determining special gratuity for the Company's plan are shown below:

Particulars	As at March 31, 2023	As at March 31, 2022
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	7.50%	7.20%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)*	11.82*	11.70*
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	5.00%	5.00%
Age 31 - 44 years	5.00%	5.00%
Age 45 - 50 years	5.00%	5.00%
Age above 50 years	5.00%	5.00%

* It is the actuarially calculated term of the liability using probabilities of death, withdrawal and retirement.

Changes in the present value of the defined benefit obligation recognised in the balance sheet are as follows:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of obligation as at the beginning of the period	180.90	185.37
Interest expenses	12.58	12.54
Current service cost	3.38	20.87
Benefits paid	(12.23)	(7.24)
Remeasurements on obligation [actuarial (gain)/loss]	(17.11)	(30.64)
Closing defined benefit obligation	**167.52**	**180.90**

Net Interest Expense/(Income)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest expenses on defined benefit obligation	12.58	12.54
Net interest expense for the period	**12.58**	**12.54**

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

37. Gratuity and other post-employment benefit plans (contd.)

(b) Special gratuity (contd.)

Remeasurements for the period

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Experience (gain)/loss on plan liabilities	(11.87)	(24.73)
Demographic loss on plan liabilities	-	-
Financial (gain)/loss on plan liabilities	(5.24)	(5.91)

Amount recognised in statement of other comprehensive Income (OCI)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Remeasurement for the period-obligation (gain)/loss		
(Gain)/loss on plan liabilities due to experience assumptions	(11.87)	(24.73)
(Gain)/loss on plan liabilities due to demographic assumptions	-	-
(Gain)/loss on plan liabilities due to financial assumptions	(5.24)	(5.91)
Remeasurement for the period-Plan assets (gain)/loss		
(Gain)/loss on plan assets due to experience assumptions	-	-
(Gain)/loss on plan assets due to demographic assumptions	-	-
(Gain)/loss on plan assets due to financial assumptions	-	-
Total remeasurement (gain)/loss for the period recognised in OCI	**(17.11)**	**(30.64)**

The amounts to be recognised in the balance sheet

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of obligation as at the end of the period	(167.52)	(180.90)
Fair value of plan assets as at the end of the period	-	-
Net asset/(liability) to be recognised in the balance sheet	**(167.52)**	**(180.90)**

Expenses recognised in the statement of profit and loss

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current service cost **(Refer note 28)**	3.38	20.87
Past service cost	-	-
Net interest expense **(Refer note 29)**	12.58	12.54
Net periodic benefit cost recognised in the statement of profit and loss	**15.96**	**33.41**

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

37. Gratuity and other post-employment benefit plans (contd.)

(b) Special gratuity (contd.)

Reconciliation of net assets/(liabilities) recognised:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Net assets/(liabilities) recognised at the beginning of the period	(180.90)	(185.37)
Company's contributions	-	-
Benefits directly paid by the Company	12.23	7.24
Expense recognised for the year	(15.96)	(33.41)
Amount recognised in OCI	17.11	30.64
Net assets/(liabilities) recognised at the end of the period	**(167.52)**	**(180.90)**

The following are the expected benefit payments to the defined benefit plan in future years:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Within one year	19.47	11.33
After one year but not more than five years	48.68	59.12
After five years but not more than ten years	90.09	102.88

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 12.75 years (March 31, 2022: 12.46 years)

Sensitivity analysis:

A) Impact of change in discount rate when base assumption is decreased/increased on defined benefit obligation

In ₹ Million

Discount rate	As at March 31, 2023	As at March 31, 2022
Decrease by 1%	186.02	201.77
Increase by 1%	151.74	163.15

B) Impact of the change in the rate of increase in compensation levels on defined benefit obligation

In ₹ Million

Rate of increase in compensation levels	As at March 31, 2023	As at March 31, 2022
Decrease by 1%	152.88	164.49
Increase by 1%	184.29	199.74

Notes to Financial Statements

for the year ended March 31, 2023

37. Gratuity and other post-employment benefit plans (contd.)

(b) Special gratuity (contd.)

C) Impact of change in the withdrawal rate when base assumption is decreased/increased on defined benefit obligation

In ₹ Million

Withdrawal rate	As at March 31, 2023	As at March 31, 2022
Decrease by 1%	166.78	180.60
Increase by 1%	168.17	181.16

(c) Provident fund

In accordance with the law, all employees of the Company are entitled to receive benefits under the provident fund. The Company operates two plans for its employees to provide employee benefits in the nature of a provident fund, viz. defined contribution plan and defined benefit plan.

Under the defined contribution plan, the provident fund is contributed to the government administered provident fund. The Company has no obligation, other than the contribution payable to the provident fund **(Refer note 28)**

Under the defined benefit plan, the Company contributes to the "Bharat Forge Company Limited Staff Provident Fund Trust". The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The details of the defined benefit plan based on the actuarial valuation report are as follows:

1) Liability risks:

a) **Asset-liability mismatch risk**
Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company successfully neutralises valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b) **Discount rate risk**
Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

c) **Future salary escalation and inflation risk**
Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at the management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset risks:

All plan assets are managed by the trust and are invested in various funds (majorly LIC of India). LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Company has no control over the management of funds and this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured and also the interest rate and inflation risk are taken care of.

Notes to Financial Statements

for the year ended March 31, 2023

37. Gratuity and other post-employment benefit plans (contd.)

(c) Provident fund (contd.)

The principal assumptions used in determining provident fund liability/shortfall for the Company's plan are shown below:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	7.50%	7.20%
Interest rate declared by Employees' Provident Fund Organisation for the year	8.15%	8.10%
Yield spread	0.50%	0.50%
Expected rate of return on plan assets	7.20%	6.90%
Expected average remaining working lives of employees (in years)	11.10*	11.36*
Withdrawal rate		
Age upto 30 years	5.00%	5.00%
Age 31 - 40 years	5.00%	5.00%
Age 41 - 50 years	5.00%	5.00%
Age above 50 years	5.00%	5.00%

* It is an actuarially calculated term of the plan using probabilities of death, withdrawal and retirement.

Table showing changes in the present value of defined benefit obligations:

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of defined benefit obligation at the beginning of the period	3,460.44	3,261.33
Interest cost	242.93	219.22
Current service cost	95.47	105.95
Employee contribution	150.31	153.57
Benefits paid	(172.89)	(168.40)
Remeasurements on obligation [actuarial (gain)/ loss]	36.84	(111.23)
Present value of defined benefit obligation as at the end of the period	**3,813.10**	**3,460.44**

Notes to Financial Statements

for the year ended March 31, 2023

37. Gratuity and other post-employment benefit plans (contd.)

(c) Provident fund (contd.)

Table showing changes in the fair value of plan assets (surplus account)

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Fair value of plan assets as at the beginning of the period (surplus account)	3,430.86	3,141.33
Interest income	249.65	219.40
Employers contribution	95.47	91.72
Employee contribution	150.31	153.56
Benefits paid	(172.89)	(168.39)
Remeasurement-return on plan assets excluding amount included in interest income	55.92	(6.76)
The fair value of plan assets as at the end of the period (surplus account)	**3,809.32**	**3,430.86**

Net interest expense/(income)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest expense on defined benefit obligation	242.93	219.22
Interest (income) on plan assets	(249.65)	(219.40)
Net Interest Expense/(Income) for the period	**(6.72)**	**(0.18)**

The amounts to be recognised in the balance sheet:

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Present value of Provident fund liability as at end of the period	3,813.10	3,460.44
Fair value of the plan assets as at the end of the period (surplus account)	3,809.32	3,430.86
(Deficit)	**(3.78)**	**(29.58)**
Net (liability) recognised in the balance sheet	(3.78)	(29.58)

Amount recognised in statement of other comprehensive income (OCI):

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Remeasurement (gain)/loss for the period on defined benefit obligation	36.84	(111.23)
Remeasurement (gain)/loss fo the period on plan assets	(55.92)	6.76
Total remeasurement (gain)/loss for the period recognised in OCI	**(19.08)**	**(104.47)**

Notes to Financial Statements

for the year ended March 31, 2023

37. Gratuity and other post-employment benefit plans (contd.)

(c) Provident fund (contd.)

Expenses recognised in the statement of profit and loss:

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current service cost **(refer note 28)**	95.47	105.95
Net interest expense **(refer note 29)**	(6.72)	(0.18)
Net periodic benefit cost recognised in the statement of profit and loss	**88.75**	**105.77**

Sensitivity analysis:

A) Impact of change in the discount rate when the base assumption is decreased/increased by 50 basis points - the present value of the obligation

In ₹ Million

Discount rate	Year ended March 31, 2023	Year ended March 31, 2022
Decrease by 0.50%	3,877.73	3,519.09
Increase by 0.50%	3,784.05	3,405.09

B) Impact of change in the expected future interest rate on PF when the base assumption is decreased/increased by 50 basis points - the present value of obligation

In ₹ Million

PF interest rate	Year ended March 31, 2023	Year ended March 31, 2022
Decrease by 0.50%	3,784.05	3,403.99
Increase by 0.50%	3,875.31	3,516.89

38. Contingent liabilities

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Guarantees given by the Company's Bankers on behalf of the Company, against the sanctioned guarantee limit of ₹ 7,250 million (March 31, 2022: ₹ 7,250 million) for contracts undertaken by the Company and secured by extension of charge by way of joint hypothecation of stock-in-trade, stores and spares, book debts, etc.	3,151.26	3,372.64
Claim against the Company not acknowledged as Debts - to the extent ascertained **[(Refer note 38(a)]**	306.79	344.18
Excise/Service tax demands - matters under dispute* **[(Refer note 38(b)]**	141.27	130.10
Customs demands - matters under dispute* **[(Refer note 38(c)]**	50.97	50.97
Income tax demands - matters under dispute **[(Refer note 38(d)]**	54.92	54.92

* Excludes interest and penalty for the previous year

(a) The Company is contesting the demands raised pertaining to property tax. It also includes claims against the Company comprising of dues with respect to personnel claims (amount unascertainable), local taxes etc.

Notes to Financial Statements

for the year ended March 31, 2023

38. Contingent liabilities (contd.)

(b) Includes amount pertaining to incentives received under Government schemes, etc.

(c) Includes amount pertaining to classification differences of products, etc.

(d) Includes amount pertaining to matters relating to the applicability of TDS

The Company is contesting the demands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appellate process. No provision has been recognised in the financial statements for the tax demand raised. The management based on its internal assessment and the advice from its legal counsel believes that it is only possible/remote, but not probable, that the action will succeed.

Note: In cases where the amounts have been accrued, they have not been included above.

Deferred payment liabilities

Sales tax deferral incentives attached to the erstwhile windmill division, which was demerged to BF Utilities Limited (BFUL) under section 392 and 394 of the erstwhile Companies Act, 1956 sanctioned by the High Court of the Judicature at Mumbai, have been passed on thereafter from year to year by the Company to the latter, under an arrangement, with all liabilities and obligations attached thereto taken over completely by BFUL. The net liability outstanding of BFUL after such pass on amounts to ₹ Nil million (March 31, 2022: ₹ 45.12 million).

39. Related Party disclosures

(i) Names of the related parties and related party relationships

Related parties where control exists	
Subsidiaries	Bharat Forge Global Holding GmbH
	Bharat Forge America Inc.
	BF Infrastructure Limited
	Kalyani Strategic Systems Limited
	Bharat Forge International Limited
	BF Elbit Advanced Systems Private Limited
	Analogic Controls India Limited (Merged with Kalyani Strategic Systems Limited w.e.f March 10, 2023)
	Indigenous IL Limited
	Kalyani Centre For Precision Technology Limited
	Eternus Performance Materials Private Limited
	Kalyani Powertrain Limited
	BF Industrial Solutions Limited (formerly Nouveau Power and India Infrastructure Private Limited, w.e.f. June 28, 2021)
	Kalyani Lightweighting Technology Solutions Limited (w.e.f. July 12, 2022)

Notes to Financial Statements

for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(i) Names of the related parties and related party relationships (contd.)

Step down subsidiaries	Bharat Forge CDP GmbH
	Bharat Forge CDP Trading (upto January 14, 2021)
	Bharat Forge Holding GmbH
	Bharat Forge Tennessee Inc.
	Bharat Forge PMT Technologie LLC
	Bharat Forge Aluminiumtechnik GmbH
	Bharat Forge Kilsta AB
	Bharat Forge Daun GmbH
	Kalyani Rafael Advanced Systems Private Limited
	Mecanique Generale Langroise
	Bharat Forge Aluminium USA, Inc.
	Kalyani Mobility INC (formerly Kalyani Precision Machining INC.)
	BFIL-CEC JV
	Kalyani Strategic Systems Australia Pty Limited (w.e.f. November 10, 2021)
	Tork Motors Private Limited (w.e.f. November 22, 2021)
	Sagar-Manas Technologies Limited
	Ferrovia Transrail Solutions Private Limited (w.e.f. March 02, 2023)
	J S Auto Cast Foundry India Private Limited (w.e.f. July 01, 2022)
	Electroforge Limited
	Lycan Electric Private Limited (w.e.f. November 22, 2021)
	BF Industrial Technology & Solutions Limited (formerly Sanghvi Forging and Engineering Limited, w.e.f June 28,2021)
	Sanghvi Europe B.V. (w.e.f June 28,2021)
Related parties with whom transactions have taken place during the period	
Joint ventures	BF NTPC Energy Systems Limited (under liquidation) REFU Drive GmbH
Joint venture of a subsidiary	BF Premier Energy Systems Private Limited*
Subsidiary of a Joint venture	Refu Drive India Private Limited
Associates and subsidiaries/ associates of associates	Tork Motors Private Limited (w.e.f. November 22, 2021)
	Tevva Motors (Jersey) Limited (Upto November 8, 2021)
	Tevva Motors Limited (Upto November 8, 2021)
	Lycan Electric Private Limited (Upto November 21, 2021)
	TMJ Electric Vehicles Limited (Formerly Tevva Motors [Jersey] Limited)
	Avaada MHVidarbha Private Limited
	Talbahn GmbH
	Ferrovia Transrail Solutions Private Limited (Upto March 02, 2023)

* Application for struck off filed on March 02, 2023

Notes to Financial Statements

for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(i) Names of the related parties and related party relationships (contd.)

Related parties with whom transactions have taken place during the period	
Other related parties (Enterprises owned or significantly influenced by key management personnel or their relatives)	Kalyani Steels Limited
	BF Utilities Limited
	Khed Economic Infrastructure Private Limited
	Kalyani Maxion Wheels Private Limited
	Automotive Axles Limited
	Kalyani Cleantech Private Limited
	United Metachem Private Limited
	Saarloha Advanced Materials Private Limited
	Nandi Economic Corridor Enterprises Limited
	Baramati Speciality Steels Limited
	Kalyani Technoforge Limited
	Kalyani Transmission Technologies Private Limited
	KGEPL Engineering Solutions Private Limited
	Kalyani Technoweld Private Limited
	Kalyani Medicomp Private Limited (formerly Kalyani Additives Private Limited)
	Kalyani Strategic Management Services Limited (formerly Kalyani Technologies Limited)
	KTMS Properties Company Private Limited
	KSMS Technologies Solutions Private Limited (formerly known as Kalyani Global Engineering Private Limited)
	Govalkonda Trading Company Private Limited
	Purandhar Trading Company Private Limited
	Raigad Trading Company Private Limited
	Vishalgad Trading Company Private Limited
	SBK Charitable Trust
	Elbit Systems Land And C4I Limited
	Radium Merchandise Private Limited

Notes to Financial Statements

for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(i) Names of the related parties and related party relationships (contd.)

Key management personnel	Mr. B. N. Kalyani (Chairman and Managing Director)
	Mr. A. B. Kalyani (Executive Director and Deputy Managing Director)
	Mr. G. K. Agarwal (Executive Director and Deputy Managing Director)
	Mr. B. P. Kalyani (Executive Director)
	Mr. S. E. Tandale (Executive Director)
	Mr. K. M. Saletore (Executive Director & CFO)
	Ms. T. R. Chaudhari (Company secretary)
	Mr. P. G. Pawar (Independent Director)
	Mr. S. M. Thakore (Independent Director) (Upto 12th November 2021)
	Mrs. L. D. Gupte (Independent Director)
	Mr. P. H. Ravikumar (Independent Director)
	Mr. P. C. Bhalerao (Independent Director) (Upto 12th November 2021)
	Mr. V. R. Bhandari (Independent Director)
	Mr. Dipak Mane (Independent Director)
	Mr. Murali Sivaraman (Independent Director)
	Mr. Kanwar Bir Singh Anand (Independent Director) (w.e.f 27th June 2022)
	Mrs. Sonia Singh (Independent Director) (w.e.f 27th June 2022)
Relatives of key management personnel	Smt. S. N. Kalyani
	Mr. G. N. Kalyani
	Mrs. R. G. Kalyani
	Ms. S. G. Kalyani
	Mr. V. G. Kalyani
	Mrs. A. G. Agarwal
	Mrs. S. S. Tandale
	Mrs. S. J. Hiremath
	Mrs. A. P. Kore
	Mrs. Deeksha Amit Kalyani
Post employment benefit trusts	Bharat Forge Company Limited Staff Provident Fund
	Bharat Forge Company Limited Employees Group Gratuity Fund
	Bharat Forge Company Limited Officer's Group Gratuity Fund
	Bharat Forge Company Limited Officer's Superannuation Scheme

Transactions and balances less than 10% of the total transactions and balances are disclosed as "Others".

Notes to Financial Statements

for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(ii) Related party transactions

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
1	**Purchase of raw materials, components, stores & spares**	**Subsidiaries**		
		Kalyani Powertrain Limited	5.97	1.03
		Analogic Controls India Limited	-	4.63
		BF Infrastructure Limited	-	4.52
			5.97	**10.18**
		Step down subsidiaries		
		Bharat Forge Kilsta AB	-	52.21
		Kalyani Rafael Advanced Systems Private Limited	3.95	37.50
		BF Industrial Technology & Solutions Limited	77.51	-
		Others	0.12	0.73
			81.58	**90.44**
		Associate		
		Aeron Systems Private Limited	1.60	-
		Joint ventures		
		REFU Drive GmbH	0.43	2.84
			2.03	**2.84**
		Other related parties		
		Kalyani Steels Limited	6,097.97	5,132.78
		Saarloha Advanced Materials Private Limited	15,381.66	11,803.44
		Others	493.37	389.80
			21,973.00	**17,326.02**
			22,062.58	**17,429.48**
2	**Other expenses**			
	- Machining/ subcontracting charges	**Subsidiaries**		
		Kalyani Centre for Precision Technology Limited	469.92	279.56
		Others	2.33	5.38
			472.25	**284.94**
		Step down subsidiaries		
		BF Industrial Technology & Solutions Limited	58.00	100.11
			58.00	**100.11**

Notes to Financial Statements

for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
	- Machining/ subcontracting charges (contd.)	**Subsidiary of a Joint venture**		
		Refu Drive India Private Limited	-	2.50
			-	**2.50**
		Other related parties		
		Kalyani Technoforge Limited	76.13	82.49
		Kalyani Transmission Technologies Private Limited	25.49	68.40
		Others	4.94	9.30
			106.56	**160.19**
			636.81	**547.74**
	- Power, fuel and water	**Associates and subsidiaries of associates**		
		Avaada MHVidarbha Private Limited	23.39	-
		Other related parties		
		BF Utilities Limited	31.79	143.47
			55.18	**143.47**
	- CSR expenditure	**Other related parties**		
		Kalyani Cleantech Private Limited	-	0.19
		Kalyani Strategic Management Services Limited (formerly Kalyani Technologies Limited)	-	0.69
			-	0.88
	- Rent*	**Step down subsidiaries**		
		Kalyani Rafael Advance Systems Private Limited	4.05	-
			4.05	**-**
		Other related parties		
		United Metachem Private Limited	10.01	9.60
		KTMS Properties Company Private Limited	18.71	20.07
		Others	4.06	3.84
			32.78	**33.51**
			36.83	**33.51**

* The lease arrangements which have been considered for Ind AS 116 disclosures in note no. 35 and taken to right-of-use assets have been considered in rent expenses for disclosing actual transactions with related parties.

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

39. Related Party disclosures (contd.)
(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
	- Legal and professional fees	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	126.77	85.71
		Bharat Forge America Inc.	98.63	82.94
		Bharat Forge International Limited	435.61	64.11
		Kalyani Strategic Systems Limited	93.30	-
		Others	32.71	-
			787.02	**232.76**
		Step down subsidiaries		
		Bharat Forge Kilsta AB	2.89	2.92
		Electroforge Limited	0.00	-
			2.89	**2.92**
		Other related parties		
		Kalyani Strategic Management Services Limited (formerly Kalyani Technologies Limited)	261.78	162.59
		Others	35.67	-
			297.45	**162.59**
			1,087.36	**398.27**
	- Donations	**Other related parties**		
		SBK Charitable Trust	-	25.00
			-	**25.00**
	- Directors' fees and travelling expenses	**Key management personnel**		
		Mr. P. G. Pawar	0.58	0.70
		Mr. S. M. Thakore	-	0.41
		Mrs. L. D. Gupte	0.43	0.28
		Mr. P. H. Ravikumar	0.66	0.56
		Mr. P. C. Bhalerao	-	0.48
		Mr. V. R. Bhandari	0.76	0.41
		Mr. Dipak Mane	1.75	0.28
		Mr. Murali Sivaraman	0.46	0.28
		Mr. Kanwar Bir Singh Anand	0.36	-
		Mrs. Sonia Singh	0.37	-
			5.37	**3.40**

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

39. Related Party disclosures (contd.)
(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
	- Commission to directors other than managing and whole time directors	**Key management personnel**		
		Mr. P. G. Pawar	1.44	1.40
		Mr. S. M. Thakore	-	0.60
		Mrs. L. D. Gupte	0.56	0.55
		Mr. P. H. Ravikumar	1.13	1.10
		Mr. P. C. Bhalerao	-	0.70
		Mr. V. R. Bhandari	1.38	0.80
		Mr. D B Mane	0.75	1.00
		Mr. Murali Sivaraman	0.63	0.80
		Mr. Kanwar Bir Singh Anand	0.38	-
		Mrs. Sonia Singh	0.38	-
			6.65	**6.95**
	- Miscellaneous expenses	**Subsidiaries**		
		Bharat Forge International Limited	369.45	-
		Others	9.26	0.25
			378.71	**0.25**
		Step down subsidiaries		
		Kalyani Rafael Advance Systems Private Limited	0.12	-
			0.12	**-**
		Other related parties		
		Kalyani Strategic Management Services Limited (formerly Kalyani Technologies Limited)	164.94	116.26
		Kalyani Steels Limited	0.24	-
		Kalyani Technoforge Limited	10.42	-
			175.60	**116.26**
			554.43	**116.51**

Notes to Financial Statements

for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
	- Repairs and maintenance	**Subsidiaries**		
		Kalyani Powertrain Limited	-	0.04
			-	**0.04**
		Other related parties		
		Kalyani Technoforge Limited	-	21.17
		KTMS Properties Company Private Limited	13.70	9.51
			13.70	**30.68**
			13.70	**30.72**
	- Recovery of freight	**Subsidiaries**		
		Bharat Forge International Limited	2,795.95	1,838.06
			2,795.95	**1,838.06**
			5,192.28	**3,144.52**
3	**Sale of goods and manufacturing scrap (net of returns, rebate etc.)**	**Subsidiaries**		
		Bharat Forge International Limited	29,594.61	26,405.00
		Kalyani Strategic Systems Limited	270.97	-
		Kalyani Powertrain Limited	18.69	19.16
			29,884.27	**26,424.16**
		Step down Subsidiaries		
		BF Industrial Technology & Solutions Limited	41.05	41.74
		Others	18.57	4.56
			59.62	**46.30**
		Associates		
		Tork Motors Private Limited (Upto November 21, 2021)	-	-
			-	**-**
		Other related parties		
		Automotive Axles Limited	410.96	281.27
		Saarloha Advanced Materials Private Limited	2,864.56	2,564.61
		Others	42.18	31.99
			3,317.70	**2,877.87**
			33,261.59	**29,348.22**
4	**Sale of Services**	**Step down subsidiaries**		
		BF Industrial Technology & Solutions Limited	11.42	0.01
			11.42	**0.01**

Notes to Financial Statements

for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
4	**Sale of Services (contd.)**	**Other related parties**		
		Automotive Axles Limited	182.24	114.02
		Saarloha Advanced Materials Private Limited	70.76	57.71
		Others	1.10	2.07
			254.10	**173.80**
			265.52	**173.81**
5	**Sale of stores, spares and raw materials**	**Subsidiaries**		
		Kalyani Centre for Precision Technology Limited	32.74	10.22
			32.74	**10.22**
		Other related parties		
		Kalyani Technoforge Limited	-	2.03
			-	**2.03**
			32.74	**12.25**
6	**Other income**	**Subsidiaries**		
	- Dividend income	Bharat Forge International Limited	-	94.50
			-	**94.50**
	- Rent	**Subsidiaries**		
		Kalyani Centre for Precision Technology Limited	20.29	0.02
		Others	0.40	0.48
			20.69	**0.50**
		Other related parties		
		Kalyani Medicomp Private Limited (formerly Kalyani Additives Private Limited)	14.06	12.33
		Kalyani Technoforge Limited	20.07	-
		Others	6.46	5.69
			40.59	**18.02**
			61.28	**18.52**
	- Miscellaneous income	**Subsidiaries**		
		Bharat Forge America Inc.	28.44	19.23
			28.44	**19.23**
		Step down subsidiaries		
		Bharat Forge Aluminiumtechnik GmbH	32.95	0.30
		Others	10.11	7.58
			43.06	**7.88**

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

39. Related Party disclosures (contd.)
(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
	- Miscellaneous income (contd.)	**Other related parties**		
		Kalyani Steels Limited	-	1.41
			-	**1.41**
			71.50	**28.52**
	- Sale/discard of property, plant and equipment	**Subsidiaries**		
		Kalyani Centre For Precision Technology Limited	0.32	32.48
		Kalyani Powertrain Limited	-	-
		Others	-	-
			0.32	**32.48**
		Step-down Subsidiaries		
		Bharat Forge Aluminiumtechnik GmbH	37.95	-
			37.95	**-**
			38.27	**32.48**
			171.05	**174.02**
7	Purchase of property, plant and equipment, intangible assets (including CWIP)	**Subsidiaries**		
		Kalyani Powertrain Limited	37.43	-
		Step-down Subsidiaries		
		Kalyani Rafael Advanced Systems Private Limited	-	3.85
			37.43	**3.85**
		Other related parties		
		KGEPL Engineering Solutions Private Limited	-	-
		Kalyani Technoforge Limited	-	48.77
		Kalyani Strategic Management Services Limited	-	22.44
		Kalyani Cleantech Private Limited	-	1.11
			-	**72.32**
			37.43	**76.17**
8	Finance provided:			
	- Investment	**Subsidiaries**		
		Bharat Forge America Inc.*	2,888.19	1,112.08
		Kalyani Powertrain Limited	270.54	1,623.23
		BF Industrial Solutions Limited	3,497.29	920.00
		Others	243.79	329.68
			6,899.81	**3,984.99**

* Includes loan given of ₹ 1,949.36 million which is converted into investment

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

39. Related Party disclosures (contd.)
(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
	- Investment (contd.)	**Associates**		
		Avaada MHVidarbha Private Limited	113.75	-
			113.75	**-**
		Other related parties		
		Khed Economic Infrastructure Private Limited (Includes fair valuation impact)	162.74	235.68
			162.74	**235.68**
			7,176.30	**4,220.67**
	- Loans given	**Subsidiaries**		
		Kalyani Powertrain Limited	1,074.00	-
		Bharat Forge America Inc. [includes exchange (loss)/gain]	1,721.50	153.22
		BF Industrial Solutions Limited	100.00	750.00
		JS Auto Cast Foundry India Private Limited	950.00	-
		Others	2.66	140.00
			3,848.16	**1,043.22**
		Associates and subsidiaries of associates		
		Aeron Systems Private Limited	-	8.00
			-	**8.00**
			3,848.16	**1,051.22**
			11,024.46	**5,271.89**
9	Sale/Transfer of investment	**Subsidiaries**		
		Kalyani Powertrain Limited (investment in Tork Motors)	-	300.37
		Analogic Controls India Limited	46.41	-
		Associates and subsidiaries of associates		
		Aeron Systems Private Limited	137.18	-
			183.59	**300.37**
10	Recovery of loans given	**Subsidiaries**		
		BF Industrial Solutions Limited	100.00	750.00
		Bharat Forge America Inc. (Converted to Equity)	-	-
		JS Auto Cast Foundry India Private Limited	835.95	-
		Others	164.00	40.00
			1,099.95	**790.00**

Notes to Financial Statements

for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
10	Recovery of loans given (contd.)	**Step down subsidiaries**		
		Tork Motors Private Limited (w.e.f. November 22, 2021)	28.00	4.00
			28.00	**4.00**
		Associates and subsidiaries of associates		
		Tork Motors Private Limited (upto November 21, 2021)	-	6.00
		Aeron Systems Private Limited	8.00	-
			8.00	**6.00**
			1,135.95	**800.00**
11	Recovery of security deposits	**Relatives of key management personnel**		
		Mrs. S. S. Tandale	-	-
			-	**-**
12	Advance given	**Subsidiaries**		
		Kalyani Centre for Precision Technology Limited	26.12	173.58
		Bharat Forge Global Holding GmbH	28.55	-
		Others	-	2.20
			54.67	**175.78**
		Step down subsidiaries		
		Kalyani Rafael Advanced Systems Private Limited	-	37.50
			-	**37.50**
		Other related parties		
		Kalyani Cleantech Private Limited	-	32.87
			-	**32.87**
			54.67	**246.15**
13	Advance received	**Subsidiaries**		
		Kalyani Centre for Precision Technology Limited	26.12	-
		Bharat Forge Global Holding GmbH	28.55	-
			54.67	**-**
14	Capital advance given	**Associate**		
		Aeron Systems Private Limited	-	0.47
			-	**0.47**

Notes to Financial Statements

for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
14	Capital advance given (contd.)	**Other related parties**		
		Khed Economic Infrastructure Private Limited	-	1,235.27
		KSMS Technologies Solutions Private Limited (formerly known as Kalyani Global Engineering Private Limited)	44.71	-
		Others	-	17.42
			44.71	**1,252.69**
			44.71	**1,253.16**
15	Interest income	**Subsidiaries**		
		Bharat Forge America Inc.	75.76	0.54
		Kalyani Powertrain Limited	47.35	-
		JS Auto Cast Foundry India Private Limited	27.61	-
		Others	27.65	20.61
			178.37	**21.15**
		Step down subsidiaries		
		Tork Motors Private Limited (w.e.f. November 22, 2021)	2.95	0.80
			2.95	**0.80**
		Associates and subsidiaries of associates		
		TMJ Electric Vehicles Limited (Formerly Tevva Motors [Jersey] Limited)	-	38.12
		Others	0.63	3.51
			0.63	**41.63**
		Other related parties		
		Saarloha Advanced Materials Private Limited	111.38	111.38
			111.38	**111.38**
			293.33	**174.96**
16	Managerial remuneration @@	**Key management personnel (Short-term employment benefits)**		
		Mr. B. N. Kalyani	200.45	147.38
		Mr. A. B. Kalyani	47.15	41.46
		Mr. G. K. Agarwal	45.10	43.25
		Mr. S. E. Tandale	47.41	28.91
		Mr. B. P. Kalyani	43.03	27.05
		Mr. K. M. Saletore	31.31	23.35
		Ms. T. R. Chaudhari	4.29	3.76
			418.74	**315.16**

@@ Does not include gratuity and leave encashment since the same is considered for all employees of the Company as a whole.

Notes to Financial Statements

for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
17	**Dividend paid**	**Key management personnel**		
		Mr. B. N. Kalyani	0.55	0.25
		Mr. A. B. Kalyani	4.90	2.21
		Mr. G. K. Agarwal	0.03	0.02
		Mr. B. P. Kalyani	0.05	0.02
		Mr. S. M. Thakore	-	0.09
		Mr. P. H. Ravikumar	0.05	0.02
		Mr. K. M. Saletore	0.01	0.00
			5.59	**2.61**
		Relatives of key management personnel		
		Mr. G. N. Kalyani	4.83	2.17
		Ms. Sheetal Gaurishankar Kalyani	0.16	-
		Mrs. Rohini Gaurishankar Kalyani	0.71	-
		Viraj Gaurishankar Kalyani	0.16	-
		Others	0.10	0.06
			5.96	**2.23**
			11.55	**4.84**
18	**Reversal of provision for diminution in value of investment**	**Subsidiaries**		
		Analogic Controls India Limited	16.55	-
			16.55	**-**
		Associates and subsidiaries of associates		
		TMJ Electric Vehicles Limited (Foremerly Tevva Motors (Jersey) Limited)	-	890.00
			-	**890.00**
			16.55	**890.00**
19	**Contributions paid***	**Post employment benefit trusts**		
		Provident fund		
		Bharat Forge Company Limited Staff Provident Fund	266.08	245.28
			266.08	**245.28**
		Gratuity fund		
		Bharat Forge Company Limited Employees Group Gratuity fund	32.58	43.10
		Bharat Forge Company Limited Officer's Group Gratuity fund	78.05	68.90
			110.63	**112.00**

* For closing balances of above employee benefits trusts, refer note no.37.

Notes to Financial Statements

for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(ii) Related party transactions (contd.)

In ₹ Million

Sr. No.	Nature of transaction	Names of the related parties and nature of relationships	Year ended March 31, 2023	Year ended March 31, 2022
19	**Contributions paid (contd.)***	**Superannuation fund**		
		Bharat Forge Company Limited Officer's Superannuation scheme	16.59	17.80
			16.59	**17.80**
			393.30	**375.08**
20	**Guarantees Given/ Renewed**	**Subsidiaries**		
		Bharat Forge America Inc.	1,684.95	1,136.96
			1,684.95	**1,136.96**
		Step down subsidiaries		
		Bharat Forge Kilsta AB	-	1,515.78
		Bharat Forge Aluminium USA, Inc	1,446.59	1,114.22
			1,446.59	**2,630.00**
			3,131.54	**3,766.96**

* For closing balances of above employee benefits trusts, refer note no.37.

(iii) Balance outstanding as at the year end

In ₹ Million

Sr. No.	Nature of balance	Names of the related parties and nature of relationships	As at March 31, 2023	As at March 31, 2022
1	**Trade payables**	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	16.01	36.96
		Bharat Forge International Limited	-	81.09
		Kalyani Centre For Precision Technology Limited	109.49	67.88
		Bharat Forge America Inc.	17.54	22.82
		Others	22.79	6.78
			165.83	**215.53**
		Step down subsidiaries		
		BF Industrial Technology & Solutions Limited	91.39	25.82
		Bharat Forge CDP GmbH	10.16	45.54
		Others	10.10	9.87
			111.65	**81.23**

Notes to Financial Statements

for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(iii) Balance outstanding as at the year end (contd.)

In ₹ Million

Sr. No.	Nature of balance	Names of the related parties and nature of relationships	As at March 31, 2023	As at March 31, 2022
1	Trade payables (contd.)	**Associates and subsidiaries of associates**		
		Avaada MHVidarbha Private Limited	7.76	-
			7.76	**-**
		Subsidiary of a Joint venture		
		Refu Drive India Private Limited	-	0.97
			-	**0.97**
		Other related parties		
		Kalyani Steels Limited *	1,162.44	1,112.28
		Saarloha Advanced Materials Private Limited**	2,513.41	2,221.81
		Others	207.41	213.79
			3,883.26	**3,547.87**
			4,168.50	**3,845.60**
2	Trade receivables	**Subsidiaries**		
		Bharat Forge International Limited	18,592.84	14,484.67
		Kalyani Strategic Systems Limited	314.18	-
		Others	24.19	1.72
			18,931.21	**14,486.39**
		Step down subsidiaries		
		Bharat Forge Aluminiumtechnik GmbH	-	1.20
		Tork Motors Private Limited (w.e.f. November 22, 2021)	22.74	6.35
		Others	0.89	7.92
			23.63	**15.47**
		Other related parties		
		Automotive Axles Limited	203.95	155.05
		Saarloha Advanced Materials Private Limited	920.82	771.10
		Others	49.08	44.23
			1,173.85	**970.38**
			20,128.69	**15,472.24**
3	Receivable for sale of property, plant and equipment	**Subsidiaries**		
		Kalyani Powertrain Limited	-	0.07
			-	**0.07**
			-	**0.07**

* Net of advance given amounting to ₹ 470.00 million (March 31, 2022: ₹ 470.00 million) **[Refer note 22]**

** Net of advance given amounting to ₹ 250.00 million (March 31, 2022: ₹ 250.00 million) **[Refer note 22]**

Notes to Financial Statements

for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(iii) Balance outstanding as at the year end (contd.)

In ₹ Million

Sr. No.	Nature of balance	Names of the related parties and nature of relationships	As at March 31, 2023	As at March 31, 2022
4	Payables for capital goods	**Step down subsidiaries**		
		Kalyani Rafael Advanced Systems Private Limited	-	6.75
			-	**6.75**
		Other related parties		
		Kalyani Cleantech Private Limited	0.49	2.63
			0.49	**2.63**
			0.49	**9.38**
5	Non-current investments	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	6,089.60	6,089.60
		Bharat Forge America Inc.	5,643.78	2,755.59
		BF Infrastructure Limited	1,641.55	1,641.55
		Kalyani Powertrain Limited	1,893.79	1,623.24
		BF Industrial Solutions Limited	4,417.29	920.00
		Others	1,797.86	1,574.21
			21,483.87	**14,604.19**
		Joint ventures		
		BF NTPC Energy Systems Limited	33.64	33.64
		REFU Drive GmbH	919.14	919.14
			952.78	**952.78**
		Associates		
		Aeron Systems Private Limited	-	140.00
		Avaada MHVidarbha Private Limited	113.75	-
			113.75	**140.00**
		Other related parties (including fair value)		
		Khed Economic Infrastructure Private Limited	988.00	825.26
			988.00	**825.26**
			23,538.40	**16,522.23**
6	Loans given	**Subsidiaries**		
		BF Elbit Advanced Systems Private Limited	156.67	140.82
		Kalyani Powertrain Limited*	1,050.00	-
		Others	203.52	375.75
			1,410.19	**516.57**

* Of these ₹ 900 million are non current receivable [For more details, Refer note 46]

Notes to Financial Statements

for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(iii) Balance outstanding as at the year end (contd.)

In ₹ Million

Sr. No.	Nature of balance	Names of the related parties and nature of relationships	As at March 31, 2023	As at March 31, 2022
6	**Loans given (contd.)**	**Step down subsidiaries**		
		Tork Motors Private Limited (w.e.f. November 22, 2021)	–	28.00
			–	**28.00**
		Associates and subsidiaries of associates		
		Aeron Systems Private Limited	–	8.00
			–	**8.00**
			1,410.19	**552.57**
7	**Recoverable from subsidiaries (net of provision)**	**Subsidiaries**		
		Bharat Forge International Limited	1,716.98	933.34
		Others	15.02	66.72
			1,732.00	**1,000.06**
		Step down subsidiaries		
		Bharat Forge Aluminiumtechnik Gmbh	98.54	–
		Others	1.54	56.42
			100.08	**56.42**
			1,832.08	**1,056.48**
8	**Security deposits given**	**Other related parties**		
		BF Utilities Limited	200.00	210.00
		Kalyani Strategic Management Services Limited (formerly Kalyani Technologies Limited)	89.40	89.40
		Others	39.71	39.71
			329.11	**339.11**
			329.11	**339.11**
9	**Advance to suppliers**	**Subsidiaries**		
		BF Infrastructure Limited	–	2.62
		Bharat Forge International Limited	49.08	–
		Others	0.03	–
			49.11	**2.62**
		Other related parties		
		Saarloha Advanced Materials Private Limited	1,350.00	1,350.00
		Others	0.06	–
			1,350.06	**1,350.00**
			1,399.17	**1,352.62**

Notes to Financial Statements

for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(iii) Balance outstanding as at the year end (contd.)

In ₹ Million

Sr. No.	Nature of balance	Names of the related parties and nature of relationships	As at March 31, 2023	As at March 31, 2022
10	**Interest accrued**	**Subsidiaries**		
		Kalyani Powertrain Limited	42.35	–
		Others	–	0.85
			42.35	**0.85**
		Step down subsidiaries		
		Tork Motors Private Limited (w.e.f. November 22, 2021)	–	0.24
			–	**0.24**
			42.35	**1.09**
11	**Advance from customers**	**Other related parties**		
		Automotive Axles Limited	12.50	5.54
			12.50	**5.54**
12	**Capital advances**	**Associates and subsidiaries of associates**		
		Aeron Systems Private Limited	–	0.47
			–	**0.47**
		Other related parties		
		Khed Economic Infrastructure Private Limited	2,435.27	2,435.27
		Others	66.20	21.48
			2,501.47	**2,456.75**
			2,501.47	**2,457.22**
13	**Managerial remuneration payable ***	**Key management personnel (Short-term employment benefits)**		
		Mr. B. N. Kalyani	41.34	31.20
		Mr. A. B. Kalyani	3.18	2.40
		Mr. G. K. Agarwal	3.00	2.40
		Mr. S. E. Tandale	15.79	12.98
		Mr. B. P. Kalyani	14.75	10.03
		Mr. K. M. Saletore	6.83	8.84
			84.89	**67.85**
14	**Commission to directors other than managing and whole time directors**	**Other Directors and Relatives**		
		Mr. P. G. Pawar	1.44	1.40
		Mr. S. M. Thakore	–	0.60
		Mrs. L. D. Gupte	0.56	0.55
		Mr. P. H. Ravikumar	1.13	1.10
		Mr. P. C. Bhalerao	–	0.70

* Does not include gratuity and leave encashment since the same is considered for all employees of the Company as a whole.

Notes to Financial Statements

for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(iii) Balance outstanding as at the year end (contd.)

In ₹ Million

Sr. No.	Nature of balance	Names of the related parties and nature of relationships	As at March 31, 2023	As at March 31, 2022
14	**Commission to directors other than managing and whole time directors (contd.)**	Mr. V. R. Bhandari	1.38	0.80
		Mr. Dipak Mane	0.75	1.00
		Mr. Murali Sivaraman	0.63	0.80
		Mr. Kanwar Bir Singh Anand	0.38	-
		Mrs. Sonia Singh	0.38	-
			6.65	**6.95**
15	**Provision for diminution in value of investment**	**Subsidiaries**		
		BF Infrastructure Limited	1,355.60	1,355.60
		Analogic Controls India Limited	-	16.55
			1,355.60	**1,372.15**
		Joint Ventures		
		BF NTPC Energy Systems Limited	33.64	33.64
			33.64	**33.64**
			1,389.24	**1,405.79**
16	**Guarantee given**	**Subsidiaries**		
		Kalyani Strategic Systems Limited	500.00	500.00
		Bharat Forge America Inc.	1,684.95	1,136.96
			2,184.95	**1,636.96**
		Step down subsidiaries		
		Bharat Forge Kilsta AB	-	1,515.78
		Bharat Forge Aluminium USA, Inc	5,223.33	3,482.90
			5,223.33	**4,998.68**
			7,408.28	**6,635.64**

(1) Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured with a short term duration unless otherwise stated and interest free except for loans and interest-bearing advance given to supplier Saarloha Advance Material Private Limited. For the year ended March 31, 2023 the Company has not recorded any impairment of receivables relating to the amount owed by related parties other than those disclosed separately above (March 31, 2022: ₹ Nil). This assessment is undertaken in each financial year by examining the financial position of the related party and the market in which the related party operates.

(2) All transactions were made on normal commercial terms and conditions and at market rates.

(3) For details of guarantees given to related parties, refer note 39.

Notes to Financial Statements

for the year ended March 31, 2023

39. Related Party disclosures (contd.)

(iv) Board of Directors of the Company in their meeting held on February 14, 2023 have passed the resolution for the re-appointment of Mr. B. N. Kalyani (DIN: 00089380), as the Managing Director of the Company and for being designated as Chairman and Managing Director of the Company, for a period of five (5) years with effect from March 30, 2023 up to March 29, 2028, along with the terms and conditions of the re-appointment including the remuneration payable to him. Pursuant to Section 110 of the Companies Act, 2013 read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, on April 14, 2023, the Company has commenced the process for postal ballot for this proposed appointment and the e-voting for the same will be completed by May 27, 2023.

40. Capital and other commitments

In ₹ Million

Particulars		As at March 31, 2023	As at March 31, 2022
(a)	Estimated value of contracts remaining to be executed on capital accounts and not provided for, net of advances	1,024.64	1,271.45
(b)	Commitment for investment in Avaada MHVidarbha Private Limited	-	113.75
(c)	Guarantees given by the Company on behalf of other companies [(Refer note 40(a)]		
	Balance outstanding	7,408.28	6,137.83
	(Maximum amount)	(8,986.70)	(6,137.83)
(d)	For commitments relating to lease agreements, please refer note 35		

(a) The Company has issued various financial guarantees/support letters for the working capital requirements of the subsidiary companies. The management has considered the probability for the outflow of the same to be remote.

The Company, for its newly set up plant located at Mambattu, Nellore, Andhra Pradesh for Manufacture of Aluminium Casting, has imported Capital Goods under the Export Promotion Capital Goods Scheme of the Government of India, at concessional rates of duty on an undertaking to fulfill quantified exports. As at March 31, 2022 export obligation aggregates to USD 8.94 million (₹ 734.93 million), this is to be satisfied over a period of 6 years (Block year 1st to 4th year - 50% and 5th to 6th year - 50%) from December 14, 2018, as specified. Non-fulfilment of such future obligations, in the manner required, if any entails options/rights to the Government to levy penalties under the above referred scheme.

41. Capital Management

For the purpose of the Company's capital management, capital includes issued equity share capital, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a net debt-equity ratio, which is net debt divided by

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

41. Capital Management (contd.)

equity. The Company's policy is to keep the net debt-equity ratio below 1.00. The Company includes within its borrowings net debt and interest-bearing loans less cash and cash equivalents.

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Borrowings	44,009.15	38,991.89
Less: Cash and other liquid assets	20,671.51	23,737.98
Net debt	23,337.64	15,253.91
Equity	76,068.72	71,097.75
Net debt/equity Ratio	0.31	0.21

42. Loans and advances in the nature of loans given to subsidiaries/associates and firms/companies in which directors are interested

In ₹ Million

Particulars	As at### March 31, 2023	As at### March 31, 2022
Bharat Forge Global Holding Gmbh* ^		
Balance outstanding	89.47	84.19
Maximum amount outstanding during the year	89.47	85.77
BF Infrastructure Limited (advance) !		
Balance outstanding	-	40.00
Maximum amount outstanding during the year	40.00	80.00
BF Elbit Advanced Systems Private Limited *		
Balance outstanding	156.69	140.82
Maximum amount outstanding during the year	156.69	140.82
Kalyani Strategic Systems Limited #		
Balance outstanding	-	50.00
Maximum amount outstanding during the year	50.00	50.00
Tork Motors Private Limited @		
Balance outstanding	-	28.00
Maximum amount outstanding during the year	28.00	38.00
Saarloha Advanced Materials Private Limited ##		
Balance outstanding	1,350.00	1,350.00
Maximum amount outstanding during the year	1,350.00	1,350.00
Bharat Forge America Inc. ^		
Balance outstanding	-	151.56
Maximum amount outstanding during the year	1,873.06	151.56

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

42. Loans and advances in the nature of loans given to subsidiaries/associates and firms/companies in which directors are interested (contd.)

In ₹ Million

Particulars	As at### March 31, 2023	As at### March 31, 2022
Kalyani Centre for Precision Technology Limited**		
Balance outstanding	-	50.00
Maximum amount outstanding during the year	50.00	50.00
Aeron Systems Private Limited **		
Balance outstanding	-	8.00
Maximum amount outstanding during the year	8.00	8.00
BF Industrial Solutions Limited (formerly Nouveau Power and Infrastructure Private Limited)^^		
Balance outstanding	-	-
Maximum amount outstanding during the year	100.00	750.00
JS Auto Cast Foundry India Private Limited**		
Balance outstanding	114.05	-
Maximum amount outstanding during the year	950.00	-
Kalyani Powertrain Limited$$ ***		
Balance outstanding	1,050.00	-
Maximum amount outstanding during the year	1,050.00	-

* Receivable on demand.

! Receivable after 2 years from the date of disbursement of the loan. It can be repaid earlier than the maturity, based on mutual understanding.

^ The effect of foreign exchange fluctuation throughout the year is not considered while disclosing the maximum amount outstanding as shown above.

\# Receivable in 12 months from the date of disbursement of the loan.

$ Considered as a part of investment in the previous year. Refer note 6.

\## Non current advance for a continuous supply of goods.

@ Loan tenure is 3 years from the date of disbursement of the loan. Quarterly repayment is ₹ 2 million, ₹ 3 million, ₹ 5 million for years 1, 2 and 3 respectively.

** Receivable after 1 year from the date of disbursement of the loan. It can be repaid earlier than the maturity, based on mutual understanding.

$$ Receivable after 1 year and 3 years from the date of disbursement of tht loan. It can be repaid earlier than the maturity, based on mutual understanding.

*** Interest accrued is included in the carrying value of loans to subsidiaries for FY 2022-23

^^ Receivable after 3 months from the date of disbursement of the loan.

\### Receivables are excluding occurred interest

Notes to Financial Statements

for the year ended March 31, 2023

42. Loans and advances in the nature of loans given to subsidiaries/associates and firms/ companies in which directors are interested (contd.)

Loans and advances in the nature of loans granted to promoters, directors, key managerial personnel (KMPs) and other related parties either severally or jointly with any other person that are:

a) Repayable on demand or

b) without specifying any terms or period of repayment

In ₹ Million

Type of Borrower	March 31, 2023		March 31, 2022	
	Amount of loan or advances in the nature of loan outstanding	% of total loans and advances in the nature of loans	Amount of loan or advances in the nature of loan outstanding	% of total loans and advances in the nature of loans
Promoters	-	-	-	-
Directors	-	-	-	-
KMPs	-	-	-	-
Related Parties	246.16	9%	225.01	11%

Note: There are no investments by the loanee in the shares of the Company, when the respective company has made a loan or advance in the nature of a loan

43. Details of dues to Micro and Small Enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED, Act 2006)

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Principal amount due to suppliers under MSMED Act, 2006*	63.70	80.22
Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	0.46	0.36
Payment made to suppliers (other than interest) beyond the appointed day, during the year	42.56	75.16
Interest paid to suppliers under MSMED Act, 2006 (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act, 2006 (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, 2006 for the payments already made	0.51	0.40
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	5.44	4.97

* The amount includes dues and unpaid of Nil (March 31, 2022: Nil)

The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company.

Notes to Financial Statements

for the year ended March 31, 2023

44. Relationships with companies struck off under section 248 of the Companies Act 2013 or section 560 of the Companies Act 1956.

In ₹ Million

Name of the struck off company	Transaction during the period	Balance outstanding	Nature of transaction	Relationship with the struck off company
March 31, 2023				
Harinagar Sugar Mills Ltd.	0.72	-	Sales	Customer*
Havinhomes Reality & Consulting Services Private Limited	0.01	-	Expense	Vendor*
Dreams Broking Private Limited	0.00	-	Dividend	Shareholder
Aditya Cyber Services And Management Solutions Private Limited	0.00	-	Dividend	Shareholder
March 31, 2022				
Havinhomes Reality & Consulting Services Private Limited	-	0.01	Payables	Vendor*
PALS Specalised Tooling System Private Limited	-	-	Payables	Vendor*
Wisdom Solutions Private Limited	0.36	-	Payables	Vendor*

* These parties are not related parties as per the definition of 'related party' under section 2(76) of the Companies Act 2013.

45. CSR expenditure

(a) Gross amount required to be spent by the Company during the year

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Gross amount required to be spent by the Company during the year	160.50	169.36

(b) An amount of ₹ 160.50 million (March 31, 2022: ₹ 169.36 million) was approved by the board towards CSR activities.

(c) Amount spent during the year

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	131.49	169.36
	131.49	**169.36**

Notes to Financial Statements

for the year ended March 31, 2023

45. CSR expenditure (contd.)

(d) For details of CSR expenditure incurred toward related parties, refer note 39.

(e) Details of ongoing projects and other than ongoing projects

Details to be disclosed under Sec 135 (6) (Ongoing Projects)

In ₹ Million

Financial year	Opening Balance		Amount transferred to Separate Unspent A/c during the year	Amount Required to be spent during the year	Amount Spent during the year		Closing Balance	
	With Company	In Separate CSR Unspent A/c			From Company's Bank A/c	From Separate CSR Unspent A/c	With Company	In Separate CSR Unspent A/c
2022-23	25.80	12.12	25.80	134.21	105.20	31.73	29.01	6.19
2021-22	26.85	-	26.85	158.68	132.88	14.73	25.80	12.12

In case of Sec 135 (5) (Other than Ongoing Projects)

In ₹ Million

Financial Year	Opening Balance	Amount Deposited in specified fund of Sch VII within 6 months	Amount required to be spent during the year	Amount spent during the year*	Closing Balance
2022-23	-	-	26.29	26.29	-
2021-22	14.60	14.60	10.68	10.68	-

* Includes administrative overheads of ₹ 6.00 Million (March 31, 2022: ₹ 5.90 Million)

(f) Details of shortfall, cumulative shortfall and reasons for shortfall

During the year ended March 31, 2023, as against the required expenditure of ₹ 160.5 million (March 31, 2022: ₹ 169.36 million), the Company has incurred an expenditure of ₹ 131.49 million (March 31, 2022: ₹ 169.36 million) and an amount of ₹ 29.01 million (March 31, 2022: ₹ 25.80 million) remained unspent due to phase wise implementation of CSR activities. The unspent amount for the year ended March 31, 2023, has been transferred to the unspent CSR account and the same shall be utilised by the Company in the next year for CSR projects undertaken by the Company.

(g) Nature of activities

Ongoing projects

As part of ongoing project for CSR, the Company has undertaken activities such as village development (water, internal roads, livelihood, health & education), promotion of sports, skill development, projects associated with community development & woman empowerment and education activities.

Other than ongoing projects

These include activities related to educational sponsorship, protection of heritage, art and culture and various rural development initiatives.

Notes to Financial Statements

for the year ended March 31, 2023

46. Disclosures required under Section 186(4) of the Companies Act 2013

In ₹ Million

Name of the borrowing entity	Purpose	Rate of Interest (p.a.)	Year ended$$ March 31, 2023	Year ended$$ March 31, 2022
Bharat Forge Global Holding GmbH	General corporate purpose *	3.50%	89.47	84.19
BF Infrastructure Limited	General corporate purpose !	9.00%	-	40.00
BF Elbit Advanced Systems Private Limited $$	Working Capital purpose *	10.00%	156.69	140.82
Saarloha Advanced Materials Private Limited	General corporate purpose #	8.25%	1,350.00	1,350.00
Tork Motors Private Limited	General corporate purpose ^	11.00%	-	28.00
Bharat Forge America Inc	General corporate purpose @	7.50%	-	151.56
Kalyani Centre for Precision Technology Ltd	General corporate purpose $	7.50%	-	50.00
Aeron Systems Private Limited	General corporate purpose **	8.00%	-	8.00
Kalyani Strategic Systems Limited	General corporate purpose **	7.50%	-	50.00
JS Auto Cast Foundry India Private Limited	Prepayment of existing term loan from banks##	8.50%	64.05	-
JS Auto Cast Foundry India Private Limited	General corporate purpose ##	8.70%	50.00	-
Kalyani Powertrain Limited $$	General corporate purpose ***	8.70%	1,050.00	-

* Receivable on demand.

! Receivable after 2 years from the date of disbursement of the loan. It can be repaid earlier than the maturity, based on mutual understanding.

Long term advance for a period of 4 years.

^ Loan Tenure is 3 years from the date of disbursement of the loan. Quarterly repayment is ₹ 2 million, ₹ 3 million, ₹ 5 million for years 1, 2 and 3 respectively.

** Receivable after 1 years, one bullet payment along with interest at the end of the term.

*** Receivable after 3 years, one bullet payment along with interest at the end of the term. ₹ 900 million is receivable after 1 year along with interest at the end of the loan

Receivable after 3 year and interest payable 6 monthly from the date of disbursement of the loan.

$ Receivable after 1 year, one bullet payment along with interest at the end of the term.

$$ Receivables are excluding accrued interest

\- All loans are unsecured

Notes to Financial Statements

for the year ended March 31, 2023

46. Disclosures required under Section 186(4) of the Companies Act 2013 (contd.)

- Details of investments made are given in note 6 and note 7
- Guarantee given on behalf of
  - Bharat Forge America Inc., wholly owned subsidiary company, of ₹ 6,908.28 million (March 31, 2022: ₹ 4,581.96 million) for term loan or loans towards investment in step down subsidiaries.
  - Kalyani Strategic Systems Limited, subsidiary company, of ₹ 500.00 million (March 31, 2022: ₹ 500.00 million) for availing non-fund based credit facilities from the banks.

47 Details of funds advanced or loaned or invested to any other persons or entities, for lending or investing in other person or entities (Ultimate Beneficiaries)

For year ended March 31, 2023

Investments

The Company has investments in following subsidiaries for being further invested in step down subsidiaries of the Company

In ₹ Million

Sl. No.	Name of the subsidiary	Date of investment into subsidiary	Amount invested in subsidiary	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary
1	Kalyani Powertrain limited	August 19, 2022	270.00	Kalyani Mobility INC	August 19, 2022	263.91
2	BF Industrial Solutions limited	July 01, 2022	3,380.00	Promoters of JS Auto Cast Foundry India Private Limited	July 01, 2022	3,257.31
		October 06, 2022	117.29	Promoters of JS Auto Cast Foundry India Private Limited	October 06, 2022	117.29
3	Bharat Forge America Inc	April 12, 2022	609.04	Bharat Forge Aluminium USA, Inc.	April 13, 2022	609.04
		June 21, 2022	956.28	Bharat Forge Aluminium USA, Inc.	June 22, 2022	956.28
		September 21, 2022	156.18	Bharat Forge Aluminium USA, Inc.	September 22, 2022	156.18

Notes to Financial Statements

for the year ended March 31, 2023

47 Details of funds advanced or loaned or invested to any other persons or entities, for lending or investing in other person or entities (Ultimate Beneficiaries) (contd.)

Loans

The Company has given loans to following subsidiaries for being further invested in step down subsidiaries of the Company

In ₹ Million

Sl. No.	Name of the subsidiary	Date of investment into subsidiary	Amount invested in subsidiary	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary
1	Kalyani Powertrain limited	June 07, 2022	50.00	Tork Motors Private limited	June 08, 2022	50.00

For year ended March 31, 2022

Investments

The Company has investments in following subsidiaries for being further invested in step down subsidiaries of the Company

In ₹ Million

Sl. No.	Name of the subsidiary	Date of investment into subsidiary	Amount invested in subsidiary	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Amount invested by subsidiary into beneficiary
1	Bharat Forge America Inc.	May 10, 2021	440.39	Bharat Forge Aluminium USA, Inc.	May 10, 2021	440.39
		August 23, 2021	445.53	Bharat Forge Aluminium USA, Inc.	August 23, 2021	445.53
		October 13, 2021	226.16	Bharat Forge Aluminium USA, Inc.	October 13, 2021	226.16
2	Kalyani Powertrain Limited	September 09, 2021	347.57	Kalyani Mobility Inc.	September 09, 2021	347.57
		September 27, 2021	300.30	Tork Motors Private Limited	September 27, 2021	300.30
		February 10, 2022	150.05	Kalyani Mobility Inc.	February 10, 2022	149.98
		July 20, 2021	400.00	Tork Motors Private Limited#	November 24, 2021	399.98
3	BF Industrial Solutions Limited*	September 07, 2021	750.00	BF Industrial Technology and Solutions Limited	September 07, 2021	750.00
4	BF Industrial Solutions Limited	June 25, 2021	900.00	BF Industrial Technology and Solutions Limited	June 28, 2021	150.00
				Financial creditors as per IBC order	June 28, 2021	750.00

Notes to Financial Statements

for the year ended March 31, 2023

47 Details of funds advanced or loaned or invested to any other persons or entities, for lending or investing in other person or entities (Ultimate Beneficiaries) (contd.)

Loans

The Company has given loans to following subsidiaries for being further invested in step-down subsidiaries of the Company

In ₹ Million

Sl. No.	Name of the subsidiary	Date of investment into subsidiary	Amount invested in subsidiary	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Amount invested by subsidiary into beneficiary
1	Bharat Forge America Inc.	March 14, 2022	153.22	Bharat Forge Aluminium USA, Inc.	March 14, 2022	153.22

Investment in optionally convertible Debentures

* Amount repaid on the same date

Statement of compliance

With regard to the investments made, loans given and guarantees given during the year ended March 31, 2023 as well as March 31, 2022, the Company has complied with the relevant regulatory provisions.

Particulars of the intermediaries/beneficiaries/ultimate beneficiaries

1 **Bharat Forge America Inc.**
Registered office: 2150, Schmiede St, Surgoinville, Tennessee 37873, USA
Relationship with the beneficiary: Wholly owned Subsidiary

2 **Bharat Forge Aluminium USA, Inc.**
Registered office: 160, Mine lake Court, Suite 200, Raleigh, North Carolina 27615, USA
Relationship with the beneficiary: Step down Subsidiary

3 **Kalyani Powertrain Limited**
Registered office: S No 49, Industry House, Opposite Kalyani Limited, Mundhwa, Pune 411036
Relationship with the beneficiary: Wholly owned subsidiary

4 **BF Industrial Solutions Limited**
Registered office: S No 49, Industry House, Opposite Kalyani Limited, Mundhwa, Pune 411036
Relationship with the beneficiary: Wholly owned subsidiary

5 **Tork Motors Pvt Ltd, India**
Registered office: Plot No. 4/25, Sector No.10, PCNTDA, Pune 411026
Relationship with the beneficiary: Step down subsidiary

Notes to Financial Statements

for the year ended March 31, 2023

47 Details of funds advanced or loaned or invested to any other persons or entities, for lending or investing in other person or entities (Ultimate Beneficiaries) (contd.)

6 **Kalyani Mobility Inc.**
Registered office: 160, Mine lake Court, Suite 200, Raleigh, North Carolina 27615, USA
Relationship with the beneficiary: Step down subsidiary

7 **BF Industrial Technology and Solutions Limited**
Registered office: 244/6&7 GIDC estate, Waghodia, Gujarat.
Relationship with the beneficiary: Step down subsidiary

The Company has not received any funds from any persons or entities, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

48. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosure of fair value measurement hierarchy for assets as at March 31, 2023:

In ₹ Million

Particulars	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at FVTOCI			
Unquoted equity instruments			
Khed Economic Infrastructure Private Limited	-	-	988.00
Avaada SataraMH Private Limited	-	-	142.45
Avaada MHBuldhana Private Limited [refer note 48 (c)]	-	-	20.34
TMJ Electric Vehicles Limited (Formerly know as Tevva Motors (Jersey) Ltd)	-	2,803.94	-
Quoted equity instruments			
Birlasoft Limited (erstwhile KPIT Technologies Limited)	160.08	-	-
KPIT Technologies Limited [refer note 48(b)]	567.09	-	-
Derivative instruments at fair value through OCI			
Cash flow hedges	-	1,893.54	-
Financial assets at FVTPL			
Unquoted equity instruments			
Gupta Energy Private Limited [refer note 48(a)]	-	-	-

Notes to Financial Statements

for the year ended March 31, 2023

48. Fair value hierarchy (contd.)

In ₹ Million

Particulars	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Derivative instruments at fair value through P&L			
Fair value hedges	-	78.49	-
Unquoted funds			
Investments in private equity fund	-	255.92	-
Investments in mutual funds	-	12,492.67	-
Quoted funds/bonds			
Investments in mutual funds	2,570.57	-	-
Financial liability at FVTOCI			
Cash flow hedges	-	187.88	-

Quantitative disclosure of fair value measurement hierarchy for assets as at March 31, 2022:

In ₹ Million

Particulars	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at FVTOCI			
Unquoted equity instruments			
Khed Economic Infrastructure Private Limited	-	-	825.26
Avaada SataraMH Private Limited	-	-	142.45
Avaada MHBuldhana Private Limited **[refer note 48 (c)]**	-	-	20.34
Tevva Motors (Jersey) Ltd	-	2,803.94	-
Quoted equity instruments			
Birlasoft Limited (erstwhile KPIT Technologies Limited)	278.88	-	-
KPIT Technologies Limited **[refer note 48(b)]**	368.44	-	-
Derivative instruments at fair value through OCI			
Cash flow hedges	-	3,843.39	-
Financial assets at FVTPL			
Unquoted equity instruments			
Gupta Energy Private Limited **[refer note 48(a)]**	-	-	-
Derivative instruments at fair value through P&L			
Fair value hedges	-	92.24	-

Notes to Financial Statements

for the year ended March 31, 2023

48. Fair value hierarchy (contd.)

In ₹ Million

Particulars	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Unquoted funds			
Investments in private equity fund	-	307.78	-
Investments in mutual funds	-	16,175.46	-
Quoted funds/bonds			
Investments in mutual funds	3,281.49	-	-

There have been no transfers between Level 1 and Level 2 during the year ended March 31, 2023 and March 31, 2022.

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at March 31, 2023 and March 31, 2022 are as shown below

Particulars	Valuation technique	Significant unobservable inputs	Range	Sensitivity of the input to fair value
Unquoted equity shares in Khed Economic Infrastructure Private Limited (KEIPL)	Cost method	Estimated realisation rates for developed land and land under development	March 31, 2023: ₹10.6 million to ₹12.6 million/acre (March 31, 2022: ₹ 10.50 million to ₹12.60 million/acre)	5% increase/(decrease) in realisation rate would result in increase/(decrease) in fair value per share by ₹ 1.50 (March 31, 2022: ₹ 55.27)
		Estimated realisation rates for undeveloped land	Not Applicable	
Unquoted equity shares in Avaada SataraMH Private Limited (ASPL)	Discounted Cash-flow (DCF) method	Weighted Average Cost of Capital (WACC)	March 31, 2023: 18.80% (March 31, 2022: 18.80%)	1% (March 31, 2022: 1%) increase (decrease) in the WACC would result in decrease (increase) in fair value by ₹ 6.15 million (31 March 2022: ₹ 6.15 million)
Unquoted equity shares in Avaada MHBuldhana Private Limited	Discounted Cash-flow (DCF) method	Weighted Average Cost of Capital (WACC)	March 31, 2023: 15.52% (March 31, 2022: Ref note c)	1% (March 31, 2022: 1%) increase (decrease) in the WACC would result in decrease (increase) in fair value by ₹ 0.11 million (31 March 2022: Ref note c)

Notes to Financial Statements

for the year ended March 31, 2023

48. Fair value hierarchy (contd.)

(a) Gupta Energy Private Limited (GEPL)

The Company has an investment in the equity instrument of GEPL. The same is classified as fair value through profit and loss. Over the years, GEPL has been making consistent losses. The management of the Company has made attempts to obtain the latest information for the purpose of valuation. However, such information is not available as GEPL has not filed the financial statements with the Ministry Of Corporate Affairs (MCA) since FY 2014-15. In view of the above, the management believes that the fair value of the investment is Nil as at April 1, 2015 and thereafter.

(b) KPIT Technologies Limited

The Company had invested into 613,000 equity shares of ₹ 2/- each of KPIT Technologies Limited. The Hon'ble National Company Law Tribunal, Mumbai Bench, has by its order approved the composite scheme of arrangement (Scheme), amongst Birlasoft (India) Limited, KPIT Technologies Limited, KPIT Engineering Limited and their respective shareholders. Pursuant to the Scheme, the engineering business of KPIT Technologies Limited has been transferred to KPIT Engineering Limited.

Pursuant to the order, Birlasoft (India) Limited has merged with KPIT Technologies Limited and KPIT Technologies has been renamed as "Birlasoft Limited". KPIT Engineering Limited has been renamed as "KPIT Technologies Limited".

Pursuant to the Scheme, the Company had received 1 equity share of KPIT Technologies Ltd. of ₹ 10/- each for 1 equity share of Birlasoft Ltd. of ₹ 2/- each. The ratio of cost of acquisition per share of Birlasoft Ltd. and KPIT Technologies Ltd. was 56.64% to 43.36%.

The investment in shares has been classified under level 1 of the fair value hierarchy as on March 31, 2023 and March 31, 2022.

(c) Avaada MHBuldhana Private Limited

The investment in equity shares of Avaada MHBuldhana Private Limited which was made on September 30, 2021 is governed by the terms of the share purchase agreement and the shares held by the Company are subject to certain restrictions in terms of the ability of the Company to sell the shares and the value at which this can be done. Considering the nature of restrictions and the overall intention of the management in relation to the equity shares, the fair value of such shares for the Company is the same as their cost i.e. the face value.

49. Financial instruments by category

Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's financial instruments as of March 31, 2023; other than those with carrying amounts that are reasonable approximates of fair values:

In ₹ Million

Particulars	Carrying value		Fair value	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Investments *	14,102.82	5,709.32	14,102.82	5,709.32
Loans	1,316.98	342.19	1,316.98	342.19
Trade receivables	113.25	113.25	113.25	113.25
Derivative instruments	646.49	2,574.29	646.49	2,574.29
Other non-current financial assets	357.21	673.86	357.21	673.86

Notes to Financial Statements

for the year ended March 31, 2023

49. Financial instruments by category (contd.)

In ₹ Million

Particulars	Carrying value		Fair value	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Total financial assets	**16,536.75**	**9,412.91**	**16,536.75**	**9,412.91**
Borrowings	12,031.78	13,006.52	12,031.78	13,006.52
Lease Liabilities	3,309.21	2,152.21	3,309.21	2,152.21
Derivative instruments	146.08	-	146.08	-
Other non-current financial liabilities	391.09	247.65	391.09	247.65
Total financial liabilities	**15,878.16**	**15,406.38**	**15,878.16**	**15,406.38**

* Investments do not include investments in subsidiaries, joint ventures and associates which are carried at cost and hence are not required to be disclosed as per Ind AS 107 "Financial Instruments Disclosures".

The management assessed that the fair value of cash and cash equivalent, trade receivables, derivative instruments, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

Further, the management assessed that the fair value of security deposits, trade receivables and other non-current receivables approximate their carrying amounts largely due to discounting/expected credit loss at rates which are an approximation of current lending rates.

The fair value of the financial assets and liabilities is included in the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

(i) Long-term fixed-rate and variable-rate receivables are evaluated by the Company based on parameters such as the individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

(ii) The fair values of quoted instruments are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in note 48. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

(iii) The fair values of the unquoted equity shares have been estimated using a cost method (KEIPL), market method (Tevva) as well as DCF model (ASPL and AMPL). The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

Notes to Financial Statements

for the year ended March 31, 2023

49. Financial instruments by category (contd.)

(iv) The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and forward rate curves of the underlying. All derivative contracts are fully cash collateralised, thereby eliminating both the counterparty and the Company's own non-performance risk. As at March 31, 2023 the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

(v) The Company's borrowings and loans are appearing in the books at fair value since the same are interest bearing. Hence discounting of the same is not required. The own non-performance risk as at March 31, 2023 and March 31, 2022 was assessed to be insignificant.

Reconciliation of fair value measurement of unquoted equity instruments classified as FVTOCI assets:

In ₹ Million

Type of Borrower	Unquoted equity shares in Avaada SataraMH Private Limited	Unquoted equity shares in Khed Economic Infrastructure Private Limited	Unquoted equity shares in Avaada MHBuldhana Private Limited	Unquoted equity shares in Tevva Motors (Jersey) Limited
As at April 1, 2021	**142.45**	**589.58**	**-**	**-**
Remeasurement recognised in OCI	-	235.68	-	1,346.17
Remeasurement recognised in Statement of profit and loss	-	-	-	-
Purchases	-	-	20.34	-
Conversion of investment in associate to financial instrument [Refer note 6 (k) and 32(b)]	-	-	-	1,457.77
Sales	-	-	-	-
As at March 31, 2022	**142.45**	**825.26**	**20.34**	**2,803.94**
Remeasurement recognised in OCI	-	162.74	-	-
Remeasurement recognised in Statement of profit and loss	-	-	-	-
Purchases	-	-	-	-
Conversion of investment in associate to financial instrument [Refer note 6 (k) and 32(b)]	-	-	-	-
Sales	-	-	-	-
As at March 31, 2023	**142.45**	**988.00**	**20.34**	**2,803.94**

Notes to Financial Statements

for the year ended March 31, 2023

50. Hedging activities and derivatives

Cash flow hedges

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in the US Dollar and Euro. These forecast transactions are highly probable.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

In ₹ Million

Type of Borrower	March 31, 2023		March 31, 2022	
	Assets	Liabilities	Assets	Liabilities
Fair value of foreign currency forward contracts	1,893.54	187.88	3,843.39	-

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arises requiring recognition through profit and loss. The amounts of outstanding forward contracts are as follows:

In ₹ Million

Nature of instrument	Currency	Purpose	March 31, 2023		March 31, 2022	
			Foreign Currency in Million	In ₹ Million	Foreign Currency in Million	In ₹ Million
Forward Contracts	USD	Hedging of highly probable forecast sales	621.00	53,742.45	628.22	53,217.25
Forward Contracts	EUR	Hedging of highly probable forecast sales	164.52	16,686.07	189.02	18,825.75

The cash flow hedges of the expected future sales during the year ended March 31, 2023 were assessed to be highly effective and a net unrealised (loss)/gain of ₹ 1,662.18 million (March 31, 2022: ₹ 3,761.17 million), with a deferred tax liability of ₹ 418.34 million (March 31, 2022 ₹ 946.61 million) relating to the hedging instruments, is included in OCI.

The amount removed from OCI during the year and included in the carrying amount of the hedged item as an adjustment for the year ended March 31, 2023 as detailed in note 33, totaling ₹ 1,373.62 million (gross of deferred tax) (March 31, 2022: ₹ 1,349.93 million). The amounts retained in OCI at March 31, 2023 are expected to mature and affect the statement of profit and loss till the year ended March 31, 2026.

Fair value hedges

At March 31, 2023 and March 31, 2022, the Company has a cross currency swap agreement in place. During the current year, the company has converted its Rupee Preshipment Credit into USD. Under the original agreement, the interest rate was fixed at 6.30% p.a. but due to cross currency swap arrangement the revised interest rate has been fixed at 4.00% p.a.

In earlier years, the Company has converted one of its USD loans into a Euro loan for interest arbitrage. Under the original agreement, the interest rate was fixed at LIBOR + 67 basis points, but due to the cross currency swap arrangement, the revised interest rate has been fixed at EURIBOR + 87 basis points, decreasing the corresponding interest cost on the term loan.

Notes to Financial Statements

for the year ended March 31, 2023

50. Hedging activities and derivatives (contd.)

Also as at March 31, 2023 the Company had certain forward contracts outstanding, which are being used to hedge the exposure to changes in the fair value of its underlying trade receivables.

The impact of the derivative instrument on the balance sheet as at March 31, 2023 is as follows:

In ₹ Million

Fair value hedge	Nominal amount (In Million)	Carrying amount of the asset/ (liability)	Line item in balance sheet where hedging instrument is disclosed	Changes in fair value for calculating hedge ineffectiveness for March 2023
Cross currency swap	EUR 10.21	76.42	Derivative instruments	Nil
Cross currency swap	USD 9.73	0.60	Derivative instruments	Nil
Forward Contracts	USD 2.28	1.47	Derivative instruments	Nil

The impact of the derivative instrument on the balance sheet as at March 31, 2022 is as follows:

In ₹ Million

Fair value hedge	Nominal amount (In Million)	Carrying amount of the asset/ (liability)	Line item in balance sheet where hedging instrument is disclosed	Changes in fair value for calculating hedge ineffectiveness for March 2022
Cross currency swap	EUR 17.86	85.10	Derivative instruments	Nil
Forward Contracts	EUR 3.03	13.61	Derivative instruments	Nil
Forward Contracts	USD 7.03	(6.47)	Derivative instruments	Nil

The impact of the hedged item on the balance sheet as at March 31, 2023 is as follows:

In ₹ Million

Fair value hedge	Nominal amount (In Million)	Changes in fair value for calculating hedge ineffectiveness for March 2023
Current borrowings	USD 12.00	NIL
Current borrowings	INR 800.00	NIL
Trade receivables	USD 2.28	NIL

The impact of the hedged item on the balance sheet as at March 31, 2022 is as follows:

In ₹ Million

Fair value hedge	Nominal amount (In Million)	Changes in fair value for calculating hedge ineffectiveness for March 2022
Non-current borrowings	USD 21.00	NIL
Trade receivables	EUR 3.03	NIL
Trade receivables	USD 7.03	NIL

Notes to Financial Statements

for the year ended March 31, 2023

50. Hedging activities and derivatives (contd.)

Derivatives not designated as hedging instruments

The Company has used foreign exchange forward contracts to manage the repayment of some of its foreign currency denominated borrowings. These foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions i.e. the repayments of foreign currency denominated borrowings.

51. Ratio analysis and its elements

In ₹ Million

	Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% change	Note reference for reasons for variance
(a)	Current ratio	Current Assets	Current Liabilities	1.36	1.67	-18%	
(b)	Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.58	0.55	5%	
(c)	Debt Service Coverage ratio	Earnings for debt service	Debt service	2.42	3.83	-37%	(1)
(d)	Return on Equity ratio (%)	Net Profits after taxes - Preference Dividend	Average Shareholder's Equity	14.12%	16.51%	-14%	
(e)	Inventory Turnover ratio	Cost of goods sold	Average Inventory	2.77	2.57	8%	
(f)	Trade Receivable Turnover Ratio	Net credit sales	Average Trade Receivable	2.64	3.06	-14%	
(g)	Trade Payable Turnover Ratio	Net credit purchases	Average Trade Payables	4.86	4.92	-1%	
(h)	Net Capital Turnover Ratio	Net sales	Working capital	4.45	2.42	84%	(2)
(i)	Net Profit ratio (%)	Net Profit	Net sales	13.81%	17.23%	-20%	
(j)	Return on Capital Employed (%)	Earning before interest and taxes (EBIT)	Capital Employed	13.27%	13.04%	2%	
(k)	Return on Investment (%)	Earning before interest and taxes (EBIT)	Average Shareholder's Equity	22.09%	22.70%	-3%	

Notes for movement in ratios

1 Movement in the ratio is attributable to an increase in revenue from operations which has been partially offset by an increase in the interest cost during the year.

2 Even though the revenue from operations has increased significantly, due to efficient working capital management this increase has not resulted in higher working capital. Hence this ratio has increased compared to the previous year.

Definitions

a Total Debt = Current and non-Current portion of long term borrowings + Short term borrowings

b Earning available for debt service = Profit for the year + Depreciation and Amortisation expense + Finance Costs + Exceptional items + (Gain)/Loss on sale of Property, plant and equipment

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

51. Ratio analysis and its elements (contd.)

c Debt service = Interest & Lease Payments + Principal Repayments

d Average Inventory = (Opening Inventory + Closing inventory)/2

e Net credit sales = Gross credit sales - Sales return

f Average Trade Receivable = (Opening Trade Receivable + Closing Trade Receivable)/2

g Net credit purchases = Gross credit purchases - Purchase return

h Average Trade Payables = (Opening Trade Payables + Closing Trade Payables)/2

i Net sales = Total sales - Sales return

j Working capital = Current assets - Current liabilities

k EBIT = Profit before Tax + Finance Costs + Exceptional items

l Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax

52. Significant accounting judgements, estimates and assumptions

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

Judgements

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

1) Leases

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

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

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Refer to Note 35 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

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

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

Property lease classification – Company as lessor

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

2) Embedded derivatives

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

3) Revenue from contracts with customers

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

a) Identifying contracts with customers

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

b) Identifying performance obligation

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

c) Determination of timing of satisfaction of performance obligation

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

Notes to Financial Statements

for the year ended March 31, 2023

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

(1) Sale of goods

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

(2) Tooling income

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

d) Litigations

The Company has various ongoing litigations, the outcome of which may have a material effect on the financial position, results of operations or cash flows. The Company's legal team regularly analyses current information about these matters and assesses the requirement for provision for probable losses including estimates of legal expenses to resolve such matters. In making the decision regarding the need for loss provision, the management considers the degree of probability of an unfavourable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a law suit or formal assertion of a claim against the Company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

Considering the facts on hand and the current stage of certain ongoing litigations where it stands, the Company forsees the remote risk of any material claim arising from claims against the Company. Management has exercised significant judgement in assessing the impact, if any, on the disclosures in respect of litigations in relation to the Company.

Estimates and assumptions

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

1) Estimating the incremental borrowing rate to measure lease liabilities

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

Notes to Financial Statements

for the year ended March 31, 2023

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

2) Impairment of non-financial assets (tangible and intangible)

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

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

3) Defined benefit plans

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

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases, discount rates and return on planned assets are based on expected future inflation rates for India. Further details about defined benefit plans are given in note 37.

4) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using different valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements and estimates include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer notes 48 and 49 for further disclosures.

5) Impairment of financial assets

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

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

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

The Company assesses the impairment of investments in subsidiaries, associates and joint ventures which are recorded at cost. The recoverable amount requires estimates of profit, discount rate, future growth rate, terminal values, etc. based on management's best estimate.

6) Provision for inventories

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

53. Financial risk management objectives and policies

The Company's principal financial liabilities other than derivatives comprise loans and borrowings, trade payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables and cash and cash equivalents that derive directly from its operations. The Company also holds FVTOCI and FVTPL investments and enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a Finance and Risk Management Committee (FRMC) that advises on financial risks and the appropriate financial risk governance framework for the Company. The FRMC provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. Further, all the derivative activities for risk management purposes are carried out by experienced members of the senior management who have the relevant expertise, appropriate skills and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees on policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments in mutual funds, FVTOCI investments and derivative financial instruments.

The sensitivity analysis in the following sections relates to the position as at March 31, 2023 and March 31, 2022.

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at March 31, 2023 and comparatively as at March 31, 2022. The analysis excludes the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations and provisions.

The below assumptions have been made in calculating the sensitivity analysis:

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

53. Financial risk management objectives and policies (contd.)

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held as at March 31, 2023 and March 31, 2022 including the effect of hedge accounting.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates, other than 5.97% rated unsecured non-convertible debentures, 5.80% rated unsecured non-convertible debentures & 5.90% rupee term loan from a bank which have a fixed interest rate.

The Company generally borrows in foreign currency, considering the natural hedge it has against its export. Long-term and short-term foreign currency debt obligations carry floating interest rates.

The Company avails short term debt in foreign currency up to a tenure of 9 months, in the nature of export financing for its working capital requirements. LIBOR/SOFR or EURIBOR for the said debt obligations is fixed for the entire tenor of the debt, at the time of availment.

The Company has an option to reset LIBOR or EURIBOR either for 6 Months or 3 months for its long-term debt obligations. To manage its interest rate risk, the Company evaluates the expected benefit from either the LIBOR or EURIBOR resetting options and accordingly decides. The Company also has the option for its long-term debt obligations to enter into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

As at March 31, 2023, the Company's 49.07 % of total long-term borrowings are covered under a floating rate of interest (March 31, 2022: 72.05%).

Interest rate sensitivity

The Company's total interest cost for the year ended March 31, 2023 was ₹ 2,126.89 million (March 31, 2022: ₹ 1,073.01 million). The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, with all other variables held constant, the Company's profit before tax is affected through the impact on floating rate long term borrowings, as follows:

In ₹ Million

Particulars	Change in basis points	Effect on profit before tax and equity	
		March 31, 2023	March 31, 2022
USD	+/- 50	21.37	28.42
EUR*	+50	21.57	32.71
EUR*	-50	(21.57)	(9.31)

* During the previous financial year, EURIBOR was trading in a negative zone and some Euro borrowings were floored at zero EURIBOR while others were trading at floating EURIBOR. Further Euro borrowings includes USD borrowings swapped into Euro borrowings through cross currency swap.

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing significantly higher volatility than in prior years.

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

53. Financial risk management objectives and policies (contd.)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's export revenue and long-term foreign currency borrowings.

The Company manages its foreign currency risk by hedging its forecasted sales up to 3 to 4 years to the extent of 25%-65% on a rolling basis and the Company keeps its long-term foreign currency borrowings un-hedged which will be a natural hedge against its un-hedged exports. The Company may hedge its long term borrowing near the repayment date to avoid rupee volatility in the short term.

The Company avails bills discounting facility in INR for some of its export receivables to avail interest subvention benefit. The Company manages foreign currency risk by hedging the receivables against the said liability. The Company also manages foreign currency risk in relation to export receivable balances through forward exchange contracts.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The Company discloses fair value of the outstanding derivative in the financial statements. The impact on the Company's pre-tax equity due to changes in the fair value of the outstanding forward contracts is as follows:

In ₹ Million

Change in rate	Effect on OCI		Effect on net profit	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
USD/INR -1	630.73	628.22	2.28	7.03
EUR/INR -1	164.52	189.02	-	3.03
EUR/USD -0.01	Nil	Nil	8.39	13.54

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of un-hedged monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

In ₹ Million

Change in FC/INR rate	Effect on profit before tax and equity	
	March 31, 2023	March 31, 2022
USD 1	26.75	79.02
EUR 1	17.45	84.87

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

53. Financial risk management objectives and policies (contd.)

Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require ongoing purchase of steel. Due to the significant volatility of the price of steel, the Company has agreed with its customers for pass-through of increase/decrease in prices of steel. There may be lag effect in case of such pass-through arrangements.

Commodity price sensitivity

The Company has back to back pass through arrangements for volatility in raw material prices for most of the customers. However, in a few cases there may be a lag effect in the case of such pass-through arrangements and might have some effect on the Company's profit and equity.

Equity price risk

The Company is exposed to price risk in equity investments and classified on the balance sheet as fair value through profit and loss and through other comprehensive income. To manage its price risk arising from investments in equity, the Company diversifies its portfolio. Diversification and investment in the portfolio is done in accordance with the limits set by the Board of Directors.

At the reporting date, the exposure to unlisted equity securities at fair value was ₹ 4,210.65 million (March 31, 2022: ₹ 4,099.77 million). Sensitivity analysis of major investments has been provided in Note 48.

At the reporting date, the exposure to listed equity securities at fair value was ₹ 727.17 million (March 31, 2022: ₹ 647.32 million). An increase/decrease of 10% on the NSE market index could have an impact of approximately ₹ 72.72 million (March 31, 2022: ₹ 64.73 million) on the OCI or equity attributable to the Company. These changes would not have an effect on profit and loss.

Other price risks

The Company invests its surplus funds in mutual funds which are linked to debt markets. The Company is exposed to price risk for investments that are classified as fair value through profit and loss. To manage its price risk arising from investments in mutual funds, the Company diversifies its portfolio. Diversification and investments in the portfolio are done in accordance with Company's investment policy approved by the Board of Directors. Accordingly, increase/decrease in interest rates by 0.25% will have an impact of ₹ 37.66 million (March 31, 2022: ₹ 48.64 million).

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, investment in mutual funds, other receivables and deposits, foreign exchange transactions and other financial instruments.

Trade receivable

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Further, the Company's customers include marquee Original Equipment Manufacturers and Tier I companies, having long standing relationships with the Company. Outstanding customer receivables are regularly monitored and reconciled. On March 31, 2023, receivables from the Company's top 5 customers accounted for approximately 34.36% (March 31, 2022: 35.19%) of all the receivables outstanding. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on the provision matrix **(Refer table below)**. Further, an

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

53. Financial risk management objectives and policies (contd.)

impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on historical data and subsequent expectations of receipts. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 12. The Company does not hold collateral as security except in the case of a few customers. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

In ₹ Million

Year ended	Particulars	Not yet due	Outstanding for following periods from due date of payment					
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
March 31, 2023	% of loss allowance	0.08%	4.97%	5.65%	28.08%	40.09%	24.62%	1.03%
March 31, 2022	% of loss allowance	0.00%	5.68%	10.62%	21.73%	36.44%	24.76%	1.16%

Other receivables, deposits with banks, mutual funds and loans given

Credit risk from balances with banks, financial institutions and mutual funds is managed in accordance with the Company's approved investment policy. Investments of surplus funds are made only with approved Counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on a regular basis and the said limits get revised as and when appropriate. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through the counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet on March 31, 2023 and March 31, 2022 is the carrying amounts as illustrated in the respective notes except for financial guarantees and derivative financial instruments. The Company's maximum exposure relating to financial guarantees and financial derivative instruments is noted in note 38 and note 50 respectively.

Liquidity risk

Cash flow forecasting is performed by the Treasury function. Treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration compliance with internal cash management. The Company's treasury invests surplus cash in marketable securities as per the approved policy, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. At the reporting date, the Company held mutual funds of ₹ 16,691.97 million (March 31, 2022: ₹ 19,957.17 million) and other liquid assets of ₹ 3,979.54 million (March 31, 2022: ₹ 3,780.81 million) that are expected to readily generate cash inflows for managing liquidity risk.

As per the Company's policy, there should not be a concentration of repayment of loans in a particular financial year. In case of such concentration of repayment, the Company evaluates the option of refinancing the entire or part of repayments for extended maturity. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders and the Company is also maintaining surplus funds with short term liquidity for future repayment of loans.

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

53. Financial risk management objectives and policies (contd.)

The table below summarises the maturity profile of the Company's financial liabilities:

In ₹ Million

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
March 31, 2023				
Borrowings	32,323.44	12,032.81	-	**44,356.25**
Trade and other payables	12,126.74	-	-	**12,126.74**
Lease liabilities	151.26	755.19	2,554.02	**3,460.47**
Other financial liabilities	391.09	626.09	-	**1,017.18**
Total	**44,992.53**	**13,414.09**	**2,554.02**	**60,960.64**
March 31, 2022				
Borrowings	25,985.37	13,006.52	-	**38,991.89**
Trade and other payables	9,669.87	-	-	**9,669.87**
Lease liabilities	96.46	506.43	1,645.78	**2,248.67**
Other financial liabilities	948.68	247.65	-	**1,196.33**
Total	**36,700.38**	**13,760.60**	**1,645.78**	**52,106.76**

The management believes that the probability of any outflow on account of financial guarantees issued by the Company being called on is remote. Hence the same has not been included in the above table. Further, as and when required, the Company also gives financial support letters to subsidiaries.

54. Standards issued but not yet effective

The Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, the MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

(a) Amendments to Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence the decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

(b) Amendments to Ind-AS 12: Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

Notes to Financial Statements

for the year ended March 31, 2023

54. Standards issued but not yet effective (contd.)

(c) Amendments to Ind-AS 8: Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact on its financial statements.

55. Other statutory information

55.1. There is no proceeding initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

55.2. The Company does not have any charge which is yet to be registered with the Registrar of Companies beyond the statutory period. With regard to the satisfaction of charges, a few cases of the company are outstanding with ROC due to technical reasons and the company is in the process of obtaining no dues certificates from the lenders, which the Company will be filing with the Registrar of Companies for satisfaction of the related charges.

55.3. The Company has not traded or invested in Cryptocurrency or Virtual Currency during the financial year.

55.4. During the year ended March 31, 2023, the Company was not a party to any approved scheme which needs approval from a competent authority in terms of Sections 230 to 237 of the Companies Act, 2013.

As per our report of even date

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

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

Shiraz Vastani
Partner
Membership Number: 103334

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

G. K. Agarwal
Deputy Managing Director
DIN : 00037678

Kishore Saletore
Executive Director and CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 05, 2023

Place: Pune
Date: May 05, 2023

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.