Preliminary Placement Document
Subject to Completion and not for circulation
Private and confidential
Serial Number________

KALYANI

BHARAT FORGE LIMITED

Our Company was originally incorporated on June 19, 1961, under the Companies Act, 1956 as '*Bharat Forge Company Limited*', pursuant to a certificate of incorporation issued by the Registrar of Companies, Maharashtra at Pune ("**RoC**"). The name of our Company was changed to '*Bharat Forge Limited*' pursuant to a fresh certificate of incorporation consequent to change of name issued by RoC on April 30, 1986. For further details regarding changes in the name and Registered and Corporate Office of our Company, please see "*General Information*" on page 229.

Registered and Corporate Office: Bharat Forge Limited, Mundhwa, Pune Cantonment, Pune – 411 036, Maharashtra, India
Tel: +91 20 6704 2850 / 2476; **E-mail**: secretarial@bharatforge.com; **Website**: www.bharatforge.com; **CIN:** L25209PN1961PLC012046
Contact person: Tejaswini Chaudhari, Company Secretary and Compliance Officer

Issue of up to [●] equity shares of face value of ₹ 2 each of our Company (the "**Equity Shares**") at a price of ₹ [●] per Equity Share, including a premium of ₹[●] per Equity Share (the "**Issue Price**"), aggregating to ₹ [●] million (the "**Issue**"). For further details, see "*Summary of the Issue*" on page 38.

THE ISSUE IS BEING UNDERTAKEN IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS"), SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED (THE "COMPANIES ACT, 2013"), READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES"), AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER, EACH AS AMENDED ("COMPANIES ACT").

The Equity Shares of our Company are listed on the National Stock Exchange of India Limited (the "**NSE**") and the BSE Limited (the "**BSE**" and together with NSE, the "**Stock Exchanges**"). The closing prices of the Equity Shares on the NSE and the BSE as on December 3, 2024 were ₹ 1,350.40 and ₹ 1,349.90 per Equity Share, respectively. Our Company has received in-principle approval pursuant to Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "**SEBI Listing Regulations**") for listing of the Equity Shares to be issued pursuant to the Issue, from BSE and NSE, each dated December 4, 2024. Our Company shall make applications to the Stock Exchanges for obtaining final listing and trading approvals for the Equity Shares to be issued pursuant to the Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to be issued pursuant to the Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or the Equity Shares.

OUR COMPANY HAS PREPARED THIS PRELIMINARY PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE. THE ISSUE AND THE DISTRIBUTION OF THIS PRELIMINARY PLACEMENT DOCUMENT TO ELIGIBLE QIBs (AS DEFINED HEREINAFTER) IS BEING MADE IN RELIANCE UPON CHAPTER VI OF THE SEBI ICDR REGULATIONS, SECTION 42 OF THE COMPANIES ACT, 2013 READ WITH RULE 14 OF THE PAS RULES AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND OTHER RULES MADE THEREUNDER. THIS PRELIMINARY PLACEMENT DOCUMENT SHALL BE CIRCULATED TO ONLY SUCH ELIGIBLE QIBs WHOSE NAMES ARE RECORDED BY OUR COMPANY, PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES. THIS PRELIMINARY PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN TO ELIGIBLE QIBs AS DEFINED IN THE SEBI ICDR REGULATIONS. YOU ARE NOT AUTHORIZED TO AND MAY NOT (1) DELIVER THIS PRELIMINARY PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PRELIMINARY PLACEMENT DOCUMENT, IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENTS OR UTILIZE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PRELIMINARY PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI ICDR REGULATIONS, THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

INVESTMENT IN EQUITY SHARES INVOLVES A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ "*RISK FACTORS*" ON PAGE 52 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONDUCT ITS OWN DUE DILIGENCE ON US AND THE EQUITY SHARES AND CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THIS PRELIMINARY PLACEMENT DOCUMENT AND THE PLACEMENT DOCUMENT.

A copy of this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4 (as defined hereinafter) has been delivered to the Stock Exchanges and a copy of the Placement Document (which will include disclosures prescribed under Form PAS-4) will be delivered to the Stock Exchanges. Our Company shall also make the requisite filings with the RoC, within the stipulated period as required under the Companies Act, 2013 and the PAS Rules. This Preliminary Placement Document has not been reviewed by the Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India ("**RBI**"), the Stock Exchanges or any other listing or regulatory authority and is intended only for use by Eligible QIBs. This Preliminary Placement Document has not been and will not be filed as a prospectus with the RoC and will not be circulated or distributed to the public in India or any other jurisdiction and the Issue will not constitute a public offer in India or any other jurisdiction.

Invitations, offers and sales of the Equity Shares to be issued pursuant to this Issue shall only be made pursuant to this Preliminary Placement Document together with the Application Form, the Placement Document and the Confirmation of Allocation Note (each as defined hereinafter). This Preliminary Placement Document and the Placement Document relate to an issue made to Eligible QIBs under Chapter VI of the SEBI ICDR Regulations and no offer is being made to the public or any other class of investors. For further details, see "*Issue Procedure*" on page 172. The distribution of this Preliminary Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than Eligible QIBs to whom this Preliminary Placement Document is specifically addressed, and persons retained by such Eligible QIBs to advise them with respect to their purchase of Equity Shares is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and make no copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the Equity Shares are being offered and sold outside the United States, in "offshore transactions" as defined in and in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where those offers and sales occur. The Equity Shares are transferable only in accordance with the restrictions described in the sections "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 188 and 194, respectively.

The information on the websites of our Company, our Subsidiaries, our Associates, Joint Ventures, as applicable, or any other website directly or indirectly linked to the websites of our Company or the website of the Book Running Lead Managers (as defined hereinafter) or its respective affiliates, does not constitute nor form part of this Preliminary Placement Document and prospective investors should not rely on such information contained in, or available through, any such websites for their investment in this Issue. The Equity Shares are transferable only in accordance with the restrictions described under the sections *"Selling Restrictions"* and *"Purchaser Representations and Transfer Restrictions"* on pages 188 and 194, respectively.

This Preliminary Placement Document is dated December 4, 2024.

BOOK RUNNING LEAD MANAGERS

kotak Investment Banking	Morgan Stanley
KOTAK MAHINDRA CAPITAL COMPANY LIMITED	**MORGAN STANLEY INDIA COMPANY PRIVATE LIMITED**

This Preliminary Placement Document relates to an issue made to Eligible QIBs under Chapter VI of the SEBI ICDR Regulations and no offer is being made through this Preliminary Placement Document to the public or any other categories of investors other than the Eligible QIBs. This Preliminary Placement Document is not an offer to sell securities and is not soliciting an offer to buy securities in any jurisdiction where such offer or sale or subscription is not permitted. The information in this Preliminary Placement Document is not complete and may be changed.

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all of the information contained in this Preliminary Placement Document and confirms that to the best of its knowledge and belief, having made all reasonable enquiries, this Preliminary Placement Document contains all information with respect to our Company, our Subsidiaries, our Associates, our Joint Ventures and the Equity Shares, which is material in the context of the Issue. The statements contained in this Preliminary Placement Document relating to our Company, our Subsidiaries, our Associates, our Joint Ventures and the Equity Shares are, in all material respects, true, accurate and not misleading, and the opinions and intentions expressed in this Preliminary Placement Document with regard to our Company, our Subsidiaries, our Associates, our Joint Ventures and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to our Company, our Subsidiaries and our Associates, our Joint Ventures There are no other facts in relation to our Company, our Subsidiaries, our Associates, our Joint Ventures and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Preliminary Placement Document misleading in any material respect. Further, our Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. Unless otherwise stated, all information in this Preliminary Placement Document is provided as of the date of this Preliminary Placement Document and neither our Company, our Subsidiaries, our Associates, our Joint Ventures nor the Book Running Lead Managers have any obligation to update such information to a later date and thus it should not be relied upon with respect to such subsequent events without first confirming the accuracy or completeness with the Company.

The information contained in this Preliminary Placement Document has been provided by our Company and from other sources identified herein. Kotak Mahindra Capital Company Limited and Morgan Stanley India Company Private Limited (the "**Book Running Lead Managers**" **or** "**BRLMs**") have not separately verified all of the information contained in this Preliminary Placement Document (financial, legal or otherwise). Accordingly, neither the Book Running Lead Managers nor any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, associates or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Book Running Lead Managers and/or any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, associates or affiliates as to the accuracy or completeness of the information contained in this Preliminary Placement Document or any other information (financial, legal or otherwise) supplied in connection with our Company, our Subsidiaries, our Associates and the Equity Shares or its distribution. Each person receiving this Preliminary Placement Document acknowledges that such person has not relied either on the Book Running Lead Managers or on any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, associates or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Company, our Subsidiaries, our Associates, our Joint Ventures and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

No person is authorised to give any information or to make any representation not contained in this Preliminary Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Company or by or on behalf of the Book Running Lead Managers. The delivery of this Preliminary Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

Purchasers of the Equity Shares offered in this Issue will be deemed to make the representations, warranties, acknowledgments and agreements set forth in, and the Equity Shares are transferable only in accordance with, the restrictions described in the sections titled "*Representations by Investors," "Selling Restrictions"* and *"Purchaser Representations and Transfer Restrictions*" beginning on pages 6, 188, and 194 respectively.

The Equity Shares to be issued pursuant to this Issue have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction, including SEBI. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Preliminary Placement Document. Any representation to the contrary is a criminal offence in certain jurisdictions.

The information contained in this Preliminary Placement Document has been provided by our Company and from other sources identified herein. The distribution of this Preliminary Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than Eligible QIBs whose names are recorded by our Company prior to the invitation to subscribe to the Issue in consultation with the Book Running Lead Managers or its representatives, and those retained by Eligible QIBs to advise them with respect to their purchase of the Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and not further distribute or make any copies of this Preliminary

Placement Document or any documents referred to in this Preliminary Placement Document. Any reproduction or distribution of this Preliminary Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited.

The distribution of this Preliminary Placement Document and the issue of the Equity Shares may be restricted in certain jurisdictions by applicable laws. As such, this Preliminary Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been or will be taken by our Company and the Book Running Lead Managers that would permit an offering of the Equity Shares or distribution of this Preliminary Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering material in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. In particular, the Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Equity Shares are being offered and sold outside the United States, in "offshore transactions" as defined in and in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where those offers and sales occur. The Equity Shares are transferable only in accordance with the restrictions described in the sections "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 188 and 194, respectively.

The distribution of this Preliminary Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than Eligible QIBs specified by the BRLMs or their representatives and those persons retained by Eligible QIBs to advise them with respect to their purchase of the Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Preliminary Placement Document, agrees to observe the foregoing restrictions and not further distribute or make any copies of this Preliminary Placement Document or any documents referred to in this Preliminary Placement Document. Any reproduction or distribution of this Preliminary Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited.

This Preliminary Placement Document does not purport to contain all the information that any Eligible QIB may require in order to make an investment decision in relation to the Equity Shares offered in the Issue. In making an investment decision, the prospective investors must rely on their own examination of our Company, our Subsidiaries, our Associates, our Joint Ventures the Equity Shares and the terms of the Issue, including the merits and risks involved. Prospective investors should not construe the contents of this Preliminary Placement Document as legal, business, tax, accounting, or investment advice and should consult their own counsels and advisors as to business, investment, legal, tax, accounting and related matters concerning this Issue. In addition, our Company and the Book Running Lead Managers are not making any representation to any investor, purchaser, offeree or subscriber of the Equity Shares in relation to this Issue regarding the legality of an investment in the Equity Shares by such investor, purchaser, offeree or subscriber under applicable legal, investment or similar laws or regulations. The prospective investors of the Equity Shares should conduct their own due diligence on the Equity Shares and our Company.

Each investor, purchaser, offeree or subscriber of the Equity Shares in the Issue is deemed to have acknowledged, represented and agreed that it is an Eligible QIB and is eligible to invest in India and in our Company under applicable law, including Chapter VI of the SEBI ICDR Regulations, Section 42 of the Companies Act read with Rule 14 of the PAS Rules, and other provisions of the Companies Act, and that it is not prohibited by SEBI or any other regulatory, statutory or judicial authority in India or any other jurisdiction from buying, selling or dealing in securities including the Equity Shares or otherwise accessing the capital markets in India. Each investor, purchaser, offeree or subscriber of the Equity Shares in the Issue also acknowledges that it has been afforded an opportunity to request from our Company and review information relating to our Company and the Equity Shares.

Neither our Company nor the Book Running Lead Managers are liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document and thus it should not be relied upon with respect to such subsequent events without first confirming the accuracy or completeness with the Company. Neither the delivery of this Preliminary Placement Document nor any issue of Equity Shares made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Company since the date hereof. Eligible QIBs (as defined hereinafter) are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the SEBI Takeover Regulations (as defined hereafter) and the Eligible QIBs shall be solely responsible for compliance with the provisions of the SEBI Takeover Regulations, SEBI Insider Trading Regulations (as defined hereinafter) and other applicable laws, rules, regulations, guidelines and circulars.

This Preliminary Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such document. Further, this Preliminary Placement Document has been prepared for information purposes in relation to the Issue only and upon the express understanding that it will be used for the purposes set forth herein.

The information on our Company's website, i.e., www.bharatforge.com, any website directly or indirectly linked to the website of our Company or to the website of the Book Running Lead Managers or any of its respective affiliates or agents, other than this Preliminary Placement Document, does not and shall not constitute nor form part of this Preliminary Placement Document. Prospective investors should not rely on such information contained in, or available through, any such websites.

Our Company agrees to comply with any undertakings given by it from time to time in connection with the Equity Shares to the Stock Exchanges and, without prejudice to the generality of foregoing, shall furnish to the Stock Exchanges all such information as the rules of the Stock Exchanges may require in connection with the listing of the Equity Shares on the Stock Exchanges.

Any information about our Company available on any website of the Stock Exchanges, our Company or the Book Running Lead Managers, other than this Preliminary Placement Document, shall not constitute a part of this Preliminary Placement Document and no investment decision should be made on the basis of such information.

NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

This Preliminary Placement Document is not an offer to sell securities and is not soliciting an offer to subscribe to or buy securities in any jurisdiction where such offer, solicitation, sale or subscription is not permitted. For information relating to investors in certain other jurisdictions, see "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 188 and 194, respectively.

REPRESENTATIONS BY INVESTORS

References herein to "you" or "your" in this section are to the Bidders in this Issue. By Bidding for and/or subscribing to any Equity Shares under the Issue, you are deemed to have represented, warranted, acknowledged, and agreed to the contents set forth in the sections "*Notice to Investors*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 3, 188 and 194, respectively, and have represented, warranted and acknowledged to and agreed to our Company and to the Book Running Lead Managers, as follows:

- Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made based on any information relating to our Company or our Subsidiaries or our Associates or our Joint Ventures which is not set forth in this Preliminary Placement Document;

- You are a "**Qualified Institutional Buyer**" as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to (i) acquire, hold, manage or dispose of any Equity Shares that are Allotted (as defined hereafter) to you in accordance with Chapter VI of the SEBI ICDR Regulations, the Companies Act, and all other applicable laws; and (ii) comply with the SEBI ICDR Regulations, the Companies Act and all other applicable laws, including any reporting obligations, making necessary filings, if any, in connection with the Issue or otherwise accessing capital markets;

- You are eligible to invest in India under applicable law, including the FEMA Rules (as defined hereinafter) and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI, RBI or any other regulatory authority, statutory authority or otherwise, from buying, selling, or dealing in securities or otherwise accessing capital markets in India;

- If you are not a resident of India, but are an Eligible QIB, (i) you are a foreign portfolio investor, and you confirm that you are an Eligible FPI as defined in this Preliminary Placement Document and have a valid and existing registration with SEBI under the applicable laws in India, or (ii) a multilateral or bilateral development financial institution and can participate in the Issue only under Schedule II of FEMA Rules and you are eligible to invest in India under applicable law, including FEMA Rules, and any other notifications, circulars or clarifications issued thereunder. You will make all necessary filings with appropriate regulatory authorities, including RBI, as required pursuant to applicable laws. You are eligible to invest in India under applicable law, including the FEMA Rules, and any notifications, circulars or clarifications issued thereunder and have not been prohibited by SEBI or any other regulatory authority, from buying, selling or dealing in securities or otherwise accessing the capital markets;

- You are aware that in terms of the SEBI FPI Regulations (as defined hereinafter) and the FEMA Rules, the total holding by each FPI (as defined hereinafter) including its investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50.00% or common control) shall be below 10.00% of the total paid-up Equity Share capital of our Company on a fully diluted basis and the total holdings of all FPIs put together shall not exceed the sectoral cap applicable to the sector in which our Company operates. In terms of the FEMA Rules, for calculating the total holding of FPIs in a company, holding of all registered FPIs shall be included. Hence, Eligible FPIs may invest in such number of Equity Shares in this Issue such that (i) the individual investment of the FPI in our Company does not exceed 10.00% of the post-Issue paid-up Equity Share capital of our Company on a fully diluted basis, and (ii) the aggregate investment by FPIs in our Company does not exceed the sectoral cap applicable to our Company. In case the holding of an FPI together with its investor group increases to 10.00% or more of the total paid-up Equity Share capital, on a fully diluted basis, such FPI together with its investor group shall divest the excess holding within a period of five trading days from the date of settlement of the trades resulting in the breach. If however, such excess holding has not been divested within the specified period of five trading days, the entire shareholding of such FPI together with its investor group will be re-classified as FDI (as defined hereinafter), subject to the conditions as specified by SEBI and the RBI in this regard and compliance by our Company and the investor with applicable reporting requirements and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations. Since FVCIs (as defined hereinafter) are not permitted to participate in the Issue, you confirm that you are not an FVCI;

- You will provide the information as required under the provisions of the Companies Act, the PAS Rules, the applicable provisions of the SEBI ICDR Regulations and any other applicable rules for record keeping by our Company, including your name, nationality, complete address, phone number, e-mail address, permanent account number (if applicable) and bank account details and such other details as may be prescribed or otherwise required even after the closure of the Issue and the list of Eligible QIBs including the aforementioned details shall be filed with the RoC and SEBI, as may be required under the Companies Act and other applicable laws;

- If you are Allotted Equity Shares, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the floor of the Stock Exchanges and in accordance with any other resale restrictions applicable to you. For more information, please see the sections "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 188 and 194, respectively;

- You are aware that this Preliminary Placement Document and the Placement Document have not been and will not be filed as a prospectus with the RoC under the Companies Act, the SEBI ICDR Regulations or under any other law in force in India and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs. This Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4) has not been reviewed or affirmed by the RBI, SEBI, the Stock Exchanges, the RoC or any other regulatory or listing authority and is intended only for use by Eligible QIBs;

- You confirm that neither is your investment as an entity of a country which shares land border with India nor is the beneficial owner of your investment situated in or a citizen of such country (in each of which case, investment can only be through the Government approval route), and that your investment is in accordance with consolidated FDI Policy (as defined hereinafter) and Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, and Rule 6 of the FEMA Rules;

- This Preliminary Placement Document has been filed, and the Placement Document will be filed, with the Stock Exchanges for record purposes only and this Preliminary Placement Document and the Placement Document will be displayed on the websites of our Company and the Stock Exchanges;

- You are permitted to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions that apply to you and that you have fully observed such laws and you have necessary capacity, have obtained all necessary consents, governmental or otherwise, and authorisations, as may be required and complied and shall comply with all necessary formalities, to enable you to participate in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Preliminary Placement Document), and will honour such obligations;

- You are aware that, our Company, the Book Running Lead Managers or any of its respective shareholders, directors, officers, employees, counsels, associates, representatives, agents or affiliates are not making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment, be a client of the Book Running Lead Managers. The Book Running Lead Managers or any of its respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates do not have any duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity;

- You confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents (the "**Company Presentations**") with regard to our Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Book Running Lead Managers may not have knowledge of all the statements that our Company or its agents may have made at such Company Presentations and is therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Book Running Lead Managers have advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) you confirm that you have not been provided any material or price sensitive information relating to our Company and the Issue that was not publicly available;

- You are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law, including but not limited to the SEBI Insider Trading Regulations, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, as amended, and the Companies Act;

- You understand that the Equity Shares issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association (as defined hereinafter) and Articles of Association (as defined hereinafter) and will be credited as fully paid and will rank *pari passu* in all respects with the existing Equity Shares including the right to receive dividend and other distributions declared;

- All statements other than statements of historical fact included in this Preliminary Placement Document, including, without limitation, those regarding our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our Company's business), are forward-looking statements. You are aware that, such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our perspective present and future business strategies and environment in which we will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of this Preliminary Placement Document. Neither our Company nor the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, associates, agents or affiliates assume any responsibility to update any of the forward-looking statements contained in this Preliminary Placement Document;

- You are aware and understand that the Equity Shares are being offered only to Eligible QIBs on a private placement basis and are not being offered to the general public or any other category of investors other than Eligible QIBs, and the Allotment of such Equity Shares shall be at the discretion of our Company, in consultation with the Book Running Lead Manager;

- You are aware that the pre-Issue and post-Issue shareholding pattern of our Company, as required by the SEBI Listing Regulations, will be filed by our Company with the Stock Exchanges;

- You are aware that in terms of the requirements of the Companies Act, upon Allocation, our Company will be required to disclose names and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document. However, disclosure of such details in relation to the proposed Allottees in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the Book Running Lead Manager;

- You are aware that if you are Allotted more than 5.00% of the Equity Shares in the Issue, our Company shall be required to disclose your name and the number of the Equity Shares Allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosures;

- You have been provided a serially numbered copy of this Preliminary Placement Document and have read it in its entirety, including in particular, "*Risk Factors*" on page 52;

- In making your investment decision, you have (i) relied on your own examination of us, the Equity Shares and the terms of the Issue, including the merits and risks involved, (ii) made and continue to make your own assessment of us and the Equity Shares and the terms of the Issue based solely on and in reliance of the information contained in this Preliminary Placement Document and no other disclosure or representation by our Company or any other party, (iii) consulted your own independent counsels and advisors or otherwise have satisfied yourself concerning, without limitation, the effects of local laws (including tax laws), (iv) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of us and the Equity Shares, and (v) relied upon your own investigation and resources in deciding to invest in the Issue;

- Neither our Company, the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including but not limited to the Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the Book Running Lead Managers or any of their respective shareholders, investors, directors, officers, employees, counsels, representatives, agents or affiliates, when evaluating the tax consequences in relation to the Equity Shares (including, in relation to the Issue and the use of proceeds from the Equity Shares). You waive, and agree not to assert any claim against, our Company, the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- You are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of an investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar nature of business, similar stage of development and in similar jurisdictions. You and any managed accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of your investment in the Equity Shares, (ii) will not look to our Company and/or the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, advisors, representatives, agents or affiliates for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares; and (vi) are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute. You are aware that investment in equity shares involves a high degree of risk and that the Equity Shares are, therefore a speculative investment;

- If you are acquiring the Equity Shares to be issued pursuant to the Issue for one or more managed accounts, you represent and warrant that you are authorised in writing, by each such managed account to acquire such Equity Shares for each managed account and hereby make the representations, warranties, acknowledgements, undertakings and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

- You are not a 'promoter' (as defined under the Companies Act, 2013 and the SEBI ICDR Regulations) of our Company and are not a person related to our Promoter, either directly or indirectly and your Bid does not directly or indirectly represent our 'Promoter', or 'Promoter Group' (as defined under the SEBI ICDR Regulations) of our Company or persons or entities related thereto;

- You have no veto rights or right to appoint any nominee director on our Board (as defined hereinafter), other than the rights acquired, if any, in the capacity of a lender not holding any Equity Shares (a QIB who does not hold any Equity Shares and who has acquired the said rights in the capacity of a lender shall not be deemed to be a person related to our Promoter;

- You agree in terms of Section 42 of the Companies Act and Rule 14 of the PAS Rules, that our Company shall make necessary filings with the RoC as may be required under the Companies Act;

- You will have no right to withdraw your Application Form or revise your Bid downwards after the Bid / Issue Closing Date (as defined hereinafter);

- You are eligible to Bid for and hold the Equity Shares so Allotted, together with any Equity Shares held by you prior to the Issue. Further, you confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable law;

- The Bid made by you would not result in triggering a tender offer under the SEBI Takeover Regulations and you shall be solely responsible for compliance with all other applicable provisions of the SEBI Takeover Regulations;

- The aggregate number of Equity Shares Allotted to you under the Issue, together with other Allottees that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50.00% of the Issue Size. For the purposes of this representation:

  a. Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15.00% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIBs, its subsidiary or holding company and any other Eligible QIB; and

  b. 'Control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the SEBI Takeover Regulations;

- You shall not undertake any trade in the Equity Shares credited to your beneficiary account until such time that the final listing and trading approvals for such Equity Shares are issued by the Stock Exchanges;

- You are aware that (i) applications for in-principle approval, in terms of Regulation 28(1)(a) of the SEBI Listing Regulations, for listing and admission of the Equity Shares to be issued pursuant to the Issue and for trading on the Stock Exchanges, were made and an in-principle approval has been received by our Company from each of the Stock Exchanges, and (ii) the application for the final listing and trading approval will be made only after Allotment. There can be no assurance that the final listing and trading approvals for listing of the Equity Shares to be issued pursuant to this Issue will be obtained in time or at all. Neither our Company nor the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates shall be responsible for any delay or non-receipt of such final listing and trading approvals or any loss arising from such delay or non-receipt;

- You are aware and understand that the Book Running Lead Managers have entered into a Placement Agreement with our Company whereby the Book Running Lead Managers have, subject to the satisfaction of certain conditions set out therein, undertaken to use reasonable efforts to procure subscription for the Equity Shares on the terms and conditions set forth therein;

- You understand that the contents of this Preliminary Placement Document are exclusively the responsibility of our Company, and that neither the Book Running Lead Managers nor any person acting on its behalf or any of the counsels or advisors to the Issue has or shall have any liability for any information, representation or statement contained in this Preliminary Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Preliminary Placement Document or otherwise. By accepting a participation in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and which you have relied in committing yourself to acquire the Equity Shares is contained in this Preliminary Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the Book Running Lead Managers or our Company or any other person, and the Book Running Lead Managers or our Company or any of their respective affiliates, including any view, statement, opinion or representation expressed in any research published or distributed by them, the Book Running Lead Managers and its respective affiliates will not be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty, statement or opinion;

- You understand that the Book Running Lead Managers or any of their shareholders, directors, officers, employees, counsels, representatives, agents or affiliates do not have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including the non-performance by our Company or any of its obligations or any breach of any representations or warranties by our Company, whether to you or otherwise;

- You are able to purchase the Equity Shares in accordance with the restrictions described in "*Selling Restrictions*" on page 188 and you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in "*Selling Restrictions*" on page 188;

- You understand and agree that the Equity Shares are transferable only in accordance with the restrictions described in "*Purchaser Representations and Transfer Restrictions*" on page 194 and you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in "*Purchaser Representations and Transfer Restrictions*" on page 194;

- You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the court(s) in Mumbai, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Issue, this Preliminary Placement Document and the Placement Document;

- Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue;

- You agree to indemnify and hold our Company, the Book Running Lead Managers and their respective directors, officers, employees, affiliates, associates, controlling persons and representatives harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements, agreements and undertakings made by you in this Preliminary Placement Document. You agree that the indemnity set out in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

- You will make the payment for subscription to the Equity Shares pursuant to the Issue from your own bank account. In case of joint holders, the monies shall be paid from the bank account of the person whose name appears first in the application;

- You acknowledge that this Preliminary Placement Document does not, and the Placement Document shall not confer upon or provide you with any right of renunciation of the Equity Shares offered through the Issue in favour of any person;

- You are aware and understand that you are allowed to place a Bid for Equity Shares. Please note that submitting a Bid for Equity Shares should not be taken to be indicative of the number of Equity Shares that will be Allotted to a successful Bidder. Allotment of Equity Shares will be undertaken by our Company, in its absolute discretion, in consultation with the Book Running Lead Manager;

- You represent that you are not an affiliate of our Company or the Book Running Lead Managers or a person acting on behalf of such affiliate. However, affiliates of the Book Running Lead Managers, which are Eligible FPIs, may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue Offshore Derivative Instruments in respect thereof. For further details, please see "*Offshore Derivative Instruments*" on page 12;

- You are purchasing the Equity Shares in an "offshore transaction", as defined in, and in reliance on, Regulation S under the U.S. Securities Act and in compliance with laws of all jurisdictions applicable to you;

- You are not acquiring or subscribing for the Equity Shares as a result of any "general solicitation" or "general advertising" (within the meaning of Regulation D under the U.S. Securities Act) or "directed selling efforts" (as defined in Regulation S under the U.S. Securities Act);

- You understand and agree that the Equity Shares are transferrable only in accordance with the restrictions described under the sections "*Selling Restrictions*" on page 188 and you have made, or are deemed to have made, as applicable, the representations, warranties, acknowledgements, undertakings and agreements in "*Purchaser Representations and Transfer Restrictions*" on page 194 and you warrant that you will comply with such representations, warranties, acknowledgments and undertakings;

- You understand that the Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and unless so registered, may not be offered, sold or delivered within the United States, except in reliance on an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws;

- You acknowledge that our Company, the Book Running Lead Managers, their respective affiliates, directors, counsels, officers, employees, shareholders, representatives, agents, controlling persons and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, and are irrevocable. It is agreed that if any of such representations, warranties, acknowledgements and undertakings are no longer accurate, you will promptly notify our Company and the Book Running Lead Managers; and

- You will make all necessary filings with appropriate regulatory authorities, including the RBI, as required pursuant to applicable laws.

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an Eligible FPI including affiliates of the BRLMs, which is registered as a Category I FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying, and all such offshore derivative instruments are referred to herein as "**Offshore Derivative Instruments**"), and persons who are eligible for registration as Category I FPIs can subscribe to or deal in such Offshore Derivative Instruments provided that in the case of an entity that has an investment manager who is from the Financial Action Task Force member country, such investment manager shall not be required to be registered as a Category I FPI. The above-mentioned category I FPIs may receive compensation from the purchasers of such instruments. In terms of Regulation 21 of SEBI FPI Regulations, Offshore Derivative Instruments may be issued only by such persons who are registered as Category I FPIs and they may be issued only to persons eligible for registration as Category I FPIs, subject to exceptions provided and in compliance with such other conditions as may be specified by SEBI from time to time. An Eligible FPI shall also ensure that no transfer of any instrument referred to above is made to any person unless such FPIs are registered as Category I FPIs and such instrument is being transferred only to person eligible for registration as Category I FPIs subject to requisite consents being obtained in terms of Regulation 21 of SEBI FPI Regulations. Offshore Derivative Instruments have not been and are not being offered or sold pursuant to this Preliminary Placement Document. This Preliminary Placement Document does not contain any information concerning Offshore Derivative Instruments or the issuer(s) of any Offshore Derivative Instruments, including without limitation, any information regarding any risk factors relating thereto.

Subject to certain relaxations provided under Regulation 22(4) of the SEBI FPI Regulations, investment by a single FPI including its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50.00% or common control,) is not permitted to be 10.00% or above of our post-Issue Equity Share capital on a fully diluted basis. The SEBI has, by way of a circular dated November 5, 2019, issued the operational guidelines for FPIs, designated depository participants and eligible foreign investors (the "**FPI Operational Guidelines**"), to facilitate implementation of the SEBI FPI Regulations. In terms of such FPI Operational Guidelines, the above-mentioned restrictions shall also apply to subscribers of Offshore Derivative Instruments and two or more subscribers of Offshore Derivative Instruments having common ownership, directly or indirectly, of more than 50.00% or common control shall be considered together as a single subscriber of the Offshore Derivative Instruments. Further, in the event a prospective investor has investments as an FPI and as a subscriber of Offshore Derivative Instruments, these investment restrictions shall apply on the aggregate of the FPI investments and Offshore Derivative Instruments position held in the underlying company.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, investments where the entity is of a country which shares land border with India or where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the FDI Policy and FEMA Rules. These investment restrictions shall also apply to subscribers of Offshore Derivative Instruments.

Affiliates of the Book Running Lead Managers which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue Offshore Derivative Instruments in respect thereof. Any Offshore Derivative Instruments that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any Offshore Derivative Instruments, or in the establishment of the terms of any Offshore Derivative Instruments, or in the preparation of any disclosure related to any Offshore Derivative Instruments. Any Offshore Derivative Instruments that may be offered are issued by, and are the sole obligations of, third parties that are unrelated to our Company. Our Company and the Book Running Lead Managers do not make any recommendation as to any investment in Offshore Derivative Instruments and do not accept any responsibility whatsoever in connection with any Offshore Derivative Instruments. Any Offshore Derivative Instruments that may be issued are not securities of the Book Running Lead Managers and do not constitute any obligations of or claims on the Book Running Lead Managers.

Prospective investors interested in purchasing any Offshore Derivative Instruments have the responsibility to obtain adequate disclosures as to the issuer(s) of such Offshore Derivative Instruments and the terms and conditions of any such Offshore Derivative Instruments from the issuer(s) of such Offshore Derivative Instruments. Neither SEBI nor any other regulatory authority has reviewed or approved any Offshore Derivative Instruments, or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in Offshore Derivative Instruments, including whether Offshore Derivative Instruments are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of this Preliminary Placement Document has been submitted to each of the Stock Exchanges.

The Stock Exchanges do not in any manner:

1. warrant, certify or endorse the correctness or completeness of the contents of this Preliminary Placement Document;

2. warrant that the Equity Shares to be issued pursuant to the Issue will be listed or will continue to be listed on the Stock Exchanges; or

3. take any responsibility for the financial or other soundness of our Company, our Subsidiaries, the Promoter of our Company, our Associates, our Joint Ventures and our management or any scheme or project of our Company.

It should not, for any reason, be deemed or construed to mean that this Preliminary Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquires any Equity Shares of our Company may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription / acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain conventions

In this Preliminary Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to 'you', 'your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investor(s)', 'prospective investor(s)' and 'potential investor(s)', "bidder" are to the Eligible QIBs who are the prospective investors in the Equity Shares issued pursuant to the Issue and references to 'our Company', 'Company', 'the Company' and the 'Issuer' are to Bharat Forge Limited and references to 'we', 'us' or 'our' are to our Company together with our Subsidiaries, Associates and Joint Ventures on a consolidated basis.

Currency and units of presentation

In this Preliminary Placement Document, references to '₹', 'INR', 'Rs.', 'Indian Rupees' and 'Rupees' are to the legal currency of the Republic of India, references to 'US$', 'USD' and 'U.S. dollars' are to the legal currency of the United States of America and references to "EUR" or "€" are to the legal currency of the European Union. All references herein to "India" are to the Republic of India and its territories and possessions and all references herein to the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable. All references herein to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable.

All the numbers in this Preliminary Placement Document have been presented in million, unless stated otherwise. Where any figures that may have been sourced from third-party industry sources are expressed in denominations other than millions, such figures appear in this Preliminary Placement Document expressed in such denominations as provided in their respective sources. However, our Unaudited Financial Results and Audited Financial Statements are presented in Indian Rupees rounded to the nearest million, except when otherwise indicated.

Except as otherwise set out in this Preliminary Placement Document, all figures set out in this Preliminary Placement Document have been rounded off to the nearest whole number. However, all figures expressed in terms of percentage, have been rounded off to one or two decimal places, as applicable. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. Unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Page numbers

Unless otherwise stated, all references to page numbers in this Preliminary Placement Document are to page numbers of this Preliminary Placement Document.

Financial data and other information

Our Company reports its financial statements in Indian Rupees rounded to the nearest million, except when otherwise indicated. The financial year of our Company commences on April 1 of each calendar year and ends on March 31 of the following calendar year, and, unless otherwise specified or if the context requires otherwise, all references to a particular 'financial year', "Fiscal" or "Fiscal Year" or "FY", are to the twelve-month period ended on March 31 of that year and references to a particular 'year' are to the calendar year ending on December 31 of that year.

As required under the applicable regulations, and for the convenience of prospective investors, we have included the following in this Preliminary Placement Document:

i. audited consolidated financial statements of our Company and its Subsidiaries, Associates and Joint Ventures (collectively, the "**Group**") as at and for Fiscal 2024, Fiscal 2023 and Fiscal 2022, which have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other relevant provisions of the Companies Act (collectively, the "**Audited Financial Statements**"); and

ii. Unaudited consolidated financial results of Bharat Forge Limited for the quarter and half year ended September 30, 2024 and September 30, 2023 prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the

Companies Act, 2013, and in compliance with Regulation 33 and Regulation 52(4) read with Regulation 63 of the Listing Regulations, (the "**Unaudited Financial Results**").

The Audited Financial Statements for Fiscal 2024 and Audited Financial Statements for Fiscal 2023 have been audited by our Statutory Auditor, on which they have issued audit reports dated May 8, 2024 and May 5, 2023, respectively.

The Audited Financial Statements for Fiscal 2022 have been audited by our Previous Statutory Auditor, on which they have issued audit report dated May 16, 2022.

Further, limited review of the Unaudited Financial Results has been carried out by our Statutory Auditor, on which they have issued review report dated November 14, 2024 and November 6, 2023, respectively.

The Audited Financial Statements should be read along with the respective audit reports, and the Unaudited Financial Results should be read along with the review reports. Unaudited consolidated financial results of the Group for the quarter and half year ended September 30, 2024 and September 30, 2023 prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("**Ind AS 34**"), prescribed under Section 133 of the Companies Act, 2013, and in compliance with Regulation 33 and Regulation 52(4) read with Regulation 63 of the Listing Regulations.

Except as specifically indicated otherwise and unless the context requires otherwise, all the consolidated financial information as at and for Fiscal 2024, Fiscal 2023 and Fiscal 2022 included in this Preliminary Placement Document have been derived from the Audited Financial Statements. Further, except as specifically indicated otherwise and unless the context requires otherwise, all the consolidated financial information for the six months ended September 30, 2024 and September 30, 2023, included in this Preliminary Placement Document have been derived from the Unaudited Financial Results.

Our Company prepares its financial statements in accordance with Ind AS. Ind AS differs from accounting principles with which prospective investors may be familiar in other countries, including generally accepted accounting principles followed in the U.S. ("**U.S. GAAP**") or International Financial Reporting Standards ("**IFRS**"). Our Company does not attempt to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Preliminary Placement Document, nor does our Company provide a reconciliation of its Audited Financial Statements and the Unaudited Financial Results to IFRS or U.S. GAAP. Accordingly, the degree to which the Audited Financial Statements and the Unaudited Financial Results included in this Preliminary Placement Document will provide meaningful information is entirely dependent on the reader's familiarity with the respective Indian accounting standards or principles. Any reliance by persons not familiar with Indian accounting standards on the financial disclosures presented in this Preliminary Placement Document should accordingly be limited. Prospective investors are advised to consult their advisors before making any investment decision. Our Statutory Auditor and our Previous Statutory Auditor have provided no assurance or services related to any prospective financial information. Please see "*Risk Factors –Certain non-GAAP measures and certain other statistical information relating to our operations and financial performance have been included in this Preliminary Placement Document. These non-GAAP measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable.*" on page 70.

The information on our Company's website shall not form a part of this Preliminary Placement Document.

Non-GAAP financial measures

We have included certain non-GAAP financial measures relating to our operations and financial performance (together, "**Non-GAAP Financial Measures**" and each, a "**Non-GAAP Financial Measure**") in this Preliminary Placement Document. These Non-GAAP Financial Measures are not required by or presented in accordance with Ind AS. We compute and disclose such Non-GAAP Financial Measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of the refractory businesses, many of which provide such Non-GAAP Financial Measures and other statistical and operational information when reporting their financial results. However, note that these Non-GAAP Financial Measures and other statistical information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies. is a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, Indian GAAP, IFRS or US GAAP.

Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or US GAAP.

In addition, these non GAAP measures are not standardised terms, hence a direct comparison of these Non-GAAP Measures between companies may not be possible. Other companies may calculate these Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. The presentation of these Non-GAAP Financial Measures is not intended to be considered in isolation or as a substitute for the financial statements included in this Preliminary Placement Document. Prospective investors should read this information in conjunction with the financial statements included in "*Financial Information*" and "*Risk Factors – Certain non-GAAP measures and certain other statistical information relating to our operations and financial performance have been included in this Preliminary Placement Document. These non-GAAP measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable.*" on pages 228 and 70, respectively.

INDUSTRY AND MARKET DATA

Information regarding market size, market share, market position, growth rates and other industry data pertaining to our business contained in this Preliminary Placement Document consists of estimates based on data reports compiled by governmental bodies, professional organisations, industry publications and analysts and on data from other external sources, and on our knowledge of markets in which we compete. The accuracy and completeness of the industry sources and publications referred to by us, and the underlying assumptions on which such sources and publications are based, are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information. The statistical information included in this Preliminary Placement Document relating to the various sectors in which we operate has been reproduced from various trade, industry and regulatory / government publications and websites, more particularly described in "*Industry Overview*" on page 98.

We have not commissioned any industry report for purposes of this Preliminary Placement Document and have sourced information pertaining to the industry in which we operate from industry publications, available in the public domain. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. This information is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. Accordingly, no investment decision should be made on the basis of such information. Unless stated otherwise, statistical information, industry and market data used throughout this Preliminary Placement Document are based on our Company's belief and estimates, some of which were, in turn, derived from various sources it believes to be reliable, including industry publications and from surveys conducted by third party sources. In light of the absence of publicly available information on a significant proportion of participants in the industry, many of whom are small and/or privately owned operators, the data regarding markets sizes and projected growth rates should be viewed with caution. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organisations) to validate market-related analysis and estimates, so our Company has relied on internally developed estimates.

Neither we nor the Book Running Lead Managers, nor their affiliates/ advisors have independently verified such industry and third party related data and neither we nor the Book Running Lead Managers, nor their affiliates/ advisors make any representation regarding the accuracy or completeness of such industry and third party related. Similarly, while we believe our internal estimates to be reasonable, such estimates have not been verified by any independent source and neither the Book Running Lead Managers nor we can assure potential investors as to their accuracy. Similarly, surveys, industry forecast. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors.

The extent to which the market and industry data used in this Preliminary Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. Accordingly, investment decisions should not be based solely on such information.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Preliminary Placement Document that are not statements of historical fact constitute '*forward-looking statements*'. Prospective investors can generally identify forward-looking statements by terminology such as '*aim*', '*anticipate*', '*believe*', '*continue*', '*can*', '*could*', '*estimate*', '*expect*', '*intend*', '*may*', '*objective*', '*plan*', '*potential*', '*project*', '*pursue*', '*seek*', '*shall*', '*should*', '*will*', '*would*', '*will likely result*', '*is likely*', '*are likely*', '*believe*', '*expect*', '*expected to*', '*will continue*', '*will achieve*', or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

The forward-looking statements appear in a number of places throughout this Preliminary Placement Document and include statements regarding the intentions, beliefs or current expectations of our Company concerning, amongst other things, the expected results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of our Company and the industry in which we operate. In addition, even if the result of operations, financial conditions, liquidity and dividend policy of our Company, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Preliminary Placement Document, those results or developments may not be indicative of results or developments in subsequent periods.

All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Preliminary Placement Document that are not historical facts. These forward-looking statements contained in this Preliminary Placement Document (whether made by us or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

By their nature, certain of the market risk disclosures are only estimates and could be materially different from what actually occurs in the future. In addition, even if the results, performance, achievements or developments are consistent with the forward-looking statements contained in this Preliminary Placement Document, they may not be indicative of results, performance, achievements or developments in subsequent periods. As a result, actual future gains or losses could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause our actual results, performances and achievements to be materially different from any of the forward-looking statements include, among others include:

- Inability to identify and adapt to evolving technology, industry trends and develop new products to meet our customers' demands
- Inability to forecast demand accurately in the industries in which we operate
- Intense competition in the forgings industry and other industries in which we operate
- Our ability to maintain strict customer and regulatory quality standards
- Our ability to maintain, protect and enhance our brand and reputation
- Not being able to successfully implement our growth strategies and sustain our growth rates
- Ability to sustain, integrate and/or manage successfully strategic investments, acquisitions and collaborations
- Ability to manage disruption to, or volatility in, our supply chain

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the sections "*Risk Factors*", "*Industry Overview*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Our Business*" on pages 52, 98, 109 and 132, respectively.

By their nature, certain market risk disclosures are only estimates and could be materially different from what occurs in the future. As a result, actual future gains, losses or impact on revenue or income could materially differ from those that have been estimated, expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

The forward-looking statements contained in this Preliminary Placement Document attributable to us are based on the beliefs of our Company and management, as well as the assumptions made by, and information currently available to, our Company and management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, the prospective investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Preliminary Placement Document or the respective dates indicated in this Preliminary Placement Document, and neither we nor the Book Running Lead Managers nor any of its affiliates undertake any obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our underlying assumptions prove to be incorrect, our actual results of operations, cash flows or financial condition of our Company and our Subsidiaries could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent oral or written forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

In any event, these statements included herein speak only as of the date of this Preliminary Placement Document or the respective dates indicated in this Preliminary Placement Document. Our Company and the BRLMs expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward looking statement contained herein to reflect any changes whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward-looking statements or otherwise in our Company's expectations with regard thereto.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a public limited liability company, limited by shares incorporated under the laws of India. Majority of our Directors, Key Managerial Personnel and members of Senior Management named herein are residents of India and a substantial portion of the assets of our Company and of such persons are located in India. As a result, it may be difficult or may not be possible for the prospective investors outside India to affect service of process upon our Company or such persons in India, or to enforce against such parties judgments obtained of courts outside India.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. However, recognition and enforcement of foreign judgments is provided for under Section 13, 14 and Section 44A, respectively, of the Code of Civil Procedure, 1908, as amended ("**Civil Procedure Code**"). Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except:

a. where the judgment has not been pronounced by a court of competent jurisdiction;

b. where the judgment has not been given on the merits of the case;

c. where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable;

d. where the proceedings in which the judgment was obtained were opposed to natural justice;

e. where the judgment has been obtained by fraud; and

f. where the judgment sustains a claim founded on a breach of any law, then in force in India.

A foreign judgment which is conclusive under Section 13 of the Civil Procedure Code may be enforced either by a fresh suit upon the judgment or by proceedings in execution. Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. Under Section 14 of the Civil Procedure Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards (even if such an award is enforceable as a decree or judgement).

A total of 11 territories have been declared to be reciprocating territories within the meaning of Section 44A of the Civil Procedure Code by the Government of India, comprising United Kingdom, Aden, Fiji, Republic of Singapore, Federation of Malaysia, Trinidad and Tobago, New Zealand, the Cook Islands (including Niue) and the Trust Territories of Western Samoa, Hong Kong, Papua New Guinea, Bangladesh and United Arab Emirates. The United States has not been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it views the amount of damages awarded as excessive or inconsistent with public policy of India and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. Further, any judgment or award denominated in a foreign currency would be converted into Indian Rupees on the date of such judgment or award and not on the date of payment.

A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to the execution of such foreign judgement, and we cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approvals would be acceptable and additionally and any such amount may be subject to income tax pursuant to execution of such a judgment in accordance with applicable laws. Our Company and the Book Running Lead Managers cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

EXCHANGE RATES INFORMATION

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares traded on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information, for or as of the end of the period indicated with respect to the exchange rates between the Rupee and the U.S. dollar (in ₹ per USD) and Euro (in ₹ per Euro), for the years / periods indicated. The exchange rates are based on the reference rates released by the RBI and Financial Benchmarks India Limited ("**FBIL**"), which are available on the website of the RBI and FBIL, respectively. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

I. US Dollar

(₹ per US$)

Period	Period end (1)	Average (2)	High (3)	Low (4)
Fiscal*				
2024	83.37	82.79	83.40	81.65
2023	82.22	80.39	83.20	75.39
2022	75.81	74.51	76.92	72.48
Month ended*				
November 30, 2024	84.50	84.36	84.50	84.11
October 31, 2024	84.08	84.03	84.08	83.81
September 30, 2024	83.67	83.81	83.98	83.49
August 31, 2024	83.87	83.90	83.97	83.73
July 31, 2024	83.74	83.59	83.74	83.40
June 30, 2024	83.45	83.47	83.59	83.07

(Source: www.fbil.org.in)

II. Euro

(₹ per EUR)

Period	Period end (1)	Average (2)	High (3)	Low (4)
Fiscal*				
2024	90.22	89.80	92.45	87.07
2023	89.61	83.76	90.26	78.34
2022	84.66	86.56	90.51	83.48
Month ended*				
November 30, 2024	89.36	89.63	91.66	88.32
October 31, 2024	91.25	91.57	93.31	90.70
September 30, 2024	93.53	93.07	93.53	92.55
August 31, 2024	92.91	92.41	93.77	90.47
July 31, 2024	90.62	90.59	91.44	89.64
June 30, 2024	89.25	89.89	91.02	89.25

(Source: www.fbil.org.in)

Notes:

(1) *The price for the period end refers to the price as on the last trading day of the respective fiscal year or monthly periods;*
(2) *Represents the average of the official rate for each Working Day of the relevant period;*
(3) *Maximum of the official rate for each Working Day of the relevant period; and*
(4) *Minimum of the official rate for each Working Day of the relevant period.*
* *In the event that the RBI reference rate is not available on a particular date due to a public holiday, exchange rates of the previous Working Day have been considered. The FBIL reference rates are rounded off to two decimal places.*

DEFINITIONS AND ABBREVIATIONS

This Preliminary Placement Document uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein.

The following list of certain capitalised terms used in this Preliminary Placement Document is intended for the convenience of the reader/ prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalised terms used in this Preliminary Placement Document shall have the meaning as defined hereunder. Further any references to any agreement, document, statute, rules, guidelines, regulations or policies shall include amendments made thereto, from time to time.

The words and expressions used in this Preliminary Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations framed thereunder. Notwithstanding the foregoing, terms used in the sections "Taxation", "Industry Overview", "Financial Information" and "Legal Proceedings and Other Information" on pages 204, 98, 228 and 220, respectively, shall have the meaning given to such terms in such sections.

General Terms

Term	Description
Our Company/ the Company / the Issuer/ BFL	Bharat Forge Limited, a company incorporated under the Companies Act, 1956, having its registered and corporate office at Bharat Forge Limited, Mundhwa, Pune Cantonment, Pune – 411 036, Maharashtra, India
We/ Our/ Us	Unless the context otherwise indicates or implies, refers to our Company along with its Subsidiaries, Joint Ventures and Associates on a consolidated basis

Company Related Terms

Term	Description
Articles or Articles of Association or AOA	The Articles of Association of our Company, as amended from time to time
Associates	The associates of our Company as on the date of this Preliminary Placement Document, as described in "*Organisational Structure of our Company*" on page 161. For the purpose of financial information, the term 'Associate' shall mean our Associates as at and during the relevant Fiscal/ period
Audit Committee	The Audit Committee of our Board, as disclosed in "*Board of Directors and Senior Management – Committees of our Board of Directors*" on page 159.
Audited Financial Statements	Audited financial statements for Fiscal 2024, Audited Financial Statements for Fiscal 2023 and Audited Financial Statements for Fiscal 2022
Audited Financial Statements for Fiscal 2024	The audited consolidated financial statements of our Company, its Subsidiaries, its associates and its joint ventures (collectively, the "**Group**") as at and for Fiscal 2024, prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other relevant provisions of the Companies Act
Audited Financial Statements for Fiscal 2023	The audited consolidated financial statements of the Group as at and for Fiscal 2023, prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other relevant provisions of the Companies Act
Audited Financial Statements for Fiscal 2022	The audited consolidated financial statements of the Group as at and for Fiscal 2022, prepared in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other relevant provisions of the Companies Act
Auditor / Statutory Auditor	The current statutory auditors of our Company namely, B S R & Co. LLP
Board of Directors or Board	The board of directors of our Company, including any duly constituted committee thereof, as disclosed in "*Board of Directors and Senior Management*" on page 149

Term	Description
Chairman and Managing Director	The chairman and managing director of our Company, being Babasaheb Neelkanth Kalyani, as disclosed in "*Board of Directors and Senior Management*" on page 149
Chief Financial Officer	The Chief Financial Officer of our Company, being Kedar Dixit as disclosed in "*Board of Directors and Senior Management*" on page 149
Company Secretary and Compliance Officer	The Company Secretary and Compliance Officer of our Company being, Tejaswini Chaudhari, as disclosed in "*Board of Directors and Senior Management*" on page 149
CSR Committee	The Corporate Social Responsibility Committee of our Board, as disclosed in "*Board of Directors and Senior Management – Committees of our Board of Directors*" on page 158
Director(s)	The Directors on the Board of our Company, as may be appointed from time to time
Environment, Social and Governance Committee	The Environment, Social and Governance Committee of the Board of our Company as disclosed in "*Board of Directors and Senior Management – Committees of our Board of Directors*" on page 159.
Equity Shares	The equity shares of face value of ₹ 2.00 each of our Company
Independent Director(s)	Independent directors of our Company, unless otherwise specified
Joint Ventures	The joint venture company of our Company as on the date of this Preliminary Placement Document, as described in "*Organisational Structure*" on page 161. For the purpose of financial information, the term 'Joint Venture' shall mean our Joint Venture as at and during the relevant Fiscal/ period
Key Managerial Personnel	The Key Managerial Personnel of our Company in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations and Section 2(51) of the Companies Act, 2013 and as disclosed in "*Board of Directors and Senior Management – Key Managerial Personnel*" on page 156.
Material Subsidiaries	The material subsidiaries of our Company, namely, Bharat Forge International Limited and Bharat Forge CDP GmbH (wholly owned subsidiary of Bharat Forge Global Holding GmbH)
Memorandum or MOA or Memorandum of Association	The Memorandum of Association of our Company, as amended from time to time
Nomination & Remuneration Committee	The Nomination & Remuneration Committee of the Board of our Company as disclosed in "*Board of Directors and Senior Management – Committees of our Board of Directors*" on page 158
Non-executive Director(s)	Non-Executive Directors of our Company, unless otherwise specified
Previous Statutory Auditor	The previous statutory auditors of our Company namely, S R B C & CO LLP, Chartered Accountants
Promoter Group	The persons and entities constituting the promoter group of our Company as determined in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations
Promoter	The promoter of our Company in terms of the SEBI ICDR Regulations and the Companies Act, being Babasaheb Neelkanth Kalyani
Registered and Corporate Office	The registered office of our Company, situated at Bharat Forge Limited, Mundhwa Pune Cantonment, Pune – 411 036, Maharashtra, India
Risk Management Committee	The Risk Management Committee constituted by our Board as disclosed in "*Board of Directors and Senior Management – Committees of our Board of Directors*" on page 158
Senior Management	The members of the Senior Management of our Company in accordance with Regulation 2 (1) (bbbb) of the SEBI ICDR Regulations as disclosed in "*Board of Directors and Senior Management – Members of Senior Management*" on page 157
Shareholders	Shareholders of our Company from time to time
Stakeholders Relationship Committee	The Stakeholders Relationship Committee of our Board as disclosed in "*Board of Directors and Senior Management – Committees of our Board of Directors*" on page 158
Subsidiaries	The subsidiaries of our Company in accordance with the Companies Act, 2013 as on the date of this Preliminary Placement Document, as described in "*Organisational structure of our Company*" on page 161. For the purpose of financial information, the term 'Subsidiary' shall mean our Subsidiaries as at and during the relevant Fiscal/ period

Term	Description
	The term “Subsidiary/Subsidiaries” shall be construed accordingly
Unaudited Financial Results	Unaudited consolidated financial results of the Group for the quarter and half year ended September 30, 2024 and September 30, 2023 prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 “Interim Financial Reporting” (“Ind AS 34”), prescribed under Section 133 of the Companies Act, 2013, and in compliance with Regulation 33 and Regulation 52(4) read with Regulation 63 of the Listing Regulations
Vice Chairman and Joint Managing Director	The Vice Chairman and Joint Managing Director of our Company, being Amit Babasaheb Kalyani
Whole Time Directors	Whole Time Directors on our Board, i.e. Basavraj Prabhakar Kalyani and Subodh Eknath Tandale, as disclosed in “*Board of Directors and Senior Management – Committees of our Board of Directors*” on page 158

Issue related terms

Term	Description
Allocated / Allocation	The allocation of Equity Shares, by our Company in consultation with the Book Running Lead Managers, following the determination of the Issue Price to the Eligible QIBs on the basis of the Application Forms submitted by them and in compliance with Chapter VI of the SEBI ICDR Regulations
Allot/ Allotment/ Allotted	Allotment and issue of Equity Shares pursuant to the Issue
Allottees	Eligible QIBs to whom Equity Shares are issued pursuant to the Issue
Application Amount	The aggregate amount paid by a Bidder at the time of submitting a Bid in the Issue
Application Form	Form (including any revisions thereof) which will be submitted by the Eligible QIBs for registering a Bid in the Issue
Bid Amount	The amount determined by multiplying the price per Equity Share indicated in the Bid by the number of Equity Shares Bid for by a Bidder and payable by the Bidder in the Issue at the time of submission of the Application Form
Bid(s)	Indication of an Eligible QIB’s interest, including all revisions and modifications of interest, as provided in the Application Form, to subscribe for the Equity Shares pursuant to the Issue. The term “Bidding” shall be construed accordingly
Bidder(s)	Any prospective investor, being an Eligible QIB, who makes a Bid pursuant to the terms of this Preliminary Placement Document and the Application Form
Book Running Lead Managers / BRLMs	Together, Kotak Mahindra Capital Company Limited and Morgan Stanley India Company Private Limited
CAN/ Confirmation of Allocation Note	Note, advice or intimation confirming Allocation of Equity Shares to such Successful Bidders after determination of the Issue Price
Closing Date	The date on which Allotment of Equity Shares pursuant to the Issue shall be made, i.e., on or about [●]
Designated Date	The date on which the Equity Shares issued pursuant to the Issue, are listed on the Stock Exchanges pursuant to receipt of the final listing and trading approvals for the Equity Shares from the Stock Exchanges or the date on which Form PAS-3 is filed by our Company with the RoC, whichever is later
Eligible FPIs	FPIs that are eligible to participate in the Issue in terms of applicable laws, other than individuals, corporate bodies and family offices
Eligible QIBs	QIBs, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations that are eligible to participate in the Issue and which are not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations and are not restricted from participating in the Issue under the applicable laws. Further, FVCIs are not permitted to participate in the Issue and accordingly, are not Eligible QIBs. For further details, see “*Issue Procedure*”, “*Selling Restrictions*” and “*Purchaser Representations and Transfer Restrictions*” on pages 172, 188 and 194, respectively.
Escrow Account	Special non-interest bearing, no-lien, current bank account without any cheques or overdraft facilities, opened in the name and style “*BHARAT FORGE LIMITED – 2024 QIP ESCROW ACCOUNT*” with the Escrow Bank, subject to the terms of the Escrow Agreement into which the Application Amount in connection with the subscription to the Equity Shares pursuant to the Issue shall be deposited by the Bidders

Term	Description
Escrow Agreement	Agreement dated December 4, 2024 entered into by and amongst our Company, the Escrow Bank and the Book Running Lead Managers for collection of the Application Amounts and remitting refunds, if any, of the amounts collected, to the Bidders
Escrow Bank	Kotak Mahindra Bank Limited
Floor Price	Floor price of ₹ 1,323.54 for each Equity Share, calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Our Company may offer a discount on the Floor Price in accordance with the approval of our Board at the meeting held on August 8, 2024 and the Shareholders approval received by way of postal ballot on November 8, 2024 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.
Gross Proceeds	The gross proceeds of the Issue that will be available to our Company pursuant to this issue
Issue	Offer and issuance of the Equity Shares to the Eligible QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations and the applicable provisions of the Companies Act, 2013 and the rules made thereunder
Issue Closing Date	[●], the date after which our Company (or Book Running Lead Managers on behalf of our Company) shall cease acceptance of the Application Forms and the Application Amount
Issue Opening Date	December 4, 2024, the date on which our Company (or the Book Running Lead Managers on behalf of our Company) shall commence acceptance of the Application Forms and the Application Amount
Issue Period	Period between the Issue Opening Date and the Issue Closing Date, inclusive of both days during which the Eligible QIBs can submit their Bids along with the Application Amount
Issue Price	A price per Equity Share of ₹ [●]
Issue Size	Aggregate size of the Issue, up to ₹ [●] million
Listing Agreement(s)	The agreement entered into by our Company with each of the Stock Exchanges in relation to Equity Shares listed on each of the Stock Exchanges
Monitoring Agency	ICRA Limited, being a credit rating agency registered with SEBI, appointed by our Company in accordance with the provisions of the SEBI ICDR Regulations
Monitoring Agency Agreement	Monitoring agency agreement dated December 3, 2024 entered into between our Company and the Monitoring Agency
Mutual Fund	A mutual fund registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Net Proceeds	The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue
Placement Agreement	Placement agreement dated December 4, 2024 between our Company and the Book Running Lead Managers
Placement Document	The placement document to be issued in accordance with Chapter VI of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013 and the rules prescribed thereunder
Preliminary Placement Document	This Preliminary Placement Document along with the Application Form dated December 4, 2024 issued in accordance with Chapter VI of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013 and the rules prescribed thereunder
QIBs or Qualified Institutional Buyers	Qualified institutional buyers, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
QIP	Qualified institutions placement under Chapter VI of the SEBI ICDR Regulations and applicable provisions of the Companies Act, 2013 read with applicable rules
Refund Amount	The aggregate amount to be returned to the Bidders who have not been Allocated Equity Shares for all, or part, of the Application Amount submitted by such Bidder pursuant to the Issue
Refund Intimation	The intimation from our Company to relevant Bidders confirming refund of the Refund Amount to their respective bank accounts
Regulation D	Regulation D under the U.S. Securities Act
Regulation S	Regulation S under the U.S. Securities Act
Relevant Date	December 4, 2024, which is the date of the meeting in which our Investment Committee – Strategic Business decided to open the Issue

Term	Description
Securities Act / U.S. Securities Act / United States Securities Act	The United States Securities Act of 1933, as amended
Stock Exchanges	BSE and NSE
Successful Bidders	The Bidders who have Bid at or above the Issue Price, duly paid the Application Amount with the Application Form and who are Allocated Equity Shares pursuant to the Issue
Working Day	Any day other than second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorized or obligated by law to remain closed in Mumbai, India

Conventional and General Terms/Abbreviations

Term	Description
AGM	Annual General Meeting
AS or Accounting Standards	Accounting Standards issued by the Institute of Chartered Accountants of India
BSE	BSE Limited
CAGR	Compound annual growth rate
Calendar Year/ CY	Year ending on December 31
CDSL	Central Depository Services (India) Limited
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIN	Corporate Identification Number
Civil Procedure Code	The Code of Civil Procedure, 1908
Companies Act	The Companies Act, 2013 and applicable provisions of the Companies Act, 1956
Companies Act, 1956	The Companies Act, 1956 along with the relevant rules made thereunder
Companies Act, 2013	The Companies Act, 2013, along with the relevant rules made and clarifications issued thereunder
Consolidated FDI Policy	Consolidated Foreign Direct Investment Policy notified by the DPIIT by way of circular bearing number DPIIT file number 5(2)/2020-FDI Policy dated October 15, 2020 effective from October 15, 2020
Depositories	CDSL and NSDL
Depositories Act	The Depositories Act, 1996
Depository Participant or DP	A depository participant as defined under the Depositories Act
DP ID Number	Depository Participant Identification Number
DPIIT	Department for Promotion of Industry and Internal Trade
EGM	Extraordinary General Meeting
EURIBOR	Euro Interbank Offered Rate
FBIL	Financial Benchmarks India Limited
FDI	Foreign Direct Investment
FEMA	The Foreign Exchange Management Act, 1999, together with rules and regulations issued thereunder
FEMA Rules	The Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial Year or Fiscal	The period of 12 months ended March 31 of that particular year, unless otherwise stated
FIR	First information report
Form PAS-4	Form PAS-4 as prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014
FPIs	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
FVCI	Foreign Venture Capital Investor, as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, registered with SEBI
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
General Meeting	AGM or EGM
GoI or Government	Government of India
GST	Goods and Services Tax

Term	Description
HNI	High net-worth individual
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Income Tax Act, 1961/ I.T. Act	The Income-tax Act, 1961
Ind AS	Indian Accounting Standards, notified by the MCA under section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015, as amended
Indian GAAP or Previous GAAP	Indian Accounting Standards as notified under Section 133 of the Companies Act read with Companies (Accounts) Rules, 2014
IRDAI	Insurance Regulatory and Development Authority of India
MAT	Minimum Alternate Tax
MCA	Ministry of Corporate Affairs, GoI
MCLR	Marginal Cost of the Fund-Based Lending Rate
MoEF	Ministry of Environment, Forest and Climate Change, GoI
MoU	Memorandum of Understanding
Mutual Funds	Mutual funds registered under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
NEFT	National Electronic Fund Transfer
Non-Resident Indian or NRI	An individual resident outside India who is citizen of India
Non-Resident or NR	A person resident outside India, as defined under the FEMA
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
P.A. or p.a.	Per annum
PAN	Permanent Account Number allotted under the I.T. Act
PAS Rules	The Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended
PAT	Profit after tax
RBI	Reserve Bank of India
RoC or Registrar	Registrar of Companies, Maharashtra at Pune
SCR (SECC) Regulations	The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations), Regulations, 2018
SCRA	The Securities Contracts (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India established under the SEBI Act
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
SEBI Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Mutual Fund Regulations	The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
SEBI SBEB Regulations	The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
U.S./ United States	The United States of America and its territories and possessions
U.S. GAAP	Generally accepted accounting principles in the United States of America
VCF	Venture capital fund
Wilful Defaulter or Fraudulent Borrower	Wilful defaulter or fraudulent borrower as defined under Regulation 2(1)(lll) of the SEBI ICDR Regulations

Business, technical and industry related terms

Term	Description
Adjusted EBIT	Adjusted EBIT is calculated as profit after tax plus income tax expense and finance costs reduced by exceptional items gain/(loss) and share of profit/(loss) of associates & joint ventures (net of tax). Adjusted EBIT is a Non-GAAP measure. For a reconciliation of Adjusted EBIT, see "*Management's Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Reconciliation*" on page 123
Adjusted EBITDA	Adjusted EBITDA is calculated as the sum of consolidated profit for the period/year, income tax expense, depreciation, amortisation and impairment expenses and finance cost reduced by other income and share of profit/(loss) of associates and joint ventures and exceptional items (loss)/gain Adjusted EBITDA is a Non-GAAP measure. For a reconciliation of Adjusted EBITDA, see "*Management's Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Reconciliation*" on page 123
Adjusted EBITDA margin	Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by consolidated revenue from operations. Adjusted EBITDA margin is a Non-GAAP measure. For a computation of Adjusted EBITDA margin, see "*Management's Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Reconciliation*" on page 123
Adjusted Net Debt	Adjusted Net Debt is calculated as net debt reduced by current assets – investments. Adjusted Net Debt is a Non-GAAP measure. For a computation of Adjusted Net Debt, see "*Management's Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Reconciliation*" on page 123
Adjusted Net Debt to equity ratio	Adjusted Net Debt to equity ratio is calculated as adjusted net debt divided by equity attributable to equity holders of the Parent. Adjusted Net Debt to equity ratio is a Non-GAAP measure. For a reconciliation of Adjusted Net Debt to equity ratio, see "*Management's Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Reconciliation*" on page 123
Adjusted RoCE	Adjusted RoCE is calculated as Adjusted EBIT divided by average capital employed. Adjusted RoCE is a Non-GAAP measure. For a reconciliation of Adjusted RoCE, see "*Management's Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Reconciliation*" on page 123
Average Capital Employed	Average Capital Employed is calculated as average of capital employed of current year and previous year. Average Capital Employed is a Non-GAAP measure. For a computation of Average Capital Employed, see "*Management's Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Reconciliation*" on page 123
BU or BUs	Billion Units
Capital employed	Capital employed is sum of total equity, non-current liabilities- borrowings and current liabilities – borrowings Capital Employed is a Non-GAAP measure. For a computation of Capital Employed, see "*Management's Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Reconciliation*" on page 123
CAGR	Compounded Annual Growth Rate
CSR	Corporate Social Responsibility
CWIP	Capital Works in Progress
CV	Commercial Vehicle
Debt to equity ratio	Debt to equity ratio is calculated as Total Debt divided by equity attributable equity

Term	Description
	holders of the Parent. Debt to equity ratio is a Non-GAAP measure. For a computation of Debt to equity ratio, see "*Management's Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Reconciliation*" on page 123
Earnings available for interest service	Earnings available for interest service is calculated as profit for the year plus income tax expense, depreciation, amortization and impairment expenses, finance costs and exceptional items gain/(loss) minus income from investments. Earnings available for interest service is a Non-GAAP measure. For a reconciliation of Earnings available for interest service, see "*Management's Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Reconciliation*" on page 123
EBIT	EBIT is calculated as profit after tax plus income tax expense and finance costs. EBIT is a Non-GAAP measure. For a reconciliation of EBIT, see "*Management's Discussion and Analysis of Financial Conditions and Results of Operations – Non-GAAP Reconciliation*" on page 123
EBITDA	EBITDA is calculated as the sum of consolidated profit for the period/year, income tax expense, depreciation, amortisation and impairment expenses and finance cost. EBITDA is a Non-GAAP measure. For a reconciliation of EBITDA, see "*Management's Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Reconciliation*" on page 123
ESG	Environmental, Social and Governance
EV	Electric vehicle
FAME	Faster Adoption and Manufacturing of Hybrid and Electric Vehicles
GDP	Gross Domestic Product
HCV	Heavy commercial vehicle
HPDC	High-pressure die casting
ICE	Internal combustion engine
Interest coverage ratio	Interest coverage ratio is calculated as Earnings available for interest service divided by total interest cost. Interest coverage ratio is a Non-GAAP measure. For a computation of Interest coverage ratio, see "*Management's Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Reconciliation*" on page 123
IRR	Internal Rate of Return
JV	Joint Venture
LCV	Light commercial vehicle
MoU	Memorandum of Understanding
MT	Metric tonne
Net Debt	Net Debt is calculated as Total Debt reduced by cash and cash equivalents and other bank balances. Net Debt is a Non-GAAP measure. For a computation of Net Debt, see "*Management's Discussion and Analysis of Financial Conditions and Results of Operations – Non-GAAP Reconciliation*" on page 123
OEM	Original equipment manufacturer
PLI	Production linked incentive
Profit before exceptional items and tax margin	Profit before exceptional items and tax margin is calculated as Profit before exceptional items and tax divided by revenue from operations. Profit before exceptional items and tax margin is a Non-GAAP measure. For a reconciliation of Profit before exceptional items and tax margin, see "*Management's Discussion and Analysis of Financial Conditions and Results of Operations – Non-GAAP Reconciliation*" on page 123

Term	Description
Profit for the year/ period margin	Profit for the year/period margin is calculated as Profit for the year/period divided by revenue from operations. Profit for the year/period margin is a Non-GAAP measure. For a reconciliation of Profit for the year/period margin, see "*Management's Discussion and Analysis of Financial Conditions and Results of Operations – Non- GAAP Reconciliation*" on page 123
PV	Passenger vehicle
R&D	Research and development
RBI	Reserve Bank of India
RoNW	Return on Net Worth (RoNW) is calculated as profit for the year divided by equity attributable to equity holders of the parent RoNW is a Non-GAAP measure. For a reconciliation of RoNW, see "*Management's Discussion and Analysis of Financial Conditions and Results of Operations – Non-GAAP Reconciliation*" on page 123
SUV	Sport utility vehicle
Total Debt	Total Debt is calculated as sum of Current liabilities – borrowings and Non-current liabilities – borrowings
Total interest cost	Total interest cost is calculated as Finance costs plus borrowing costs capitalized
Working Capital	Working Capital is calculated as sum of Non-current assets – Trade receivables, Current assets – Inventories, Current assets – Trade Receivables reduced by sum of Current liabilities - Trade payables – Dues to micro enterprises and small enterprises, Dues to other than micro enterprises and small enterprises.

SUMMARY OF BUSINESS

Overview

We have more than 50 years of experience in manufacturing a wide range of performance, critical and safety components. We are a global player in metal forging, supplying forged and machined powertrain and chassis components. We have evolved from a pure-play forgings company to a well-diversified manufacturing conglomerate with expertise in engineering and metallurgy. We are vertically integrated, with end-to-end capabilities from engineering steel to finished components and aggregates driven by technology and engineering across sectors. We have global operations to service original equipment manufacturer ("**OEM**") and tier 1 ("**Tier 1**") customers worldwide across the commercial vehicle ("**CV**"), passenger vehicle ("**PV**"), defence and other industrial sectors. Our global footprint comprises 28 manufacturing locations across India, France, Germany, Sweden, and North America. We have over 100 global and domestic customers.

We currently manufacture an extensive array of component solutions, designed in accordance with our customers' bespoke and proprietary requirements for the following sectors: (i) automotive (CV and PV), (ii) power (renewable and non-renewable sources, including nuclear), (iii) oil and gas, (iv) rail, (v) marine, (vi) aerospace, (vii) construction and mining, (viii) e-mobility and (ix) defence. Our primary markets are Asia, Europe and the United States.

Our manufacturing capabilities are supported by our research and development ("**R&D**") team, equipped with design, product development, engineering, machining and mechanical testing capabilities. Building upon our manufacturing expertise and track record, we are now embarking on our journey into newer frontiers led by technology and are investing in new businesses including artificial intelligence ("**AI**"), e-mobility solutions and ferrous and aluminium castings. Our "tonnage and technology" approach involves focusing on our core forged component business while also investing in next generation business lines that will allow us to continue our evolution towards a technology-oriented company that can design and build products and provide tailored systems for customers.

For Fiscals 2022, 2023 and 2024 and the six months ended September 30, 2023 and September 30, 2024, we had revenue from operations of ₹104,610.78 million, ₹129,102.59 million, ₹156,820.71 million, ₹76,514.56 million and ₹77,946.54 million, respectively and profit before tax of ₹13,805.14 million, ₹8,269.45 million, ₹14,389.92 million, ₹6,781.36 million and ₹6,847.21 million, respectively.

For Fiscals 2022, 2023 and 2024, our segment revenue from external customers within India was ₹26,546.60 million, ₹33,757.32 million and ₹38,334.47 million, amounting to 25.38%, 26.15% and 24.44% of revenue from operations. For Fiscals 2022, 2023 and 2024, our segment revenue from external customers outside India was ₹78,064.18 million, ₹95,345.27 million and ₹118,486.20 million, amounting to 74.62%, 73.85% and 75.56% of revenue from operations.

Recent Developments

On 17 October 2024, we entered into a stock purchase agreement to acquire 100.00% of the paid-up share capital of AAM India Manufacturing Corporation Private Limited ("**AAMIMCPL**") for consideration of US$65 million (*approximately ₹ 5,493.00 million calculated at ₹ 84.50 = 1 USD as of November 29, 2024, Source: www.rbi.org.in*) subject to certain adjustments (the "**Proposed Acquisition**"). AAMIMCPL was established in 2008 and is a manufacturer of light, medium and heavy-duty axles for commercial vehicles and passenger buses in India. Upon completion of the Proposed Acquisition, we will acquire the CV axle manufacturing facilities of AAMIMCPL in two locations in India, Pune and Chennai, and an engineering and development center located in Pune, thereby enhancing our vehicle component product portfolio. We believe that the Proposed Acquisition will enable us to expand our customer base and manufacturing presence among OEMs manufacturing components for light, medium and heavy-duty axle commercial vehicles and passenger buses in India. Completion of the Proposed Acquisition remains subject to the approval of the CCI. In addition, pursuant to the terms of the SPA, AAMIMCPL is required to seek consent pursuant to certain financing arrangements and business contracts for, among other things, a change of control.

Our Competitive Strengths

One of India's leading forging companies with a diversified and fungible product portfolio

We have more than 50 years of experience in manufacturing a wide range of performance, critical and safety components. We are a global player in metal forging, supplying forged and machined powertrain and chassis components. Over the years we have transformed from a single-product, single-location enterprise into a diversified, multi-product company serving multiple sectors. We are vertically integrated, with end-to-end capabilities from engineering steel to finished components and aggregates driven by technology and engineering across sectors. We utilise our global assets and technical capabilities to support our diversified approach. We have the capability to produce components made from steel, aluminium, iron and titanium with weights ranging from 200 grams to over 30 tons in finished weight.

We have leveraged our strength in metallurgy, metal forming, forging and machining to enhance our core forging business, and have ventured into new sectors including aerospace, defence and e-mobility and new processes, including casting, through the introduction of new products, systems and inorganic initiatives. In addition to developing a diverse product portfolio, we focus on the fungibility of our assets, whereby many of our products and technologies can service the needs of multiple sectors or can readily be adapted for others. For instance, our open-die press is able to forge multiple heavy forged components for our industrial and defence businesses. Similarly, our closed-die press can manufacture forged components for both automotive and industrial applications. In addition, the aluminium chassis products we manufacture in Europe and the United States are powertrain agnostic with supplies to both internal combustion engine ("**ICE**") and electric vehicle ("**EV**") platforms.

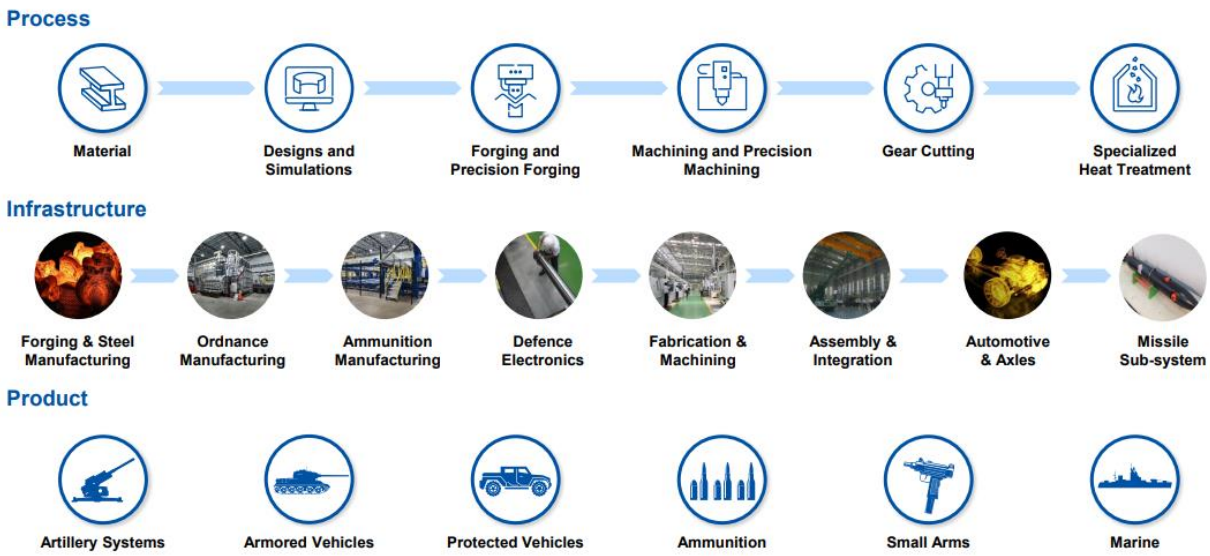
Focused development of our defence business

An area of special focus for us has been strengthening and diversifying the product portfolio of our defence business. We started investing in this business in 2011 and, given our extensive experience in metallurgy and metal-forming, we chose artillery systems as our first product category in defence. We have expanded our defence product range over time to include products and solutions relating to artillery systems, armored and protected vehicles and drive-away chassis, defence electronics, small arms, spares, maintenance, repair and operations ("**MRO**") services, empty shells and road wheels.

We are a part of the "Make in India" initiative of the Government of India ("**GoI**") which has stimulated increased defence production and exports. The GoI's approach of collaboration and cooperation in the defence industry has led to greater participation by the private sector in this industry. In addition, through our wholly-owned subsidiary Kalyani Strategic Systems Ltd. ("**KSSL**"), we have engaged with many countries to address their defence requirements in artillery systems, battlefield protection, and empty shells. In August 2023, KSSL exported its first indigenously designed, developed and manufactured artillery system from India. As of September 30, 2024, our cumulative order book for our defence business was ₹88,043 million and our executable order book was ₹59,051 million, consisting of products, systems and consumables. In Fiscal 2024, our defence business secured orders worth ₹44,992 million. Listed in the table below are the products and applications that are part of our defence portfolio.

Category	Products/Applications
Artillery systems	Ordnance, towed gun systems, mounted gun systems and ultra-light howitzers
Protected vehicles	Armored vehicles, drive away chassis, driveline business and combat vehicles (tracked and wheeled armored platforms)
Other businesses	Marine MRO, empty shells, marine underwater systems

These products and systems allow us to have a vertically integrated footprint in the defence business.



All of the technology and intellectual property for our defence business is developed in-house and is controlled by us. As of September 30, 2024, we held four granted patents and have 15 filed patent applications pending with respect to our defence business. Our commitment to innovation in this business has led to the development of nine product platforms in the artillery sector. For further details, see "– Our Operations – New products and sectors – Defence", below.

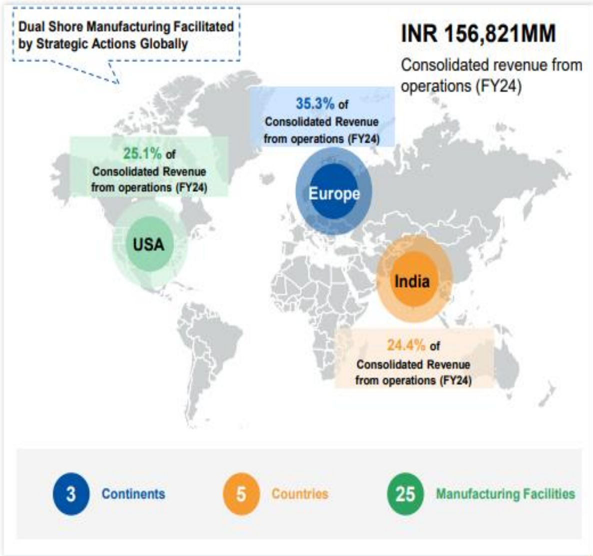
Integrated operations with strategic global footprint to maximize proximity to key customers

Our significant global footprint, with manufacturing facilities in close proximity to a number of OEMs, enables us to offer dual-shore manufacturing solutions as we are able to manufacture in India, a low-cost country, while maintaining closeness to our customers, thereby combining the dual benefits of proximity and cost. Below is a map illustrating our global footprint along with a table describing some of the key specialities of our facilities by location.

12 manufacturing facilities for forging and casting capacity

Geographies and number of facilities for forging & casting	Specialty	Key Highlights
India (7)	High pressure die casting, ductile iron casting, forging, machining, innovation center, testing and validation, fabrication and assembly	Diverse portfolio of products and process
Europe [Germany (2) and Sweden (1)]	Forging, aluminum, steel and specialty machining	Serves local demand here through exports from Indian units and 4 local manufacturing units
USA (2)	Steel and aluminum forging	Serves local demand through exports from Indian units and 1 local manufacturing unit

With 16 additional facilities located in India (14), Germany and France (1 each) for machining, assembly and prototype



Due to our geographical footprint, we are well-positioned to benefit from recent industry tailwinds and trends such as the "China plus one" strategy employed by a number of OEMs who are choosing India as their preferred manufacturing hub as they seek to diversify their supply chains beyond China.

We are able to cater to the needs of our customers across the value chain due to our deep expertise in all stages of the manufacturing lifecycle, from component design to prototyping, advanced manufacturing, assembly and integration, supply chain management, sales and marketing support, sustainability, and project lifecycle management. For example, due to our ability to offer a range of system solutions resulting from the vertical integration of our operations, including our in-house and sourcing capabilities from related parties, we have historically been able to enhance our product portfolio to increase the content per vehicle that we supply to our customers.

Proven track record of innovation allows us to adapt to the changing needs of our customers

Our robust in-house engineering and R&D competencies, backed by decades of manufacturing expertise, form the foundation of our operations. This foundation enables us to develop products and solutions that are responsive to the needs of our customers. Over the years we have ventured into newer business lines including aerospace, defence and e-mobility. Our experience in engineering, metallurgy and a competitive manufacturing setup have allowed us to leverage our existing capabilities to develop components for new sectors. For instance, we utilize the same equipment for manufacturing both automotive and industrial components. Our three dedicated R&D facilities provide us with a competitive edge in the industry as we are able to quickly adapt our products for new uses and sectors.

Wide range of equipment and fungibility supports diversification of revenue stream

Over time, we have created a diversified asset base with our forging equipment for a close die and open die press ranging from 1,600 tons to 16,000 tons and a 80 MT hammer. This allows us to manufacture parts with weights ranging from 200 grams to over 30 tons in finished weight. Our initial supply of crankshafts was limited to CVs in the automotive sector. However, with robust research and product engineering we were able to successfully manufacture crankshafts for PVs, heavy horsepower engines and railways, marine and construction and mining applications.

Strong operating performance and commitment to financial prudence

For Fiscals 2022, 2023 and 2024, we had revenue from operations of ₹104,610.78 million, ₹129,102.59 million and ₹156,820.71 million, resulting in a compounded annual growth rate of 22% from Fiscal 2022 to Fiscal 2024. We strive to balance our growth aspirations with financial prudence and maintain a strong balance sheet with current assets-financial assets-investments, cash and cash equivalents and other bank balances at ₹27,154.00 million as of March 31, 2024. Our strong operational performance combined with prudent working capital management and capital expenditure allocation have helped us maintain an acceptable debt to equity ratio at 1.05 as of March 31, 2024. This approach provides us with the flexibility to invest in new products, technologies and business lines and undertake strategic mergers and acquisitions. We incurred cash flow relating to capital expenditure for the purchase of property, plant and equipment and intangible assets (including capital work-in-progress, capital creditors and capital advances) of ₹10,683.30 million in Fiscal 2022, ₹9,961.82 million in Fiscal 2023 and ₹15,240.26 million in Fiscal 2024, which was primarily used to invest in plant and equipment.

We have actively sought to cushion the impact of potential cyclicality on our revenue streams through the addition of new high-growth business lines, including defence and ferrous and aluminium castings, and are continually exploring new opportunities for diversification. Diversification in our end-user sectors has promoted risk-mitigation and higher asset utilization.

Focused business development with a customer centric approach

Our customers include CV and PV OEMs and suppliers from North America, Europe and India. We engage closely with our customers from design to delivery. We have entered into long-term agreements and revolving purchase orders with certain OEMs.

To cater to the evolving needs of our customers, we are continually investing in capability building and collaborative processes across our business lines, ensuring the delivery of quality products based on the latest technological developments. These investments allow us to meet customer demand in a timely manner and deepen our relationships with our customer base.

Experienced senior management team and technically skilled employees with strong project execution capabilities

We are led by an experienced board of directors, and a professional and experienced management team with extensive experience in manufacturing, sales and marketing, finance and supply chain management in the manufacturing industry. We believe that our experienced and professional management team provides us with a key competitive advantage. We have successfully implemented various organic and inorganic expansion initiatives driven by our in-house team which have contributed to the overall growth of our business.

Strategies

Continue our evolution from a pure-play forgings business to a well-diversified manufacturing conglomerate

We will continue our evolution from a manufacturer of critical automotive components to a supplier of critical components and products/systems with expertise in metallurgy and engineering across multiple sectors. In Fiscal 2024, our revenue from external customers in our defence segment increased to 9.95% of our revenue from operations as compared to 3.18% in Fiscal 2023. This enabled us to reduce our exposure to revenues from external customers in the forgings segment such that it comprised 87.48% of our revenue in operations in Fiscal 2024 compared to 93.05% in Fiscal 2023. This reduction in percentage terms took place notwithstanding an absolute increase in revenue from external customers in the forgings segment in Fiscal 2024 of ₹17,044.94 million compared to Fiscal 2023. We believe that this trend will continue with our development of new business lines.

We aim to enhance our profile by diversifying across sectors and products and utilised our global assets and technical capabilities to support this approach. We have focused on creating opportunities in our areas of strength, including material science, metallurgy and metal forming, and leveraging our customer relationships.

As the growth in the global forging industry represents a significant opportunity for us, we anticipate continuing to enhance our capabilities in that sector. In Fiscal 2023, we acquired JS Auto Cast Foundry India Private Limited ("**JS Auto**") in order to leverage the domestic and international opportunities in wind energy, hydraulics, construction, and mining, among others, brought about by entering this market. JS Auto is a casting and machining company based in

Coimbatore, India. In addition, we also acquired the business and assets of Indo-Shell Mould Limited SEZ Unit in Fiscal 2024 to complement the business of JS Auto. During Fiscal 2024, JS Auto implemented de-bottlenecking projects, expedited new product development, and undertook various efficiency augmenting initiatives. This assisted JSA in increasing its revenue from ₹4,379.86 million in Fiscal 2023 to ₹5,674.64 million in Fiscal 2024.

We have made business development efforts with respect to our aluminium casting facility at Nellore, India. This facility primarily produces automotive components for promoting fuel efficiency, also known as light-weighting, and commenced production in March 2020. As the trend towards lightweighting and fuel efficiency grows across the automotive sector, we expect demands for aluminium cast products to increase substantially. We aim to cater to this expected rise in demand by focusing on structural and powertrain components.

Similarly, we will continue to develop our defence business by increasing the depth and breadth of defence products covering land, air and naval applications, including consumables. Potential areas of development include vertically integrated ammunition, precision ammunition, small arms, C4ISR unmanned systems, MRO services and AI-based language translation.

Continue to pursue select inorganic opportunities that allow us to gain customer access, enter new segments, and cross-sell solutions to existing as well as new customers

Our approach to non-linear growth is exemplified by our strategic emphasis on inorganic growth. This has allowed us to diversify and gain market share through strategic acquisitions. For example, our acquisitions of Bharat Forge CDP, Bharat Forge Aluminiumtechnik and Bharat Forge PMT Technologie LLC provided us with crucial customer access in Europe and the United States. Similarly, our acquisition of JS Auto allowed us to enter the high-growth castings market. On October 17, 2024, we announced that we had entered into a purchase and sale agreement to acquire 100% of the effective interest in AAMIMCPL for consideration of US$65 million (*approximately ₹ 5,493.00 million calculated at ₹ 84.50 = 1 USD as of November 29, 2024, Source: www.rbi.org.in*) (subject to closing adjustments). Upon completion of the Proposed Acquisition, we will acquire the CV axle manufacturing facilities of AAMIMCPL in two locations in India, Pune and Chennai, and an engineering and development center located in Pune, thereby enhancing our vehicle component product portfolio. See “Recent Developments” above for further details of this proposed acquisition.

Continue our transformation up the value chain

We aim to move up the product and system value chain across various verticals, with an emphasis on technology and innovation. S&P Global forecasts that global sales of new vehicles will reach 88.3 million units in CY 2024, reflecting a 2.8% year-on-year growth. We seek to continue to benefit from this increased demand by producing components and systems that are further up the value chain. For example, we remain the supplier of choice for critical engine, chassis and drive-line components for heavy CVs. Similarly, we are witnessing the same trend in our PV business as a substantial percentage of exports are being shipped to customers in a fully machined form. Our aerospace business started with supplying components in an “as forged” condition with us subsequently developing machining capabilities. As we gain experience, expertise and relationships with customers in the aerospace sector, we anticipate that our focus will be on adding sub-systems and assemblies to our aerospace product portfolio.

Continue to improve our profitability and value creation for shareholders

We will continue to explore opportunities by entering into new sectors and processes and optimizing our costs in order to achieve operational efficiencies, including with respect to our foreign subsidiaries. Similarly, our evolution from a pure-play forgings company to a manufacturer of components and systems across a wide range of sectors is likely to assist in balancing volatility in our business, thereby enhancing the value proposition for our shareholders.

Continue to integrate advanced technology in all facets of our business

We have invested in AI based systems and state-of-the-art technologies such as the Internet of Things (“**IoT**”) and Industry 4.0 to assist in enhancing the safety of our operations and drive greater productivity and reliability. AI-based proximity sensors and speed control devices have been deployed in our material handling operations. The use of these initiatives, and prevention of critical failures through early warning systems leveraging IoT, allow us to focus on improving equipment uptime and efficiency, thereby enhancing the productivity of our operations. Our aerospace machining processes already operate entirely on a digital platform leveraging IoT and other standards, ensuring seamless integration from design to manufacturing, testing, and complete digitalized lifecycle management.

Propel growth in our e-mobility business

Our wholly owned subsidiary, Kalyani Powertrain Limited, operates in the e-mobility sector through both organic and inorganic initiatives.

These investments have provided us with access to low voltage and high voltage electrification technologies that we anticipate may lead to increased content per vehicle. Synergies between in-house competencies and the portfolio of products from Refu Drive GmbH are also assisting us in generating business opportunities for standalone products including on-board chargers for EVs. In addition, we are also engaged in CV repowering business, which involves the retrofitting of ICE powered CVs with an EV powertrain.

Maintain our commitment to sustainability

Sustainability is fundamental to our corporate values and we aim to balance economic prosperity, social well-being and environmental stewardship. In Fiscal 2023, we embraced a commitment to emerge as an Environmental, Social and Governance ("**ESG**") leader within the manufacturing sector. We have set sustainability targets and crafted a detailed ESG roadmap. To effectively oversee sustainability-related matters across our operations, we have established an ESG committee. Key ESG initiatives include the reduction of greenhouse emissions from our operations through the adoption of renewable energy and waste management. In Fiscal 2024, 39.45% of the power utilized for our operations was from renewable sources.

We have made consistent progress in the areas of stakeholder engagement, resource efficiency, climate change, supply chain sustainability, customer engagement, risk management, ethics and compliance. As a result, our ESG ratings have shown marked improvement. Our S&P Global Assessment rose from a rating of '18' in 2021 to '41' in 2022 and '46' in each of 2023 and 2024 (*Source: S&P Global ESG Score*). Similarly, in the Carbon Disclosure Project Assessment ("**CDP Assessment**"), we were ranked 'F' in 2021 and improved our rating to 'B-' in 2023 (*Source: CDP Score Report – Climate Change*).

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Preliminary Placement Document, including the sections entitled "*Risk Factors*", "*Use of Proceeds*", "*Placement*", "*Issue Procedure*" and "*Description of the Equity Shares*" on pages 52, 87, 186, 172 and 201, respectively.

Issuer	Bharat Forge Limited
Face value	₹ 2.00 per Equity Share
Issue Price	₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share)
Floor Price	₹ 1,323.54 per Equity Share, calculated on the basis of Regulation 176 of the SEBI ICDR Regulations. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price. Our Board may, in consultation with the Book Running Lead Managers, offer a discount of not more than 5% on the Floor Price, in accordance with the approval of our Shareholders accorded by way of a special resolution passed by way of postal ballot on November 8, 2024 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.
Issue Size	Issue of up to [●] Equity Shares, aggregating up to ₹[●] million* A minimum of 10% of the Issue Size i.e., at least [●] Equity Shares, shall be available for Allocation to Mutual Funds only, and the balance [●] Equity Shares shall be available for Allocation to all Eligible QIBs, including Mutual Funds. In case of under-subscription or no subscription in the portion available for Allocation to Mutual Funds, such portion or part thereof may be Allotted to other Eligible QIBs. * *Subject to allotment of Equity Shares pursuant to the Issue.*
Date of Board Resolution authorizing the Issue	August 8, 2024
Date of shareholders' resolution authorizing the Issue	November 8, 2024
Eligible Investors	Eligible QIBs, to whom this Preliminary Placement Document and the Application Form are delivered. The list of Eligible QIBs to whom this Preliminary Placement Document and Application Form are delivered shall be determined by our Company in consultation with the Book Running Lead Managers, at its discretion. For further details, see "*Issue Procedure – Eligible QIBs*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions"* on pages 176, 188 and 194, respectively.
Dividend	See "*Description of the Equity Shares*" and "*Dividends*" on pages 201 and 97, respectively
Taxation	See "*Taxation*" on page 204
Equity Shares issued and outstanding immediately prior to the Issue	465,768,492 Equity Shares of ₹ 2 each
Subscribed and fully paid-up Equity Share capital prior to the Issue	₹ 931,177,264 (465,588,632 fully paid-up Equity Shares of ₹ 2 each)
Issued and paid-up share capital	₹ 931,271,189 This includes subscribed and fully paid-up equity share capital prior to the issue alongwith 172,840 forfeited equity shares comprising of 15,010 equity shares of ₹ 2 each (amount partly paid ₹ 1 each) and 157,830 equity shares of ₹ 2 each (amount partly paid ₹ 0.50 each)
Equity Shares issued and outstanding immediately after the Issue	[●] Equity Shares of ₹ 2 each

Issue procedure	This Issue is being made only to Eligible QIBs in reliance on Section 42 of the Companies Act, read with Rule 14 of the PAS Rules, and all other applicable provisions of the Companies Act and Chapter VI of the SEBI ICDR Regulations. For further details, please see the section entitled "*Issue Procedure*" on page 172.
Listing and trading	Our Company has obtained in-principle approval, each dated December 4, 2024 from the NSE and BSE in terms of Regulation 28(1)(a) of the SEBI Listing Regulations, for listing of the Equity Shares to be issued pursuant to the Issue. Our Company will make applications to each of the Stock Exchanges for the final listing and trading approvals for the Equity Shares, after the Allotment and credit of Equity Shares to the beneficiary account with the Depository Participants. The trading of the Equity Shares would be in dematerialised form and only in the cash segment of each of the Stock Exchanges.
Lock-up	For details in relation to lock-up, see "*Placement*" on page 186.
Proposed Allottees	See "*Details of Proposed Allottees*" on page 231 for names of the proposed Allottees and the percentage of post-Issue capital that may be held by them in our Company
Transferability restrictions	The Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. For details in relation to other transfer restrictions, please see "*Purchaser Representations and Transfer Restrictions*" on page 194.
Use of proceeds	The gross proceeds from the Issue will be aggregating to ₹ [•] million* The Net Proceeds from the Issue, after deducting estimated expenses of the Issue, will be approximately ₹ [•] million. For details, see "*Use of Proceeds*" on page 87 for additional information regarding the use of Net Proceeds from the Issue. **Subject to allotment of Equity Shares pursuant to the Issue*
Risk factors	For details, see "*Risk Factors*" on page 52 for a discussion of risks you should consider before participating in the Issue
Closing Date	The Allotment is expected to be made on or about [•], 2024
Status, Ranking and Dividend	The Equity Shares being issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares of our Company, including in respect of voting rights and dividends The holders of Equity Shares (as on the record date) will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, 2013, the SEBI Listing Regulations and other applicable laws and regulations. Our Shareholders may attend and vote in shareholders' meetings in accordance with the provisions of the Companies Act, 2013. For further details, please see "*Dividends*" and "*Description of the Equity Shares*" on pages 97 and 201, respectively.
Security codes for the Equity Shares	**ISIN**: INE465A01025 **BSE Code**: 500493 **NSE Symbol**: BHARATFORG

SUMMARY OF FINANCIAL INFORMATION

The following selected financial information of our Company is extracted from and should be read in conjunction with, the Audited Financial Statements and the Unaudited Financial Results included elsewhere in this Preliminary Placement Document. You should refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 109, for further discussion and analysis of the Audited Financial Statements and the Unaudited Financial Results.

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Summary of consolidated balance sheet

The following information has been derived from the audited consolidated financial statements as at and for the year ended March 31, 2024, March 31, 2023 and March 31, 2022 and Statement of unaudited consolidated financial results for the half year ended September 2024 and September 2023.

(₹ in million)

Sr. No.	Particulars	As at				
		September 30, 2024	September 30, 2023	March 31, 2024	March 31, 2023	March 31, 2022
ASSETS						
I. Non-current assets						
a.	Property, plant and equipment	53,282.12	53,798.70	54,682.72	52,723.01	43,964.66
b.	Capital work-in-progress	18,055.97	7,157.52	9,768.61	6,963.86	11,247.55
c.	Investment property	2.89	2.89	2.89	2.89	2.89
d.	Goodwill	2,684.48	2,949.67	2,959.85	2,954.72	506.43
e.	Other intangible assets	182.16	732.15	707.89	816.46	690.35
f.	Intangible assets under development	205.31	4,845.01	143.82	47.75	-
g.	Right of use assets	4,647.87	61.48	4,740.45	5,112.02	3,535.54
h.	Investment in associates and joint ventures	639.93	617.12	639.27	586.52	805.22
i.	Financial assets					
	i. Investments	8,017.02	13,254.48	7,595.73	14,601.13	6,152.10
	ii. Loans	53.50	59.96	60.26	56.78	169.61
	iii. Trade receivables	14.35	118.13	97.91	113.25	113.25
	iv. Derivative instruments	416.51	1,083.86	827.40	822.17	2,662.32
	v. Other financial assets	1,211.89	561.59	671.67	570.14	677.79
j.	Deferred tax assets (net)	1,725.37	1,519.71	1,651.64	1,495.30	1,171.07
k.	Income tax assets (net)	508.41	178.88	419.81	802.48	550.24
l.	Other assets	4,740.21	5,862.84	8,366.13	6,153.21	4,530.74
		96,387.99	**92,803.99**	**93,336.06**	**93,821.69**	**76,779.76**
II. Current assets						
a.	Inventories	35,108.57	33,281.36	32,160.82	31,262.54	27,104.57
b.	Financial assets					
	i. Investments	8,328.60	9,803.82	10,254.78	10,500.56	19,080.24
	ii. Trade receivables	28,047.68	31,926.42	31,671.51	30,874.57	21,622.95
	iii. Cash and cash equivalents	8,384.79	7,311.04	13,153.10	5,087.13	5,584.24
	iv. Other bank balances	3,192.58	5,484.46	3,746.12	5,308.06	445.93
	v. Loans	210.70	296.01	201.33	127.02	166.77
	vi. Derivative instruments	821.94	1,243.94	1,148.23	1,325.53	1,361.34
	vii. Other financial assets	721.50	287.56	416.21	734.07	753.77
c.	Other assets	8,722.62	7,352.30	7,403.02	4,800.70	3,189.77
		93,538.98	**96,986.91**	**100,155.12**	**90,020.18**	**79,309.58**
	Total assets	**189,926.97**	**189,790.90**	**193,491.18**	**183,841.87**	**156,089.34**
EQUITY AND LIABILITIES						
EQUITY						
	a. Equity share capital	931.27	931.27	931.27	931.27	931.27
	b. Other equity	71,835.37	69,192.44	70,770.57	66,123.99	64,775.47
	Equity attributable to equity holders of the parent	**72,766.64**	**70,123.71**	**71,701.84**	**67,055.26**	**65,706.74**
	Non-controlling interests	(333.96)	140.29	(48.75)	360.72	560.77
	Total equity	**72,432.68**	**70,264.00**	**71,653.09**	**67,415.98**	**66,267.51**
LIABILITIES						
I. Non-current liabilities						
a.	Financial liabilities					
	i. Borrowings	17,647.53	13,687.96	18,589.80	17,512.72	17,873.43

Summary of consolidated balance sheet

The following information has been derived from the audited consolidated financial statements as at and for the year ended March 31, 2024, March 31, 2023 and March 31, 2022 and Statement of unaudited consolidated financial results for the half year ended September 2024 and September 2023.

(₹ in million)

Sr. No.	Particulars	As at				
		September 30, 2024	**September 30, 2023**	**March 31, 2024**	**March 31, 2023**	**March 31, 2022**
	ii. Lease liabilities	3,865.42	3,975.66	3,792.56	4,161.77	2,835.16
	iii. Derivative instruments	411.45	12.48	7.79	146.08	-
	iv. Other financial liabilities	158.47	220.59	253.09	391.09	247.65
b.	Provisions	1,821.98	1,511.27	1,806.84	1,411.73	1,760.71
c.	Deferred tax liabilities (net)	1,393.52	2,168.70	1,690.49	2,153.27	2,889.16
d.	Other liabilities	1,942.25	2,463.62	2,896.43	7,880.66	3,073.52
		27,240.62	**24,040.28**	**29,037.00**	**33,657.32**	**28,679.63**
II. Current liabilities						
a.	Financial liabilities					
	i. Borrowings	55,473.74	57,063.03	56,630.95	51,010.61	38,671.95
	ii. Lease liabilities	415.64	310.37	461.99	447.27	335.72
	iii. Trade payables					
	Dues to micro enterprises and small enterprises	556.78	461.92	530.22	493.46	100.91
	Dues to other than micro enterprises and small enterprises	21,809.88	23,079.93	22,091.00	21,019.94	16,212.74
	iv. Derivative instruments	158.24	22.38	9.32	46.38	-
	v. Other financial liabilities	1,743.81	1,588.61	1,814.41	1,799.44	1,264.37
b.	Other liabilities	7,629.59	11,402.05	9,154.05	6,563.98	3,141.03
c.	Provisions	1,783.45	891.07	1,500.11	901.32	916.45
d.	Current tax liabilities (net)	682.54	667.26	609.04	486.17	499.03
		90,253.67	**95,486.62**	**92,801.09**	**82,768.57**	**61,142.20**
	Total liabilities	**117,494.29**	**119,526.90**	**121,838.09**	**116,425.89**	**89,821.83**
	Total equity and liabilities	**189,926.97**	**189,790.90**	**193,491.18**	**183,841.87**	**156,089.34**

Summary of consolidated financial results for the six months period ended September 30, 2024 and September 30, 2023, and consolidated statement of profit and loss for years ended March 31, 2024 and March 31, 2023

The following information has been derived from the audited consolidated financial statements as at and for the year ended March 31, 2024 and March 31, 2023 and Statement of unaudited consolidated financial results for the half year ended September 2024 and September 2023.

(all amounts in ₹ million, unless otherwise specified)

Particulars	For the six months period ended September 30,		For the Fiscal ended March 31,	
	2024	2023	2024	2023
Income				
Revenue from operations	77,946.54	76,514.56	156,820.71	129,102.59
Other income	1,132.94	1,166.41	2,274.24	1,728.57
Total income [i]	**79,079.48**	**77,680.97**	**159,094.95**	**130,831.16**
Expenses				
Cost of raw materials and components consumed	33,657.37	36,046.25	71,383.81	60,649.93
Purchase of traded goods	1,563.49	868.32	2,450.17	1,664.03
Changes in inventories of finished goods, traded goods, work-in-progress, dies and scrap	(1,209.76)	(491.93)	(42.07)	(2,700.43)
Employee benefits expense	9,659.74	9,353.18	18,599.97	15,631.00
Finance costs	2,335.26	2,388.30	4,911.67	2,986.20
Depreciation, amortisation and impairment expense	4,316.15	4,174.23	8,481.97	7,355.86
Other expenses	20,393.37	18,570.74	38,849.43	36,182.83
Total expenses [ii]	**70,715.62**	**70,909.09**	**144,634.95**	**121,769.42**
Profit before share of profit / (loss) of associates and joint ventures, exceptional items and tax [i - ii]	**8,363.86**	**6,771.88**	**14,460.00**	**9,061.74**
Share of profit / (loss) of associates and joint ventures	5.47	38.42	65.71	(333.48)
Income tax expense	4.47	7.97	12.56	0.90
Share of profit / (loss) of associates and joint ventures after tax	**1.00**	**30.45**	**53.15**	**(334.38)**
Profit before exceptional items and tax	**8,364.86**	**6,802.33**	**14,513.15**	**8,727.36**
Exceptional items (loss)/ gain	(1,517.65)	(20.97)	(123.23)	(457.91)
Profit before tax	**6,847.21**	**6,781.36**	**14,389.92**	**8,269.45**
Income tax expense				
Current tax	2,844.52	2,599.52	5,690.69	3,951.57
Deferred tax	(176.02)	(104.11)	(402.36)	(765.99)
Income tax expense	**2,668.50**	**2,495.41**	**5,288.33**	**3,185.58**
Profit for the period/year	**4,178.71**	**4,285.95**	**9,101.59**	**5,083.87**
Other comprehensive income				
Other comprehensive income / (loss) not to be reclassified to profit and loss in subsequent period	279.51	681.19	(1,730.04)	600.34
-tax effect	(55.30)	(4.27)	283.88	(121.04)
Other comprehensive income / (loss) to be reclassified to profit and loss in subsequent period	(835.07)	484.15	253.74	(1,706.11)
-tax effect	238.49	(90.75)	(38.81)	529.43
Other comprehensive income/(loss) (net of tax)	(372.37)	1,070.32	**(1,231.23)**	**(697.38)**
Total comprehensive income	**3,806.34**	**5,356.27**	**7,870.36**	**4,386.49**
Of the total comprehensive income/(loss) above,				

Summary of consolidated financial results for the six months period ended September 30, 2024 and September 30, 2023, and consolidated statement of profit and loss for years ended March 31, 2024 and March 31, 2023

The following information has been derived from the audited consolidated financial statements as at and for the year ended March 31, 2024 and March 31, 2023 and Statement of unaudited consolidated financial results for the half year ended September 2024 and September 2023.

(all amounts in ₹ million, unless otherwise specified)

Particulars	**For the six months period ended September 30,**		**For the Fiscal ended March 31,**	
	2024	**2023**	**2024**	**2023**
Attributable to:				
Owners of the parent	4,091.56	5,576.69	8,281.33	4,586.54
Non-controlling interest	(285.22)	(220.42)	(410.97)	(200.05)
Of the total comprehensive income/(loss) above,				
Profit for the period/year				
Attributable to:				
Owners of the parent	4,463.93	4,506.29	9,511.28	5,283.64
Non-controlling interest	(285.22)	(220.34)	(409.69)	(199.77)
Of the total comprehensive income/(loss) above,				
Other comprehensive income/(loss) for the period/year				
Attributable to:				
Owners of the parent	(372.37)	1,070.40	(1,229.95)	(697.10)
Non-controlling interest	-	(0.08)	(1.28)	(0.28)
Earnings per share				
Basic and diluted (not annualised for half year period) (in ₹)	9.59	9.68	20.43	11.35
Equity Share Capital (Face value ₹2 each)	931.27	931.27	931.27	931.27
Other Equity	-	-	70,770.57	66,123.99

Summary of consolidated statement of profit and loss

The following information has been derived from the audited consolidated financial statements as at March 31, 2023 and March 31, 2022.

(All amounts in ₹ million, unless otherwise specified)

Particulars	**For the Fiscal ended March 31,**	
	2023	**2022**
Income		
Revenue from operations	129,102.59	104,610.78
Other income	1,728.57	1,959.00
Total income [i]	**130,831.16**	**106,569.78**
Expenses		
Cost of raw materials and components consumed	60,649.93	46,175.79
Purchase of traded goods	1,664.03	1,883.13
(Increase) in inventories of finished goods, work-in-progress, traded goods, dies and scrap	(2,700.43)	(5,899.30)
Employee benefits expense	15,631.00	14,646.83
Finance costs	2,986.20	1,604.05
Depreciation, amortisation and impairment expense	7,355.86	7,303.01
Other expenses	36,182.83	27,644.98
Total expenses [ii]	**121,769.42**	**93,358.49**
Profit before share of (loss) of associates and joint ventures, exceptional items and tax [i - ii]	**9,061.74**	**13,211.29**

Summary of consolidated statement of profit and loss

The following information has been derived from the audited consolidated financial statements as at March 31, 2023 and March 31, 2022.

(All amounts in ₹ million, unless otherwise specified)

Particulars	For the Fiscal ended March 31,	
	2023	2022
Share of (loss) of associates and joint ventures	(333.48)	(329.30)
Income tax expense/(credit)	0.90	0.90
Share of (loss) of associates and joint ventures	**(334.38)**	**(330.20)**
Profit before exceptional items and tax	**8,727.36**	**12,881.09**
Exceptional items (loss)/ gain	(457.91)	924.05
Profit before tax	**8,269.45**	**13,805.14**
Income tax expense		
Current tax	3,951.57	3,529.58
Deferred tax	(765.99)	(495.05)
Income tax expense	**3,185.58**	**3,034.53**
Profit for the period/year	**5,083.87**	**10,770.61**
Other comprehensive income		
Other comprehensive income / (loss) not to be reclassified to profit and loss in subsequent periods (net of tax)		
- Re-measurement gains on defined benefit plans	358.64	362.73
- Net gain on FVTOCI equity securities	242.59	2,025.46
- Share of other comprehensive income of associates and joint ventures	(0.89)	0.57
	600.34	**2,388.76**
Income tax effect	(121.04)	(499.29)
(A)	**479.30**	**1,889.47**
Other comprehensive income / (loss) to be reclassified to profit and loss in subsequent periods (net of tax)		
- Non-controlling interest reserve	-	(148.19)
- Net movement on cash flow hedges	(2,103.56)	1,008.09
- Foreign Currency Translation reserve	397.45	(152.11)
	(1,706.11)	**707.79**
Income tax effect	529.43	(245.85)
(B)	**(1,176.68)**	**461.94**
Other comprehensive (loss)/income for the year (net of tax) (A+B)	**(697.38)**	**2,351.41**
Total comprehensive income for the year (net of tax)	**4,386.49**	**13,122.02**
Of the total comprehensive income above,		
Attributable to:		
Equityholders of the parent	4,586.54	13,168.82
Non-controlling interests	(200.05)	(46.80)
Of the total comprehensive income above,		
Profit/(loss) for the year		
Attributable to:		
Equityholders of the parent	5,283.64	10,817.56
Non-controlling interests	(199.77)	(46.95)
Of the total comprehensive income above,		
Other comprehensive income for the year		
Attributable to:		

Summary of consolidated statement of profit and loss

The following information has been derived from the audited consolidated financial statements as at March 31, 2023 and March 31, 2022.

(All amounts in ₹ million, unless otherwise specified)

Particulars	**For the Fiscal ended March 31,**	
	2023	**2022**
Equityholders of the parent	(697.10)	2,351.26
Non-controlling interests	(0.28)	0.15
Earnings per equity share (nominal value per share ₹2/-)		
Basic	11.35	23.23
Diluted	11.35	23.23

Summary of consolidated cash flow statement

The following information has been derived from the audited consolidated financial statements as at and for the year ended March 31, 2024 and March 31, 2023 and Statement of unaudited consolidated financial results for the half year ended September 2024 and September 2023.

(₹ in million)

Particulars	**For the six months period ended September 30**		**For the Fiscal ended March 31,**	
	2024	**2023**	**2024**	**2023**
Operating activities				
Profit before tax (after exceptional items)	**6,847.21**	**6,781.36**	**14,389.92**	**8,269.45**
Add/(Less): Share of profit / (loss) of associates and joint ventures (net of tax)	**1.00**	**30.45**	**53.15**	**(334.38)**
	6,846.21	**6,750.91**	**14,336.77**	**8,603.83**
Adjustments to reconcile profit before tax to net cash flows				
Depreciation and amortisation expense	4,316.15	4,174.23	8,481.96	7,355.86
Unrealised foreign exchange (gain)/loss MTM (net), etc.	203.69	(106.64)	(249.32)	(412.88)
Interest income	(276.26)	(318.09)	(759.64)	(291.94)
Liabilities/ provision no longer required written back	(41.96)	(39.87)	(156.68)	(98.10)
Provision for doubtful debts and advances (including expected credit loss) (net)	133.38	18.95	189.75	70.44
Bad debts/advances written off	-	2.03	98.04	72.46
Finance cost	2,335.26	2,388.30	4,911.67	2,986.03
(Gain)/loss on sale of property, plant and equipment (net)	30.04	(14.48)	35.67	(42.72)
Dividend income from investments	(5.27)	(2.85)	(5.67)	(5.11)
Non cash insurance claim			(62.53)	-
Net (gain) on sale of financial investments	(1,261.35)	(373.58)	(646.46)	(1,432.67)
Net loss/ (gain) on fair valuation of financial instruments (FVTPL)	899.68	(171.84)	(198.46)	654.12
Non-cash exceptional items	1,517.65	-	-	-
Share based payment expense	-	52.94	89.96	21.11
Effects of consolidation	-	-	-	-
Operating profit before working capital changes	**14,697.22**	**12,360.01**	**26,065.06**	**17,480.43**
Working capital adjustments				
(Increase)/decrease in trade receivables	3,635.80	(1,276.41)	(1,081.31)	(7,687.58)
(Increase)/decrease in inventories	(3,161.87)	(1,976.35)	(855.80)	(3,623.38)
(Increase) /decrease in other financial assets	(225.83)	493.59	387.04	247.03
(Increase)/decrease in other assets	(1,038.55)	(3,387.48)	(2,072.39)	(1,531.41)
Increase/(decrease) in provisions	288.92	84.97	708.25	(320.57)
Increase/(decrease) in trade payables	(228.68)	2,106.18	1,294.08	4,338.99
Increase/(decrease) in other financial liabilities	114.36	(124.14)	(122.62)	62.51
Increase/(decrease) in other liabilities	(2,479.28)	(578.97)	(2,493.21)	8,150.97
Cash generated from operations	**11,602.09**	**7,701.40**	**21,829.10**	**17,116.99**
Income taxes paid (net of refunds)	(2,859.62)	(1,794.83)	(5,185.15)	(4,172.33)
Net cash flow from operating activities (I)	**8,742.47**	**5,906.57**	**16,643.95**	**12,944.66**
Investing activities				
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress, capital creditors and capital advances)	(8,194.03)	(4,446.38)	(15,240.26)	(9,961.82)
Proceeds from sale of property, plant and equipment and intangible assets	416.71	564.00	237.01	263.18
Purchase of other investments	-	(630.92)	(540.51)	-
Investments in joint ventures/associates	-	-	-	(113.75)

Summary of consolidated cash flow statement

The following information has been derived from the audited consolidated financial statements as at and for the year ended March 31, 2024 and March 31, 2023 and Statement of unaudited consolidated financial results for the half year ended September 2024 and September 2023.

(₹ in million)

Particulars	For the six months period ended September 30		For the Fiscal ended March 31,	
	2024	2023	2024	2023
Acquisition of a subsidiary, net of cash acquired	-	-	-	(3,376.73)
Payment made for acquisition of business	-	(533.08)	(533.08)	-
Loan given to joint ventures/associates	-	(169.70)	(65.76)	(4.28)
Proceeds from loan given to joint ventures/ associates	-	-	-	11.56
Loan given to employees/others	-	-	-	-
Proceeds from Loan given to employees/others	-	-	-	-
Investments in mutual funds, fixed deposits and other deposits	(64,354.25)	(54,287.12)	(107,039.25)	(113,521.16)
Proceeds from sale of financial instruments including fixed deposits	66,606.84	58,103.96	115,888.02	109,816.43
Interest received	160.25	227.99	620.68	168.13
Dividend received	5.27	2.85	5.67	5.11
Net cash flows (used in) investing activities (II)	**(5,359.21)**	**(1,168.40)**	**(6,667.48)**	**(16,713.33)**
Financing activities				
Dividend paid on equity shares	(2,994.91)	(2,560.75)	(3,800.66)	(3,252.83)
Interest paid on lease liability	(187.18)	(164.67)	(341.12)	(276.07)
Interest paid on borrowing and other liabilities	(2,451.35)	(2,274.85)	(4,554.38)	(2,111.42)
Acquisition of non-controlling interest	-	-	-	-
Payment of principal portion of lease liabilities	(245.32)	(363.73)	(513.47)	(368.84)
Proceeds from borrowings including bill discounting (net of expenses)	49,966.77	40,521.81	95,194.78	77,101.66
Repayment of borrowings including bill discounting	(52,448.90)	(37,794.60)	(88,012.04)	(68,289.81)
Net cash flows from/(used in) financing activities (III)	**(8,360.89)**	**(2,636.79)**	**(2,026.89)**	**2,802.69**
Net increase / (decrease) in cash and cash equivalents (I + II + III)	**(4,977.63)**	**2,101.38**	**7,949.58**	**(965.98)**
Net foreign exchange difference	**88.00**	**10.85**	**12.89**	**57.58**
Cash and cash equivalents at the beginning of the year / period	**13,153.10**	**5,087.13**	**5,087.13**	**5,584.24**
Cash and cash equivalents at the end of the year / period	**8,263.47**	**7,199.36**	**13,049.60**	**4,675.84**
Foreign currency translation reserve movement	**121.32**	**111.68**	**103.50**	**397.42**
Cash and cash equivalents on acquisition of subsidiary	**-**	**-**	**-**	**13.87**
Cash and cash equivalents at the end of the year / period	**8,384.79**	**7,311.04**	**13,153.10**	**5,087.13**

Summary of consolidated cash flow statement

The following information has been derived from the audited consolidated financial statements as at and for the year ended March 31, 2023 and March 31, 2022.

(₹ in million)

Particulars	For the Fiscal ended March 31,	
	2023	2022
Operating activities		
Profit after exceptional items & before tax	**8,269.45**	**13,805.14**
Add/(Less): Share of (loss)/profit of associates and joint ventures (net of tax)	**(334.38)**	**(330.20)**
	8,603.83	**14,135.34**

Summary of consolidated cash flow statement

The following information has been derived from the audited consolidated financial statements as at and for the year ended March 31, 2023 and March 31, 2022.

(₹ in million)

Particulars	For the Fiscal ended March 31,	
	2023	2022
Adjustment to reconcile profit before tax to net cash flows		
Depreciation, amortisation and impairment expense	7,355.86	7,303.01
Unrealised foreign exchange (gain)/ MTM (net)	(412.88)	(502.98)
Interest income	(291.94)	(219.86)
Liabilities/ provision no longer required written back	(98.10)	(246.41)
Provision for doubtful debts and advances (net) including expected credit loss	70.44	111.88
Bad debts/advances written off	72.46	5.16
Finance costs	2,986.03	1,604.26
(Gain) on sale of property, plant and equipment (net)	(42.72)	(223.46)
Dividend income from investment	(5.11)	(4.41)
Net (gain) on sale of financial investments	(1,432.67)	(903.83)
Net (gain) on fair valuation of financial instruments (FVTPL)	654.12	129.10
Share based payment expense	21.11	16.29
Non-cash exceptional items	-	(1,140.06)
Effects of consolidation	-	788.35
Operating profit before working capital changes	**17,480.43**	**20,852.38**
Working capital adjustments		
(Increase)/decrease in trade receivables	(7,687.58)	(8,035.43)
(Increase)/decrease in inventories	(3,623.38)	(9,076.27)
(Increase) /decrease in other financial assets	247.03	711.99
(Increase)/decrease in other assets	(1,531.41)	(799.59)
Increase/(decrease) in provisions	(320.57)	(166.82)
Increase/(decrease) in trade payables	4,338.99	4,328.65
Increase/(decrease) in other financial liabilities	62.51	37.14
Increase/(decrease) in other liabilities	8,150.97	731.76
Cash generated from operations	**17,116.99**	**8,583.81**
Income taxes paid (net of refunds)	(4,172.33)	(3,525.33)
Net cash flow from operating activities (I)	**12,944.66**	**5,058.48**
Investing activities		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress, capital creditors and capital advances)	(9,961.82)	(10,683.30)
Proceeds from sale of property, plant and equipment and intangible assets	263.18	1,036.96
Investments in joint venture/associates	(113.75)	-
Acquisition of a subsidiary, net of cash acquired	(3,376.73)	(1,441.80)
Loan given to joint venture/associates	(4.28)	(122.41)
Proceeds from loan given to joint venture/ associates	11.56	67.49
Loan given to employees/others	-	(121.84)
Proceeds from Loan given to employees/others	-	90.54
Investments in financial instruments including fixed deposits	(113,521.16)	(83,807.90)
Proceeds from sale of financial instruments including fixed deposits	109,816.43	87,853.52
Interest received	168.13	223.83
Dividend received	5.11	4.41
Net cash flows (used in) investing activities (II)	**(16,713.33)**	**(6,900.50)**
Financing activities		
Dividend paid on equity shares	(3,252.83)	(1,641.68)

Summary of consolidated cash flow statement

The following information has been derived from the audited consolidated financial statements as at and for the year ended March 31, 2023 and March 31, 2022.

(₹ in million)

Particulars	For the Fiscal ended March 31,	
	2023	2022
Interest paid on lease liability	(276.07)	-
Interest paid	(2,111.42)	(1,444.12)
Acquisition of minority interest	-	(329.68)
Payment of principal portion of lease liabilities	(368.84)	(579.81)
Proceeds from borrowings including bill discounting	77,101.66	66,810.15
Repayment of borrowings including bill discounting	(68,289.81)	(59,713.20)
Net cash flows from financing activities (III)	**2,802.69**	**3,101.66**
Net increase in cash and cash equivalents (I + II + III)	**(965.98)**	**1,259.64**
Cash and cash equivalents at the beginning of the year	**5,584.24**	**4,473.15**
Cash and cash equivalents at the end of the year	**4,675.84**	**5,732.79**
Foreign currency translation reserve movement	**397.42**	**(152.11)**
Net foreign exchange difference	**57.58**	**3.56**
Cash and cash equivalents on acquisition of subsidiary	**13.87**	**-**
Cash and cash equivalents at the end of the year	**5,087.13**	**5,584.24**

RELATED PARTY TRANSACTIONS

For details of the related party transactions during (i) Fiscal 2024; (ii) Fiscal 2023; and (iii) Fiscal 2022, as per the requirements under Ind AS 24 'Related party disclosures' notified under Section 133 of the Companies Act read with Companies (Indian Accounting Standard) Rules 2015, as amended, please see *"Financial Information"* on page 228.

RISK FACTORS

The Issue and an investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in this Preliminary Placement Document, including the risks and uncertainties described below, before making an investment in the Equity Shares.

We have described the risks and uncertainties that our management believes are material, but these risks and uncertainties are not the only risks relevant to us, or the Equity Shares or the industry and the sectors in which we currently operate or propose to operate. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks mentioned in this section. If any or a combination of the following risks actually occur, or if any of the risks that are currently not known or deemed to be not relevant or material now actually occur or become material in the future, our business, prospects, financial condition, cash flows and results of operations could suffer, the trading price of the Equity Shares could decline, and you may lose all or part of your investment. Furthermore, some events may be material collectively rather than individually. To obtain a more detailed understanding of our business and operations, please read this section in conjunction with the sections titled "Industry Overview", "Our Business", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Legal Proceedings and Other Information" on pages 98, 132, 109 and 220, respectively, as well as other information contained in this Preliminary Placement Document.

In making an investment decision, you must rely on your own examination of us and the terms of the Issue, including the merits and risks involved, and you should consult your tax, financial and legal advisors about the particular consequences of investing in the Issue.

Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment which may differ in certain respects from that of other countries.

This Preliminary Placement Document also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including but not limited to the considerations described below, "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 132 and 109, respectively. For details, see "Forward-Looking Statements" on page 18.

Furthermore, unless otherwise stated, or the context otherwise requires, the financial information used in this section is derived from our Audited Financial Statements and Unaudited Financial Results included in this Preliminary Placement Document in "Financial Information" on page 228.

Unless otherwise indicated, all financial information derived from the Audited Financial Statements and operational, industry, and other related information included in this section with respect to any particular year, refers to such information for the relevant financial year.

Risks Relating to Our Business and Industry

1. Our inability to identify and adapt to evolving technology, industry trends and develop new products to meet our customers' demands may adversely affect our business, financial condition, results of operations and cash flows.

Our products require continuous innovation to be able to compete and satisfy the requirements of our customers. The development and commercialization of new products is complex, time-consuming and costly, and the success of a product is inherently uncertain. There can be no assurance that we will be able to secure the necessary technological knowledge or capabilities which will allow us to expand our product portfolio in a timely manner or at all, and if we are unable to do so our business, results of operations and cash flows may be adversely affected. We are also subject to the risks generally associated with new technology and applications, including delays in product development and failure of products to operate properly. Our ability to anticipate changes in technology and regulatory standards and to successfully develop and introduce new and innovative products on a timely basis is a significant factor in our ability to remain competitive. Our current operations and future growth depend on our ability to continue to develop and commercialize innovative, viable and sustainable new systems and components in a timely and cost-effective manner.

Furthermore, we may not be able to install and commission the equipment needed to manufacture products for our customers' new programs in time for the start of their production. The transitioning of our manufacturing facilities and resources to accommodate new technologies could adversely impact production rates and other operational efficiency measures at our facilities. In addition, our customers may not launch their new products at the anticipated time. Our failure to successfully develop and manufacture new products, or a failure by our customers to successfully launch their new programs (for which we supply components) on schedule, may adversely affect our business, financial condition, results of operations and cash flows.

In addition, if we are unable to keep pace with advancements in technology and customer preferences, our existing technologies and equipment may be rendered obsolete. Such obsolescence may reduce production capacity at certain of our manufacturing facilities or overall and may lead to substantial write-offs or require significant and unanticipated capital expenditure to address.

Our business is subject to the potential acceleration of the shift from internal combustion engine ("**ICE**") powertrains to electric vehicle ("**EV**") powertrains due to regulatory incentives in various jurisdictions and other factors. As our supply of crankshafts and connecting rods for the automotive sector is a leading contributor to our revenues, this continuing shift towards EV powertrains may adversely affect our business, financial condition and results of operations in the future. There can be no assurance that our investments in new technologies, including EV, will be successful. For instance, with respect to the 64.29% stake held in Tork Motors Private Limited by our wholly-owned subsidiary Kalyani Powertrain Limited ("**KPL**"), a provision for impairment of ₹1,517.65 million was recorded in our financial results for the six months ended September 30, 2024 due to the adverse impact of developments in the two-wheeler EV market on the operations of KPL.

2. ***Cyclicality and reduced demand in the industries in which we operate could affect our business, particularly if we are unable to forecast demand accurately. Cyclicality and reduced demand in the industries in which we operate could affect our business and might require us to restructure our business operations in near future, particularly if we are unable to forecast demand accurately.***

For Fiscals 2022, 2023 and 2024 and the six months ended September 30, 2023 and 2024, we had revenue from operations of ₹104,610.78 million, ₹129,102.59 million, ₹156,820.71 million, ₹76,514.56 million and ₹77,946.54 million, respectively. A substantial portion of our revenue is directly related to sales and production by our customer base, which consists of large automotive and industrial OEMs, and demand for our products is largely dependent on the output of the underlying customer industries. Any significant reduction in sales and production by our customers may have a material adverse effect on our capacity utilization which might require restructuring or rightsizing our operations in certain geographies impacting our results of operations and cash flows adversely. For details, see "*Industry Overview*" on page 98.

More generally, the industries in which our customers operate are affected by other factors such as national and international trade, environmental and health and safety regulations and oil prices, among others. In the event of a decrease in demand for products manufactured by our customers, we may experience a material adverse effect on our business, financial condition, cash flows and results of operation.

We seek to stock inventory to respond to consumer demand and manage our inventory levels based on our forecasts of ongoing programs and potential new programs. We aim to forecast our inventory requirements based on historic data, as slow-moving products may be more difficult to sell or result in higher levels of write-offs, thereby increasing our overall cost of sales and reducing our profit margins. There can be no assurance that we will not experience understocking or overstocking in future, or that any such instances would not adversely affect our results of operations and financial condition.

3. ***Our industry is characterised by intense competition, which could reduce our revenue from operations or place continued pressure on the prices of our products.***

We compete with competitors both in India and globally to retain our existing business and to attract new customers and their business. We expect competition in the Indian forgings industry to continue due to possible new entrants and further expansion by our existing competitors. If we are unable to effectively compete against international or domestic competitors, we could face decreased market share, increased pricing pressure and lower margins, which could adversely affect our financial condition and results of operations.

Some of our competitors may have longer operating histories and stronger financials, greater market penetration, operations in diversified geographies and product portfolios, research and development, marketing and more personnel and resources than we do. Consequently, many of our competitors may be able to develop products or processes competitive with, or superior to, our own. Furthermore, we may not be able to successfully develop or introduce new products on a timely basis or at all, that are less costly than those of our competitors, or to offer customers payment and other commercial terms as favourable as those offered by our competitors. If our competitors outperform our business and develop products at a lesser cost in a timely manner, our growth and financial results could be adversely affected.

Increased consolidation among our competitors or between our competitors and any of our OEM customers could allow competitors to further benefit from economies of scale, offer more comprehensive product portfolios and increase the size of their serviceable markets. This could require us to accept considerable reductions in our profit margins and the loss of market share due to price pressure. Furthermore, competitors may gain control over or influence our suppliers or customers by shareholdings in such companies, which could adversely affect our supplier relationships. Our inability to form such strategic alliances could have a material adverse effect on our business, prospects, results of operations, cash flows and financial condition. Further, our customers may encourage competition among their suppliers to reduce their costs. For further details of the industries in which we operate, see "*Industry Overview*" on page 98.

4. ***We are subject to strict quality requirements and any failure by us or our component suppliers to comply with quality standards may lead to cancellation of existing and future orders, product recalls, product liability, warranty claims, litigation and other disputes and claims.***

We are subject to strict customer and regulatory quality standards applicable to our manufacturing processes. Failure by us or any of our suppliers to achieve or maintain compliance with these requirements or quality standards may disrupt our ability to supply products sufficient to meet our customers' demands until compliance is achieved. Failure to comply with applicable quality standards could also result in our products failing to perform as expected, cause bodily injury or property damage, work accidents, fire or explosion, exposing us to warranty, product recall or product liability claims. Under the product warranties provided by us to customers in our defence business, we may be required to indemnify or bear the costs and expenses for the repair or replacement of defective products. Potential product recalls for our customers and their other suppliers, and the potential reputational harm that may result from such product recalls, could have a material adverse impact on our results of operations and financial condition. A recall claim could require us to review our entire product portfolio to assess whether similar issues are present in other product lines, which could result in significant disruption to our business and have an adverse impact on our results of operations.

5. ***Our inability to successfully implement our growth strategies may adversely affect our business, financial condition and results of operations and cash flows.***

The success of our business depends on our ability to effectively implement our business growth strategies. Our focus is building a long-term business with a solid foundation and strong emphasis on being at the forefront of technological innovation, and we take a proactive approach to the future of transportation and sustainability. See "*Our Business*" on page 132, for details on our growth strategies.

Our growth strategy will require significant capital expenditures, which we intend to fund through a combination of cash flow from operations and financing sources. While we believe that our current and projected liquidity will be sufficient to meet our working capital needs and support our growth strategy, it is possible that we may not generate sufficient cash flow from operations or investments and that future borrowings or equity may not be available to us on favorable terms or in an amount sufficient to enable us to realize our growth strategy. Further expansion and acquisitions may require us to incur or assume new debt or expose us to future funding obligations or integration risks, and we cannot assure you that such expansion or acquisitions will contribute to our profitability.

Our growth strategies are based on forecasting and if we over-estimate the volume of products we expect to sell, we will have excess production capacity which would likely reduce the efficiency of production and the margins on the products sold. In contrast, if we under-estimate the volume of products we need to produce at any of our sites or fail to order a sufficient volume of supplies and input materials from our third-party suppliers, we may be unable to meet customer orders.

We have also recently entered into new businesses such as aerospace, defence and e-mobility solutions and processes such as castings as a part of our diversification strategy. We do not, however, have similar long-standing customer relationships and operating track records in these new business areas compared to our traditional automotive-linked business. Furthermore, these industries have their own challenges from regulatory and cyclicality perspectives which are different compared to those in the automotive space. Therefore, there can be no assurance that we will be able to replicate the same level of success in management and integration of acquisitions in these areas.

As part of the evaluation of the performance of all of our businesses, we may also divest businesses or restructure certain of our manufacturing facilities . Divestitures and restructuring involve risks, including difficulties in the separation of operations, services, products and personnel, the diversion of management's attention from other business concerns, the disruption of our business, the potential loss of key employees, potential impairment of the investments made and the retention of uncertain environmental or other contingent liabilities related to the divested business. We cannot assure you that we will be successful in managing these or any other significant risks that we encounter in divesting a business or restructuring certain of our manufacturing facilities.

Our inability to effectively manage the expansion of our business (both domestically and overseas) and execute our strategies effectively, could adversely affect our business, results of operations and financial condition by way of impairment and cash outflows. Business combinations and acquisitions may entail a number of risks including the effective integration of acquisitions to realize synergies, significant one-time write-offs or restructuring charges, and unanticipated costs and liabilities. We may also be liable for the past acts, omissions or liabilities of the acquired business that are unforeseen or greater than anticipated. While we actively pursue a variety of opportunities simultaneously, we may encounter unforeseen expenses, complications and delays. In addition, we may be unable to consummate our expansion or acquisitions, mergers or alliances in the future on terms acceptable to us, or at all. Any failure to consummate or integrate acquisitions to support our growth strategy may result in a material adverse effect on our business, financial condition, cash flows and results of operations.

The success of our strategy also depends in large part on the continued growth and stable economic conditions in our target markets. Any of these challenges, and the failure or delay by our management in responding to them, could have a material adverse effect on our business, financial condition, cash flows and results of operations.

6. ***We have undertaken and may continue to undertake strategic investments, acquisitions and collaborations (including in overseas locations) in the future, which may be difficult to sustain, integrate and/or manage successfully. These may expose us to uncertainties and risks, any of which could adversely affect our business, financial condition and result of operations.***

We have invested and may continue to invest in business entities and even pursue acquisitions and strategic alliances that may enable us to achieve our growth objectives or provide us with complementary technologies, particularly in the automotive and non-automotive mobility sector. For example, we acquired JS Auto Cast Foundry Private Limited ("**J S Auto**") in Fiscal 2023 to pursue our strategy of developing our castings business. As a traditional forging component supplier, diversifying our operations to enter new sectors such as aerospace, castings, defence and e-mobility solutions represents a strategic decision that carries significant risk. On 17 October 2024, we entered into a stock purchase agreement to acquire 100.00% of the paid-up share capital of AAM India Manufacturing Corporation Private Limited ("**AAMIMCPL**") for consideration of US$65 million (*approximately ₹ 5,493.00 million calculated at ₹ 84.50 = 1 USD as of November 29, 2024, Source: www.rbi.org.in*) subject to certain adjustments (the "**Proposed Acquisition**"). See "– *The completion of the proposed acquisition of the equity shares of AAMIMCPL is subject to certain conditions, and failure to complete the acquisition may adversely affect our business, financial condition and results of operations.*" on page 55. For details of the Proposed Acquisition, see "*Business — Recent Developments*" on page 132.

The success and timing of any such present or future investments will depend on a variety of factors, many of which are not within our control such as the availability of adequate financing, the approval of the Competition Commission of India ("**CCI**"), and other customary closing conditions. In addition, the ultimate benefit of any such investment or acquisition relies on our ability to successfully integrate the acquired entity or assets into our existing business and to achieve any projected synergies, which is a significant challenge and may incur considerable costs. The consummation of certain acquisitions and amalgamations may require approvals and consents from regulatory authorities and other third parties which we may not receive in a timely manner or at all.

Furthermore, assessing a potential investment or growth opportunity involves extensive due diligence. However, the amount of information we can obtain about a potential investment or growth opportunity can be limited, and we can give no assurance that such future business ventures, acquisitions, and strategic alliances will not adversely affect our financial performance or will perform as planned.

7. ***The completion of the proposed acquisition of the equity shares of AAMIMCPL is subject to certain conditions, and failure to complete the acquisition may adversely affect our business, financial condition and results of operations.***

Our Company entered into a stock purchase agreement with AAMIMCPL and the shareholders of AAMIMCPL ("**AAMIMCPL Shareholders**") on 17 October, 2024, to acquire 527,140,009 equity shares ("**AAMIMCPL

Shares"), constituting 100.00% of the paid-up share capital of AAMIMCPL on a fully diluted basis (such stock purchase agreement, the "**SPA**"). Pursuant to the SPA, our Company has agreed to acquire the AAMIMCPL Shares for consideration of US$65 million (*approximately ₹ 5,493.00 million calculated at ₹ 84.50 = 1 USD as of November 29, 2024, Source: www.rbi.org.in*) subject to certain adjustments. The completion of the Proposed Acquisition is subject to the satisfaction of certain conditions precedent, including the receipt of prior written approvals from the CCI, and certain other customary closing conditions. For details of the Proposed Acquisition, see "*Business — Recent Developments*" on page 132.

In order to effect the Proposed Acquisition, we are required to seek approval from the CCI pursuant to the provisions of the combination regulation (merger control) provisions under the Competition Act, which requires that acquisition of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds be mandatorily notified to and pre-approved by the CCI. On October 23, 2024, we applied for an approval from the CCI, and the Proposed Acquisition will only be effective upon receipt of the relevant approval. The CCI may deem that the Proposed Acquisition will have an appreciable adverse effect on competition in the relevant market in India, and disapprove of the Proposed Acquisition. Further, the CCI may seek additional information, documents or clarifications from us, and we may not be able to address all queries raised by the CCI to its satisfaction. We cannot assure you that the CCI will approve of the Acquisition and failure to receive approval from the CCI may prevent us from completing the Proposed Acquisition and successfully utilizing the proceeds of the Issue. The required approvals may take longer than expected to obtain, may not be granted and/or the relevant authorities may, as a condition to granting their approval or confirmation, impose limitations or costs.

In addition, pursuant to the terms of the SPA, AAMIMCPL is required to seek consent pursuant to certain financing arrangements and business contracts for, among other things, a change of control. In the event such approvals or conditions are not obtained or satisfied, the Proposed Acquisition may not be successful, which may adversely affect our business, results of operations, financial condition and cash flows.

8. If this Issue is not completed, we will need to seek additional funding sources to complete the Proposed Acquisition. If completion of the Proposed Acquisition does not occur within the timeframe contemplated, our Company may experience a delay in achieving its strategic objectives, which could have an adverse effect on our business, results of operations, cash flows and financial condition. If the completion of the Proposed Acquisition does not occur, the proceeds of the Issue may be used for other objects. See "*– The Net Proceeds from the Issue are proposed to be deployed by our Company to fund the consideration for the Proposed Acquisition. If we are unable to raise capital to fund the Proposed Acquisition, our business prospects could be adversely affected. If the Proposed Acquisition is not completed, the proceeds of the Issue will be retained by our Company and used for other objects in accordance with applicable laws.*" on page 56.

Further, for the purpose of the Issue, we have included certain information related to AAMIMCPL in the Preliminary Placement Document. Although our Company has conducted due diligence on AAMIMCPL in connection with the Proposed Acquisition, it has not yet completed the Proposed Acquisition, and there may be material risks associated with AAMIMCPL about which our Company is not aware. Any discovery of adverse information concerning AAMIMCPL may result in the information about it contained in this Preliminary Placement Document being inaccurate or inadequate and may adversely affect our business, results of operations, cash flows and financial condition.

9. The Net Proceeds from the Issue are proposed to be deployed by our Company to fund the consideration for the Proposed Acquisition. If we are unable to raise capital to fund the Proposed Acquisition, our business prospects could be adversely affected. If the Proposed Acquisition is not completed, the proceeds of the Issue will be retained by our Company and used for other objects in accordance with applicable laws.

We propose to fund the Proposed Acquisition through the proceeds of this Issue and any shortfall will be met through debt funding and internal accruals, or a combination thereof. For further information, see "*Use of Proceeds*" on page 87.

The completion of the Proposed Acquisition is accordingly dependent on our ability to raise capital through the Issue, and in case of shortfall, on obtaining debt funding on favourable terms and in a timely manner. For further details, see "*Use of Proceeds - Proposed acquisition of the equity shares of AAMIMCPL*" on page 90. Our ability to raise additional funding, if required, is contingent on numerous factors, including general economic and capital market conditions, credit availability from banks or the market, investor confidence and the continued success of our operations. If we are unable to raise adequate capital in a timely manner and on favourable terms, or at all, or if our internal accruals are insufficient for funding the balance consideration, we may either have to delay or be unable to acquire any shareholding in AAMIMCPL and accordingly fail to complete the Proposed Acquisition as planned, which may adversely affect our business, results of operations, cash flows and financial condition.

Further, it is possible that completion of the Proposed Acquisition may not occur, in particular, if any of the conditions precedent to completion are not satisfied in accordance with the SPA. If the Proposed Acquisition is not completed for any reason, including the failure to complete the closing conditions, the Net Proceeds will be deployed by our Board in subsequent periods, at its sole discretion in such manner as it may decide based on our funding requirements at the relevant point of time, including funding opportunities in our business through inorganic growth, in accordance with applicable laws. This allocation will be based on our funding requirements at the relevant point in time. For more details, please refer to "*Use of Proceeds – Proposed acquisition of the equity shares of AAMIMCPL*" on page 90.

10. We face risks associated with the integration of AAMIMCPL with us, and if the Proposed Acquisition fails to realise targeted synergies or other anticipated benefits, our business, results of operations, financial condition and cash flows may be adversely affected.

Our Company will acquire the commercial vehicles axle business of AAMIMCPL, which includes manufacturing units that manufacture axles for light, medium and heavy-duty commercial trucks and passenger buses, located in Pune and Chennai. Further, the Proposed Acquisition will enable our Company to expand our customer base and expand our manufacturing presence among OEMs manufacturing components for light, medium and heavy-duty commercial trucks and passenger buses in India. We believe that the Proposed Acquisition may enhance our client ecosystem, which in turn may increase cross-selling opportunities and promote better client engagement. However, there can be no assurance that such outcomes will result from the Proposed Acquisition. For further information, see "*Our Business – Business Strategies*" on page 136.

The success of the Proposed Acquisition will depend, in part, on our ability to realize the anticipated growth opportunities and synergies from combining the business of AAMIMCPL with our business. Integrating the operations of AAMIMCPL may require substantial resources, including time, expense and effort from our management. However, we cannot guarantee you that we will realise any or all of the anticipated benefits from the Proposed Acquisition.

Further, we may be required to seek consent from existing customers of AAMIMCPL for the change of control brought about by the Proposed Acquisition, and we cannot assure you that such consents will be forthcoming, or that AAMIMCPL's existing customers will continue to do business with us.

In particular, our ability to realise anticipated benefits may be affected by a variety of factors, including:

- inability to retain the client base of AAMIMCPL;
- obtaining any consents or authorizations that may be required in respect of our integrated operations;
- the challenges involved in integrating our Company and AAMIMCPL's IT infrastructure, processes and systems;
- our ability to deliver services of a consistent quality across the new verticals and geographies that we will operate in;
- recruiting, training and retaining sufficient skilled management and employees;
- unforeseeable events, including major changes in the industry in which we or AAMIMCPL operate, including any reduction in demand for services.

In addition, our ability to realise the anticipated benefits of the Proposed Acquisition may also be impacted by any of the other risks that we face as described in this Preliminary Placement Document.

If the anticipated benefits of the Proposed Acquisition that our Company expects are not realised or are delayed, our business, results of operations, cash flows and financial condition could be adversely affected. Even if we are able to successfully integrate our businesses and operations, it may not be possible to realise the full benefits of the integration opportunities, the synergies that we currently expect to result from the Proposed Acquisition or realise these benefits within the time frame that we currently expect. We may incur higher than expected integration, transactional and related costs. In addition, our Company has incurred, and will incur, costs in relation to the Proposed Acquisition. Any losses by AAMIMCPL may adversely affect our Company's consolidated results of operations, as we will account for it as a Subsidiary.

11. ***Our defence business is exposed to industry-specific risks, which may adversely affect our business, financial condition and results of operations.***

The nature of the products and services offered by our defence business exposes it to industry-specific risks, including in respect of customer concentration, the "lumpiness" of our business due to new orders and export policy reliance. Significant reductions in defence spending by our current customers may have a material adverse impact on our defence business. Specifically, any reductions in overall defence spending by our customers may reduce the number and scale of future defence projects. While there is also a risk to ongoing business in this scenario, the impact on defence programs with funding already allocated may be more limited, unless government spending priorities were to change radically.

Due to the nature of the products and services offered by our defence business and the regulatory controls to which they are subject (including, for example, export permits and controls implemented by the government of India ("**GoI**")), it is also more difficult for the defence business to diversify its customer base relative to our other businesses. We are a part of the "Make in India" initiative of the GoI which seeks to develop India as a leading defence manufacturing and export hub. All of our defence contracts and exports are subject to review by and the express approval of the GoI. As such, geopolitical factors, including the nature of the relationship between the GoI and other countries, may have a significant impact on our defence business. In addition, pursuant to the Atmanirbhar Bharat initiative implemented by the GoI, five positive indigenization lists of approximately 36,000 products have been identified by the Department of Defence Production of the Indian Ministry of Defence as being offered to domestic manufacturers for the defence sector, instead of being sourced through imports. Any change to these policies, and others targeting the growth of Indian defence exports (and restriction on defence imports) may have a material adverse effect on our business, results of operations and financial condition. For more information regarding these policies, see "*Industry Overview — Indian Defence Industry*" on page 108.

We also incur significant costs in developing new products in accordance with the requirements of our defence business and there can be no assurance that such products will be successful or that we will achieve the targeted return on investment on such activities. If we spend significant time and effort on R&D and are unable to generate an adequate return on our investment, our business and results of operations may be materially and adversely affected.

12. ***Our operating expenses for certain of our overseas operations include overheads that may remain fixed in the medium term, and which may adversely affect our business, financial condition and results of operations.***

Our operating expenses for certain of our overseas operations include various fixed costs, primarily relating to manpower, which are not dependent on sales revenue. As a result, any diminution in sales may cause significant variations in our operating results for any particular final quarter, as we are unable to reduce these fixed costs in the short term. Furthermore, the impact of any decline in sales may be magnified in the short term as a portion of our revenue will be committed to paying these fixed costs and this may adversely affect our business, financial condition and results of operations. In addition, the utility of period-on-period comparisons of our financials may be affected. In the past, certain of our overseas operations have recorded operating losses due to challenges in scaling up new projects, weakness in demand from end markets and our inability to reduce fixed cost, especially manpower related costs.

13. ***Any disruption to, or volatility in, our supply chain could impact our production and increase our costs.***

Our supply chain is dependent on third party suppliers, both domestically and internationally, for raw materials and certain items, obtained through purchase orders. In Fiscals 2022, 2023 and 2024 and the six months ended September 30, 2023 and 2024, our cost of raw materials and components consumed amounted to ₹46,175.79 million, ₹60,649.93 million, ₹71,383.81 million, ₹36,046.25 million and ₹33,657.37 million, representing 44.14%, 46.98%, 45.52%, 47.11% and 43.18% of our revenue from operations for the respective periods. Although we source most of the raw materials used in our manufacturing process from more than one supplier, our supply of steel for our operations in India is primarily sourced from a single related party on an arm's-length basis. In Fiscal 2024, the steel supplied by this company amounted to 12.41% of our consolidated net raw material purchases. Accordingly, we are exposed to the risk of inadequate capacity leading to temporary production allocation or disruption of supplies procured from a single supplier. There is no assurance that if we experience a disruption of supplies, we will be able to source steel from alternative suppliers on similar commercial terms and within a reasonable timeframe.

While we do not rely on any single source for the other raw materials and components required for our operations if any of our suppliers does not supply raw materials on a timely basis at reasonable prices, we may be unable to manufacture products for our customers. In line with prevalent industry practice, we do not have firm commitment supply agreements with most of our suppliers and instead we rely on our rolling four-monthly order schedule with our customers to govern the volume of our raw material and component purchases. A sustained disruption in the supply chain involving multiple customers or vendors could have a material adverse effect on our results of operations.

If suppliers are not able to provide us with products that meet our or our customers' specifications on a timely basis, we may be unable to manufacture products, or products may be available only at a higher cost or after a long delay, which could prevent us from delivering products to our customers within required timeframes. Any such inability to manufacture or delay in delivering our products may create liability for us to our customers. In the event that we manufacture products with inferior quality, we may become subject to product liability caused by defective raw materials from a supplier, or our customer may be required to recall its products from the market.

It is possible that any of our supplier relationships could be interrupted due to natural disasters, international supply disruptions caused by geopolitical issues including terrorism, trade friction, global shipping crises, or other events beyond our control or could be terminated in the future. In addition, we cannot assure you that our suppliers have obtained and will be able to renew all licences, permits and approvals necessary for their operations or comply with all applicable laws and regulations, and failure to do so by them may lead to interruption in their business operation, which in turn may result in shortage of raw materials supplied to us. Any sustained interruption in our receipt of adequate supplies could have an adverse effect on our business and financial results.

We may also face volatility in the prices of certain raw materials, including steel and its various alloyed forms, aluminium and titanium, that we use to manufacture our finished products. The raw material that is the most affected by price volatility is steel due to the amount used in our manufacturing operations. Although we seek to pass on input cost increases to our customers, we may not be able to fully achieve this in all situations or at all times. Even in the case we can pass on input costs, we may only be able to do so with a time lag, which may leave us exposed to commodity price fluctuations.

While the relevant customer is generally responsible for the transportation of its completed orders, we also sometimes use third party transportation providers for the supply of raw materials and for the delivery of finished and unfinished products from our manufacturing facilities and warehouses to our domestic and overseas customers. Any transportation strikes, increase in freight costs, or lack of availability of port infrastructure may have an adverse effect on our supplies and deliveries in a timely and cost-efficient basis.

14. ***Our contractual arrangements with our OEM/Tier 1 customers are generally based on purchase orders and delivery schedules, and any extension of a sales cycle, termination of such contract or decline in the production requirements of any of our customers, in particular for any of our large customers, could materially and adversely affect our business, results of operations and financial condition.***

We enter into long term contracts with global customers which provide for share of business for the program and the duration of business. In India we deal with customers on the basis of purchase orders. Pursuant to the prevalent industry practice, we do not have firm commitment supply agreements with most of our customers and instead we rely on purchase orders for the price and delivery schedules to govern the volume of our product sales and volume. As we do not enter into long term contracts with our customers, there is no guarantee of future revenue from our customers beyond the present purchase order. Once we are awarded a contract, we may enter into master agreements or blanket orders with our customers for the supply of our products and other terms which include general terms of sale, specification requirements and pricing policy, but such agreements do not obligate our customers to provide guaranteed order volumes. Actual supplies are based on purchase orders issued by our customers from time to time along with delivery schedules which are periodically issued to govern the quantities of products. However, our customers may also change the delivery schedules after the delivery schedules have been issued to us, resulting in extended sales cycles which may adversely impact our production schedules and inventory carrying costs. Further, for our customers who are public sector enterprises, there are fixed delivery schedules for delivery of our products and in the event, we fail to meet these schedules, we may be required to pay liquidated damages to such customers. For our export customers, in the event of failure to meet to the delivery schedules, we may be required to incur additional expenses for faster deliveries and in case of customer's production loss additional penal consequences may be imposed on us.

In most instances, our OEM customers agree to purchase their requirements for specific products but are not mandatorily required to purchase any minimum quantity of products from us. Further, such conditions provide flexibility to our customers to place order for smaller quantities of products through the delivery schedules than originally anticipated. Accordingly, we face the risk that our OEM customers might place orders that are smaller than expected or make changes to their policies which may result in reduced quantities being manufactured by us resulting in unused inventory. Some OEM customers may also contract with an alternative supplier or produce certain products in-house.

Some of our supply contracts with our OEM customers typically provide for the supply of our products for a specified time period. Since our customers typically have no obligation to purchase a specific quantity of products, the discontinuation of, or a decrease in demand for, certain models or group of related models sold by any of our major customers or resourcing or discontinuation or purchasing from us, for a particular model or group of models, could have a material impact on us.

In addition, we make significant decisions, including setting up of facilities, determining the levels of business that we will seek and accept, production schedules, raw material procurement commitments, personnel requirements and other resource requirements, based on our estimates of customer orders. This may require us to increase staffing, increase capacity, engage sub-contractors and incur other expenses to meet the anticipated demand of our customers, in relation to changes (such as order getting delayed or cancelled) which could cause reductions in our margins. We cannot assure you that we will be able to realise the value of investments made by us on the basis of such contractual arrangements and any such loss may have an adverse impact on our results of operations.

15. ***A failure of or disruption in our information technology (IT) infrastructure, including a disruption related to cybersecurity or non-compliance with data protection, privacy or information security related Indian or foreign laws, could adversely impact our business and operations.***

We rely on the capacity, reliability and security of our IT systems and infrastructure in our operations. These include procurement, production, distribution, billing, reporting and consolidation software, as well as new product design and development. IT systems are vulnerable to disruptions, including those resulting from natural disasters, cyber-attacks or failures in third-party-provided services. Cybersecurity risks can include breaches of confidentiality, loss of integrity and/or availability of the data and/or transactions processed by the information systems (system malfunction, data theft, data destruction and loss of data integrity). These may result from external (denial of service, hacking, malware) or internal (tampering, breach of data confidentiality) threats. In addition, we face threats in relation to onboard systems and products, in their design phase and also in their operational and service phases, as the case may be.

A large-scale IT malfunction or interruption of one or more of our IT systems or cyber-attacks on our network could compromise the security of our systems and our ability to protect our networks and the confidentiality of sensitive data which may lead to tempering with or theft of our design drawings, proprietary design software, computer simulation software, testing software and other trade secrets, information relating to our intellectual property or business strategy, and data of third parties, including our employees and customers, resulting in production downtimes, lost revenues, inappropriate disbursement of funds and both internal and external supply shortages. Some cyber-attacks depend on human error or manipulation, including phishing attacks or schemes that use social engineering to gain access to systems or carry out disbursement of funds or other frauds, which raise the risks from such events and the costs associated with protecting against such attacks. In addition, we may be required to incur significant costs to protect against damage caused by such attacks or disruptions in the future or failure by us to comply with Indian or foreign laws and regulations, including laws and regulations regulating privacy, data protection or information security. These could cause significant damage to our reputation, disruption of our operations, result in a loss or damage to our data or an inappropriate disclosure of confidential information, affect our relationships with our customers, suppliers and employees, lead to legal claims, proceedings or actions against our Company, liability or regulatory penalties under Indian or foreign laws protecting the privacy of personal information and ultimately adversely affect our business.

Notwithstanding our implementation of security policies, processes, and layers of defence designed to help identify and protect our systems and data from current and emerging technology threats and damage from intentional and unintentional misappropriation or corruption of our systems and information due to computer viruses, unauthorized access, cyber-attack and other similar disruptions, we have been, and likely will continue to be, subjected to such attacks or disruptions. Furthermore, unavailability of, or failure to retain, well trained employees capable of constantly servicing our IT system may lead to inefficiency or disruption thereby adversely affecting our ability to operate efficiently.

16. ***We have substantial capital expenditure and working capital requirements and may require additional capital and financing in the future and our operations could be curtailed if we are unable to obtain required additional capital and financing when needed.***

Our business is capital intensive. In Fiscals 2022, 2023 and 2024 and the six months ended September 30, 2023 and 2024, we incurred cash flow relating to capital expenditure for the purchase of property, plant and equipment and intangible assets (including capital work-in-progress, capital creditors and capital advances) amounted to ₹10,683.30 million, ₹9,961.82 million, ₹15,240.26 million, ₹4,446.38 million and ₹8,194.03 million. We may also need to raise additional capital from time to time, dependent on business requirements. Any additional equity financing may result in dilution to the holders of the Equity Shares. Furthermore, additional debt financing may impose affirmative and negative covenants that restrict our freedom to operate our business, including covenants that:

- limit our ability to pay dividends or require us to seek consent for the payment of dividends;
- limit our flexibility in raising capital in the form of debt or equity;
- require us to dedicate a portion of our cash flow from operations to payments on our debt, thereby reducing the availability of our cash flow to fund capital expenditures, working capital and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and our industry;
- limit us from formulating any scheme of amalgamation or reconstruction, merger or demerger; and
- limit us from entering into borrowing arrangements with other banks or financial institutions.

We cannot guarantee that we will be able to obtain additional capital, including through financing on terms that are acceptable to us, or any financing at all, and the failure to obtain sufficient financing could adversely affect our business operations.

In Fiscals 2022, 2023 and 2024 and the six months ended September 30, 2023 and 2024, our working capital requirements amounted to ₹32,527.12 million, ₹40,736.96 million, ₹41,309.02 million, ₹41,784.06 million and ₹40,803.94 million. A significant amount of our working capital is required to finance the purchase of materials and the performance of designing, manufacturing and other work before payment is received from customers.

Our working capital requirements may increase if the payment terms in our agreements include reduced advance payments or longer payment schedules. Continued increases in our working capital requirements may have an adverse effect on our financial condition and results of operations.

17. ***Any shutdown of our manufacturing facilities or other manufacturing or production problems caused by unforeseen events may reduce sales and adversely affect our business, results of operations and financial condition.***

Our manufacturing facilities are subject to operating risks, and we may encounter manufacturing problems or experience difficulties or delays in production as a result of occurrence of the following events or other events beyond our control:

a. closure or suspension of manufacturing facilities due to natural calamities;

b. forced or voluntary closure of manufacturing plants, including as a result of regulatory inspections;

c. problems with supply chain continuity, including as a result of natural or man-made disasters at one of our facilities or at a suppliers or vendors' facility;

d. manufacturing shutdowns, breakdown or failure of equipment, performance below expected levels of efficiency, obsolescence of our equipment and production facilities, industrial accidents and the need to comply with the directives of relevant government authorities. For instance, in last one year, our factory workers have faced certain accidents on the floor of our manufacturing facilities including at the Mundhwa and Baramati factories, Chakan and Satara units for which they have received medical treatment and we have adopted additional safety measures at our factories on the recommendation of the factory inspector. Such matters await further action from the Directorate of Safety and Industrial Health;

e. labour disputes, strikes, lock-outs that may result in temporary shutdowns or manufacturing disruptions;

f. failure of a supplier to provide us with the critical raw materials or components for an extended period of time, which could impact continuous supply;

g. shortage of qualified personnel;

h. changes in applicable local and international laws and regulations impacting our manufacturing facilities where we operate;

i. changes in political relationships between India and the countries in which we have set-up manufacturing and assembly plants (France, Germany and Sweden), impacting our facilities where we operate;

j. failure or bottlenecks in production processes, especially if we are unable to obtain adequate supply of utilities such as power and water or inability to successfully implement debottlenecking measures to reduce idle time or improve operating efficiency by reducing plant outages, wastage or yield losses or otherwise; and

k. other problems including limits to our manufacturing capacity due to the failure of a customer to set up their plant or assembly lines resulting in a loss of sales and revenue from such customer.

The assembly lines of our customers rely on the timely delivery of our components and our ability to provide an uninterrupted supply of our products is critical to our business. In addition, we may incur expedited fright charges due to manufacturing delays. Our business and financial results may be adversely affected by any disruption of operations at our manufacturing facilities, including as a result of any of the factors mentioned above.

18. Our operations are subject to various operational hazards and the occurrence of any of these hazards may adversely affect our business, results of operations and financial condition.

Our operations are subject to operating risks associated with component manufacturing, including risks related to the handling, processing, transportation and storage of raw materials used in our manufacturing processes, some of which are hazardous materials. Despite compliance with requisite safety requirements and standards, our operations are subject to significant hazards, including:

a. explosions;

b. fires;

c. mechanical failures and other operational problems;

d. inclement weather and natural disasters;

e. discharges or releases of hazardous substances, chemicals or gases; and

f. other environmental risks.

The occurrence of any of these hazards could result in a suspension of operations and the imposition of civil or criminal liabilities. The loss or shutting down of our facilities could disrupt our business operations and adversely affect our results of operations, financial condition and reputation. We may also face claims and litigation filed on behalf of persons alleging injury predominantly as a result of occupational exposure to hazards at our facilities. If these claims and lawsuits, individually or in the aggregate, are resolved against us, our business, results of operations and financial condition could be adversely affected.

Additionally, the occurrence of any of these risks may also divert management's attention and resources and adversely affect public perception about our operations and the perception of our suppliers, customers and employees, leading to an adverse effect on our business, results of operations and financial condition.

19. If we are unable to obtain or maintain certain licences, permits and approvals, our business, results of operations and financial condition could be adversely affected.

We require certain licences, permits and approvals in the ordinary course of business, and the failure to obtain or retain them in a timely manner may materially adversely affect our operations. We are required to obtain and maintain a number of statutory and regulatory licences, permits and approvals to carry out our business and at each of our manufacturing facilities. The majority of these approvals, including the consent to establish and operate under environmental laws, are granted for a limited duration and require renewal from time to time. While we apply for the required approvals as and when required, we cannot assure you that such approvals will be issued or granted to us in a timely manner, or at all. If we do not receive such approvals or are not able to renew the approvals in a timely manner, our business and operations may be materially adversely affected.

Furthermore, the licences, permits and approvals required by us are subject to several conditions and we cannot assure you that we will be able to continuously meet such conditions, which may lead to cancellation, revocation or suspension of the relevant licences, permits and approvals. If there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased compliance costs, be subject to penalties, have our licences, approvals and permits revoked or suffer a disruption in our operations, any of which may materially adversely affect our business and results of operations.

20. We are exposed to counterparty credit risk and any delay in receiving payments or non-receipt of payments may adversely impact our results of operations.

Due to the nature of, and the inherent risks in, the agreements and arrangements with our customers, we are subject to counterparty credit risk and a delay in receiving large payments or non-receipt of large payments may adversely impact our results of operations. Our provision for doubtful debts and advances (includes expected credit loss) (net) and bad debts/ advances written off/back (net) for Fiscals 2022, 2023 and 2024, was ₹117.04 million, ₹142.90 million and ₹287.79 million, respectively. Our operations involve extending credit to our customers in respect of sale of our products and consequently, we face the risk of the uncertainty regarding the receipt of these outstanding amounts. There is no assurance that we will accurately assess the creditworthiness of our customers. Furthermore, macroeconomic conditions, such as a potential credit crisis in the global financial system, could also result in financial difficulties for our customers, including limited access to the credit markets, insolvency or bankruptcy, could cause our customers to delay payment, request modifications of their payment terms, or default on their payment obligations to us, all of which could increase our receivables. Timely collection of dues from customers also depends on our ability to complete our contractual commitments and subsequently bill for and collect from our clients. If we are unable to meet our contractual obligations, we may experience delays in the collection of, or be unable to collect, our customer balances, which could adversely affect our results of operations and cash flows. We are also dependent upon the market for financing, and the inability for us, our customers or our suppliers to obtain and maintain sufficient capital financing, including working capital lines, and credit insurance may adversely affect our, our customers' and our suppliers' liquidity and financial condition.

We have had and may continue to have relatively high levels of outstanding receivables. As of March 31, 2022, March 31, 2023 and March 31, 2024, our trade receivables have constituted 20.78%, 24.00% and 20.26% of our revenue from operations, respectively. If our customers delay or default in making these payments, our profits margins and cash flows could be adversely affected.

21. We have significant power and water requirements and any disruption to power or water sources could increase our production costs and adversely affect our results of operations.

We require substantial power and water for our manufacturing facilities, and energy costs represent a significant portion of the production costs for our operations. If energy or water costs were to rise, or if electricity or water supplies or supply arrangements were disrupted, our profitability could decline.

Energy accounts for a significant portion of the cost for a number of activities connected with our business. Our costs for power, fuel and water less credit for energy generated were ₹5,768.36 million, ₹8,278.84 million and ₹7,664.95 million, respectively, which were 6.18%, 6.80% and 5.30% as a percentage of our total expenses for Fiscals 2022, 2023 and 2024, respectively. Any increase in energy costs could decrease our margins if we are unable to increase our product prices enough to offset these increased costs. Such energy cost increases and margin erosion could have an adverse effect on our results of operations and cash flows. Further exacerbating this situation, recent geopolitical tensions in Europe have led to significant fluctuations and overall increases in global energy prices in the fiscal year ended March 31, 2023. These tensions have heightened the unpredictability of energy costs and supply availability, potentially amplifying the adverse impacts on our operational costs and financial performance.

Moreover, while we are progressively increasing the share of renewable energy in our energy consumption, such energy sources are subject to variability based on weather conditions and may not consistently meet our electricity demands. This intermittency could result in operational disruptions if sufficient energy supplies are not available. In addition, transitioning to or augmenting our energy supply with these alternative sources often requires significant upfront investment in technology and infrastructure and the cost of electricity from these sources can be higher than traditional utilities, particularly if subsidies or governmental support are reduced or absent.

Our water requirements are met from a combination of government supplies, canals, rivers and bore wells. We source almost all of our electricity and water requirements for our manufacturing facilities from local utilities. If adequate supply is not available for any reason, we will need to rely on alternative sources, which may not be able to consistently meet our requirements. The cost of electricity and water purchased from alternative sources could be significantly higher, thereby adversely affecting our cost of production and profitability. Further, if for any reason sufficient electricity or water is not available, we may need to shut down our plants until an adequate supply is restored.

22. ***Our business is subject to costs, risks and uncertainties, including those associated with laws and regulations in domestic and foreign jurisdictions in which we operate, tariffs and trade relations and international political conditions. Any breach of applicable laws and regulations could adversely affect our business, operations and reputation.***

The markets and customers we serve are subject to substantial government regulations, which often differ by state, region and country. Our operations are subject to various domestic and foreign laws and regulations governing, among other things, noise control, emissions to air (including scope 3 emissions), discharge to waters and the generation, handling, storage, transportation, treatment and disposal of waste and other materials, environmental concerns (including concerns about global climate change and its impact such as greenhouse gas emissions), fuel economy standards, health and safety of employees, labor and accounting laws, foreign trade and investment, import and export licence requirements and tariffs and taxes and intellectual property enforcement issues.

We are also required to obtain and comply with environmental permits for all of our operations. For instance, we require approvals under the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981, the Hazardous and Other Waste (Management and Transboundary Movement) Rules, 2016, the Plastic Waste Management Rules 2016 in order to establish and operate our manufacturing facilities in India. These government regulatory requirements could also significantly affect our customers by altering their global product development plans and substantially increasing their costs, which could result in limitations on the types of vehicles they sell and the geographical markets they serve. Any of these outcomes could adversely affect our financial condition and results of operations.

We believe that our operations and manufacturing facilities have been, and are being, operated in compliance, in all material respects, with such laws and regulations. However, there can be no assurance that we will be in complete compliance at all times with such laws, regulations and the terms and conditions of any consents or permits. If we violate or fail to comply adequately with these requirements, we could be fined or otherwise sanctioned by the relevant regulators, or our operations may be temporarily shut down pending such compliance. For instance, we may incur substantial costs, including clean up or remediation costs, fines and civil or criminal sanctions, and third-party property damage or personal injury claims, as a result of violations of or liabilities under environmental or health and safety laws or non-compliance with permits required at our facilities, which, as a result, may have an adverse effect on our business and financial condition. The occurrence of any such events could adversely affect our business, reputation, financial condition or results of operations. In addition, these requirements may become more stringent over time and there can be no assurance that we will not incur increased costs or liabilities in the future in order to comply with evolving laws and regulations, including environmental, health and safety laws, regulations or other pertinent requirements that may be adopted or imposed in the future by governmental authorities.

Our overseas business and growth initiatives are also exposed to changes in international tariffs, trade relations and policies, including renegotiated trade agreements, import and export licence requirements, and imposition of tariffs that make unjustified, unreasonable or discriminatory trade actions impacting the countries in which we have a presence. There is no assurance that cost increases resulting from trade policies and tariffs will not adversely impact our profitability. Our sales may also be adversely impacted if tariffs are assessed directly on the products we produce or on our customers' products containing content sourced from us. In addition, political activities within the countries where we conduct business, could also adversely impact our ability to operate in those countries.

23. ***Damage to our image and/or reputation or any of our customers' image and reputation due to our products could have an adverse effect on our results of operations, financial condition and cash flows.***

Our business depends to a significant extent on our customers' trust in our reputation as a reliable supplier, in our ability to support our customers geographically and in our ability to meet our customers' key performance targets. The maintenance, protection and ongoing customer perception of our reputation as a reliable supplier, as well as our ability to enter new geographic markets and sell new products, are therefore critical for our future success. Actual or alleged instances of inferior product quality or of damage caused or allegedly caused by our products, could damage our reputation and brand and could lead to new or existing customers becoming less willing to conduct business with us. In addition, events or allegations of malfunctioning products could lead to legal claims against us, and we could incur substantial legal fees and other costs in defending such legal claims. Further, any litigation, disputes or adverse news reports against us, our Promoter and Promoter Group, could adversely impact our reputation and brand. The materialization of any of these risks, alone or in combination, could damage our reputation and could have a material adverse effect on our business, financial condition and results of operations.

24. We rely on the skills and experience of our Directors, Key Managerial Personnel and the members of our Senior Management and the loss of any of these team members or the inability to replace, attract and retain qualified personnel could have a material adverse effect on our business operations.

Our future success is significantly dependent upon the continued efforts and service of our Directors Key Managerial Personnel and the members of our Senior Management.

Our future success in innovation will depend upon, among other factors, our ability to continue to attract and retain qualified personnel, particularly engineers and other associates with critical expertise, know-how and skills that are capable of helping us develop technologically advanced systems and components and support key customers and products.

Our rapid growth also requires us to continue to attract, hire and retain a wide range of qualified, experienced and skilled personnel at all levels of our business and operations who can adapt to a dynamic, competitive and challenging business environment. Competition for skilled personnel in the automotive component manufacturing industry is intense, and we may need to offer a more attractive compensation and other benefits package, including share-based compensation, to attract and retain them. Even if we were to offer higher compensation and other benefits, there is no assurance that these individuals will choose to join or continue to work for us.

The loss of the services of our Directors, Key Managerial Personnel or members of our Senior Management or other key associates, unexpected turnover, or the failure to attract, retain or motivate key management and experienced, skilled and capable personnel could impact the progress of our product innovation, development, launch and production operations and have a material adverse effect on our results of operations and financial condition. There is also no assurance that we will be able to find suitable replacements in a timely manner or at all and implement a smooth transition of responsibilities to any newly appointed management personnel.

25. Any disruption to our workforce, including due to strikes, work stoppages or increased wage demands by our workforce or any other kind of disputes with our workforce could adversely affect our business, cash flows and results of operations.

As of September 30, 2024, we had approximately 14,871 employees including temporary and contract workers worldwide, of which 2,012 employees are members of unions and we may be subject to industrial unrest, slowdowns and increased wage costs, which may adversely affect our business and results of operations. While we consider our relationship with our employees to be good, we could experience disruptions in work due to disputes or other problems with our work force, which may adversely affect our ability to perform our business operations.

If a greater percentage of our workforce became unionized, our labor costs could increase. In addition, our collective bargaining arrangements are subject to renegotiation with the unions from time to time and it is possible that employees could argue for implementing a European works council or similar arrangement that could cause us to incur higher employment costs. Such agreements or arrangements could limit our ability to adjust workforce headcounts or salaries or to restructure our business in response to difficult economic conditions. This reduced flexibility could have a material adverse effect on our business, financial condition, cash flows and results of operations. In addition, since a portion of our workforce is unionized or otherwise party to collective bargaining arrangements, we could face strikes or other industrial action, and such negative developments in labor relations could have a material adverse effect on our business.

Labor unrest or work stoppages could affect operations regardless of whether the workforce is unionized or subject to a collective bargaining arrangement. If a strike or other action by labor were to cause a work stoppage or other slowdown at one or more of our production facilities, we could experience a significant disruption of our operations and could have to pay penalties for late delivery of our products. Labor unrest or strikes associated with our operations could also damage our reputation with customers or in the market generally. In addition, any such developments at the facilities of any of our principal customers or suppliers could adversely affect our business.

Similarly, changes to immigration regulations may adversely impact our ability to employ skilled personnel around the world. Any of these developments, alone or in combination, could have a material adverse effect on our business, financial condition, cash flows and results of operations. For further details of our employees, please see "*Our Business – Employees*" on page 145.

26. ***Our Company and Subsidiaries may be involved in certain legal proceedings and potential litigation. Any adverse decision in such proceedings may render us/them liable to liabilities/penalties and may adversely affect our business and results of operations.***

Our Company and Subsidiaries may, from time to time, be involved in legal proceedings. For details of litigation in relation to our Company and our Subsidiaries as on the date of this Preliminary Placement Document, see "*Legal Proceedings and Other Information*" on page 220. The summary of pending litigation in relation to criminal proceedings, tax proceedings, and actions by regulatory or statutory authorities and other material pending litigation involving our Company and our Subsidiaries as of the date of this Preliminary Placement Document has been set out below in accordance with the materiality parameters set out in the section "*Legal Proceedings and Other Information*" on page 220:

	Number of cases					Aggregate amount involved (*₹ in million*)
	Criminal proceedings	**Tax proceedings**	**Statutory or regulatory proceedings**	**Disciplinary actions by the SEBI or Stock Exchanges against our Promoter in the last five years**	**Material civil or other litigations**	
Company						
By our Company	Nil	Nil	Nil	Nil	3	270.80
Against our Company	Nil	14	1	Nil	1*	1,190.32
Subsidiaries						
By Subsidiaries	1	Nil	Nil	Nil	Nil	0.97
Against Subsidiaries	Nil	16	1**	Nil	1*	298.89

**This includes a litigation in which the Company is involved along with its subsidiary, BF Infrastructure Limited. The litigation emanates from an arbitration order passed against our Company and BF Infrastructure Limited, which was challenged by our Company and BF Infrastructure Limited*
***This Criminal proceeding is included as part of Tax Proceedings as well.*

We cannot assure you that any of these matters will be settled in favour of our Company or Subsidiaries, as applicable, or that no additional liability will arise out of these proceedings. We cannot assure you that there will be no new legal and regulatory proceedings involving our Company and Subsidiaries.

27. ***Our insurance may be insufficient to cover all losses associated with our business operations, resulting in an adverse impact on our business, financial condition and results of operations.***

We maintain insurance coverage for anticipated risks which are standard for our type of business and operations. Our insurance policies currently cover breakdowns, failure or substandard performance of equipment, cyber-attacks, third party liability claims, labour disturbances, accidents, employee fraud and infrastructure failure, as well as fire, theft, burglary, earthquake, flood, acts of terrorism and other force majeure events. As of September 30, 2024, 56.03% of the assets of our Company and its Subsidiaries were insured. Notwithstanding the insurance coverage that we carry, we may not be fully insured against certain types of risks. Moreover, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part, or on time. For example, insurance may not be available or may only partially reimburse for losses related to operational failures or cyber-attacks. To the extent that we suffer any loss or damage that is not covered by insurance or exceeds our insurance coverage, our business, financial condition and results of operations may be adversely affected.

28. ***Our funding requirements and the proposed deployment of proceeds have not been appraised by any bank or financial institution or any other independent agency.***

We propose to utilise the proceeds for the purposes described in "*Use of Proceeds*" on page 87. The funding requirements are based on internal management estimates and current conditions which are subject to changes due to changes in external circumstances, costs, other financial condition or business strategies. As a consequence of any increased costs, our actual deployment of funds may be higher than our management estimates and may place a burden on our finance plans. Our proposed deployment of proceeds has not been appraised by any bank or financial institution or any other independent agency and is based on management estimates.

Based on the competitive nature of our industry, we may have to revise or reschedule our business plan and/ or management estimates from time to time and consequently our funding requirements may also change. Our internal management estimates may differ from the value that would have been determined by third party appraisals, which may require us to reschedule or reallocate our expenditure, subject to applicable laws. In case of increase in actual expenses or shortfall in requisite funds, additional funds for a particular activity will be met by any means available to us, including internal accruals and additional equity and/or debt arrangements, and may have an adverse impact on our business, financial condition, results of operations and cash flows.

We have appointed ICRA Limited as the monitoring agency for monitoring the utilization of the proceeds in accordance with Regulation 173A of the SEBI ICDR Regulations and the monitoring agency will submit its report to us on a quarterly basis in accordance with the SEBI ICDR Regulations. Furthermore, the application of the proceeds in our business may not lead to an increase in the value of your investment. Various risks and uncertainties, including those set forth in this section, may limit or delay our efforts to use the proceeds to achieve profitable growth in our business.

29. Product liability and other civil claims and costs incurred as a result of product recalls could have a material adverse effect on our business, financial condition, cash flows and results of operations.

We face an inherent business risk of exposure to product liability or recall claims in the event that our products fail to perform as expected or any such failure results, or is alleged to result, in bodily injury or property damage or both. We cannot assure you that we will not experience any material product liability losses in the future or that we will not incur significant costs to defend any such claims.

Depending on the terms under which we supply products, our customers may hold us responsible for some or all of the repair or replacement costs of defective products under new vehicle warranties provided by us or by our customers, when the product supplied does not perform as expected. A successful product liability claim or the costs incurred in a product recall in excess of our available insurance coverage, if any, could have a material adverse effect on our business, prospects, results of operations, cash flows and financial condition.

As a result of product liability legislation, civil claims may be brought against OEMs, and we may be made parties to such claims in the event that damages may have been caused by any faulty products that we produced. We cannot assure you that such claims will not be brought against us in the future and any adverse determination could have a material adverse effect on our business, financial condition, cash flows and results of operations.

30. Any misappropriation or infringement of intellectual property rights of others could harm our business and operations.

For details of our intellectual property rights, see "*Business — Engineering, Research & Development*" on page 142. While we take care to ensure that we comply with the intellectual property rights of others, unintentional infringement by us on any existing third-party intellectual property rights may force us to alter our technologies, obtain licences or cease some of our operations. Further, we may also be susceptible to claims from third parties asserting infringement and other related claims. We cannot assure you that we will be able to obtain the registrations in a timely manner or at all. If claims or actions are asserted against us, we may be required to obtain a licence, modify our existing technology or cease the use of such technology and design a new non infringing technology. Such licences or design modifications can be extremely costly, the defence of such claims may be expensive and we may be forced to divert management's time and other resources from our business and operations to defend against these claims, regardless of their merits. If we were found to have violated the intellectual property rights of others, we may be subject to liability for our infringement activities or may be prohibited from using such intellectual property, and we may incur licensing fees or be forced to develop alternatives of our own. Furthermore, necessary licences may not be available to us on satisfactory terms, if at all. The settlement of any claim or action against us, or legal proceedings in relation to such disputes could be costly. We may also be liable for any past infringement. Any of the foregoing could adversely affect our business, results of operations and financial condition.

In addition, in certain cases, our customers share their intellectual property rights in the course of the product development process that we carry out for them. If our customer's intellectual property rights are misappropriated by our employees in violation of any applicable confidentiality agreements, our customers may seek damages and compensation from us. This could have an adverse effect on our business, results of operations and financial condition and damage our reputation and relationships with our customers.

31. ***We are exposed to risks associated with foreign exchange rate fluctuations and hedging. There can be no assurance that foreign exchange rate fluctuations will not affect our financial performance in the future.***

The majority of our costs and revenue are denominated in the local currency of the respective jurisdiction providing a “natural hedge” against currency exchange fluctuations, and some of our contracts with OEMs allow for price adjustments in the event of unfavorable currency exchange rate developments. Nevertheless, our global footprint exposes us to certain currency exchange risks, arising primarily from the import of raw materials for certain of our operations, services and our non-rupee-denominated borrowings. We have entered into forward exchange contracts and/or cross-currency swaps in order to hedge these currency risks. In accordance with our foreign exchange management policy, we enter into forward contracts for up to five years with respect to our exports. Although historically our business has not been materially impacted by currency exchange rate fluctuations, there can be no guarantee that such fluctuations will not affect our financial performance in the future as we continue to expand our operations globally, particularly in emerging markets where the risk of currency volatility is higher.

Additionally, the GoI may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the GoI experiences extreme difficulty in stabilizing the balance of payments, or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the GoI’s approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms, or at all.

32. ***The agreements governing our indebtedness contain conditions and restrictions on our operations, additional financing and capital structure, which may constrain our operations.***

We have entered into several borrowing facilities of varying terms and tenures. As of September 30, 2024, our current borrowings were ₹55,473.74 million and our non-current borrowings were ₹17,647.53 million. The financing agreements governing such facilities include conditions and restrictive covenants that require us to obtain consents, no-objections or waivers from lenders prior to carrying out specified activities or entering into certain transactions, including among other things, prepaying existing debt, declaring dividends, creating pledge over shares of our Company, amending our constitutional documents, and changing our capital structure, shareholding pattern or management. For instance, one of our Subsidiaries, Bharat Forge Aluminiumtechnik GmbH obtained a waiver from one of its lenders for breach of financials covenants pertaining to net debt/ EBITDA, debt service coverage ratio, interest coverage ratio and terms to tangible net worth, for the financial year ended December 31, 2023, subject to the subsidiary paying an increased rate of interest of 0.50% p.a. for the period of breach, furnishing of corporate guarantee by our Company for the exposure by August 31, 2024 and completion of satisfaction of covenants under the loan documentation. Further, Bharat Forge CDP GmbH, one of our Material Subsidiaries, is in the process of obtaining a waiver from one of its lenders for the breach of a financial covenant pertaining to net debt / EBITDA, being higher than agreed upon with such lender under the relevant loan documentation, as of June 30, 2024.

We cannot assure you that we will be able to obtain approvals to undertake any of these activities as and when required or to comply with such covenants or other covenants or obtain waivers in the future. An inability to comply with the repayment conditions or any other covenants may result in a default by us under the terms of any financing agreement and may also trigger a cross-default under some of our other financing agreements, or any other agreements or instruments of our containing cross-default provisions, which may individually or in aggregate, have an adverse effect on our operations, financial position and credit rating. If the lenders of a material amount of the outstanding loans declare an event of default simultaneously, we may be unable to pay its debts when they fall due.

Further, if we are unable to raise adequate capital in a timely manner and on acceptable terms, or at all, our business, results of operations, financial condition and cash flows could be adversely affected. While there have been no such instances in Fiscals 2022, 2023 and 2024, there can be no assurance that we will be able to comply with our current financing agreements or continue to access funds, including by way of short-term borrowings, on acceptable terms or at all. While we seek to mitigate against such risks by exploring favourable funding options from banks and financial institutions, there is no assurance that we will be successful in doing so. Any failure to obtain the requisite funds to meet our requirements or expand or modernize existing capabilities could result in our inability to effectively compete with other players, which could have a material adverse effect on our profitability, cash flows and results of operations.

33. ***We have certain contingent liabilities that have been disclosed in our financial statements, which if they materialize or increase, may adversely affect our results of operations, cash flows and financial condition.***

Our business is subject to a variety of contingent liabilities that arise from ordinary operational activities, including but not limited to, legal, contractual, and other claims. Contingent liabilities are disclosed for possible obligations that will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within our control. If our contingent liabilities become actual liabilities and if a significant portion of these liabilities materialize or increase, there may be an adverse effect on our business, financial condition and results of operations. Furthermore, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current fiscal year or in the future. The following table sets forth certain information relating to our contingent liabilities as of March 31, 2022, 2023 and 2024 which have been prepared in accordance with the recognition and measurement principles laid down in Ind AS 37-Provisions, Contingent liabilities and Contingent assets.

(₹ in million)

	As of March 31,		
	2022	**2023**	**2024**
Claims against the Group not acknowledged as Debts – to the extent ascertained	1,124.34	1,096.00	1,320.54
Guarantees given by the group's bankers on behalf of the group against a sanctioned guarantee limit of ₹7,250 million (March 31, 2023: ₹7,350 million) for contracts undertaking by the group are secured by extension of charge by way of joint hypothecation of stock-in-trade, stores & spares etc., book debts, subject to a prior change in their favour.*	-	3,437.88	3,857.66
Excise/Service tax demands - matters under dispute	130.10	141.27	129.66
Customs demands - matters under dispute	50.97	55.73	69.51
Sales tax demands - matters under dispute	0.60	0.60	0.60
Income tax demands - matters under dispute	190.33	190.33	215.32
Others	33.67	-	-

**For Fiscal 2022 guarantees given of ₹ 3,372.64 million have been included in capital and other commitments.*

For further details of our contingent liabilities as at March 31, 2022,2023 and 2024 as per Ind AS 37 - Provisions, Contingent liabilities and Contingent assets, see "*Financial Information*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations — Contingent Liabilities*" on pages 228 and 129, respectively, for more information.

34. ***We currently enjoy certain significant tax incentives or deductions, which may not be available in the future. This could have an adverse effect on our financial performance, financial condition, cash flows and results of operations.***

We currently enjoy the benefit of various tax incentives provided by the GoI and various state governments in India, in the form of tax holidays, exemptions and subsidies in various jurisdictions, in order to encourage investment, exports and employment. These incentives have a substantial positive impact on our returns from these operations. For instance, we pay corporate tax at a reduced rate of 25.168% (22% plus a surcharge of 10% and education cess of 4%). However, as these incentives expire, or are withdrawn, the tax rates applicable to us may increase, and we may be required to pay higher taxes than we do at present. Our business, financial condition, cash flows and results of operations could be adversely affected if these benefits are amended or withdrawn or become unavailable.

Further, we are subject to tax audits and tax reviews, which, by their nature, are often complex, and can require several years to conclude. The total accrual for income tax in any year is based on the judgment of our management, interpretation of country-specific tax law and the likelihood of crystallization and settlement of any particular tax liability. Amounts provided for in any year could be less than actual tax liabilities, and adjustments may be required in subsequent years that may materially adversely affect our consolidated statement of profit and loss and/or cash tax payments and may result in the payment of interest and/or penalties.

35. ***Any transactions with our related parties could potentially involve conflicts of interest. There can be no assurance that such future transactions, individually or in the aggregate, will not have an adverse effect on our business, financial condition, cash flows and results of operations.***

We have entered into certain transactions with several related parties, including sales and purchases of goods, rendering of services and rent income or expense. While we believe that all such transactions have been conducted on an arm's length basis, there can be no assurance that we could not have achieved more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will enter into related party transactions in the future. Any future transactions with our related parties could potentially involve conflicts of interest. There can be no assurance that such future transactions, individually or in the aggregate, will not have an adverse effect on our business, financial condition, cash flows and results of operations. For details, see "*Related Party Transactions*" on page 51 for more information.

36. ***We have been unable to locate certain of our historical corporate records including forms filed with the Registrar of Companies. There can be no assurance that legal proceedings or regulatory actions will not be initiated against us in the future in relation to such corporate records.***

We are unable to trace certain historical records and form filings pertaining to capital build-up. While we have conducted searches of our records at our Company's offices, and on the portal maintained by the Ministry of Corporate Affairs, we have not been able to trace such corporate records. We have also relied on the search report dated December 3, 2024 prepared by SVD & Associates, Company Secretaries, an independent practising company secretary, which was prepared on the basis of their physical search of the documents available with the Registrar of Companies and their search of the information and records available on the portal of the Ministry of Corporate Affairs.

Accordingly, we have included the details of the build-up of the share capital of the Company in this Preliminary Placement Document, by placing reliance on other corporate records such the resolutions passed by the Board and Shareholders, where applicable and available and annual reports filed by our Company, to the extent available**.**

We cannot assure you that we will not be subjected to any liability on account of such non-compliances. While no legal proceedings or regulatory action has been initiated against us in relation to the corporate filings that cannot be located, as of the date of this Preliminary Placement Document, we cannot assure you that legal proceedings or regulatory actions will not be initiated against us in the future in relation to the corporate records.

37. ***Certain non-GAAP measures and certain other statistical information relating to our operations and financial performance have been included in this Preliminary Placement Document. These non-GAAP measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable.***

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance such as Debt to Equity Ratio, Net Debt, Adjusted Net Debt, Adjusted Net Debt to Equity Ratio, EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Earnings available for interest service, EBIT, Adjusted EBIT, Interest Coverage Ratio, Profit before exceptional items and tax margin, Profit for the year/period margin, Capital Employed, Average Capital Employed, Adjusted RoCE and RoNW are non-GAAP measures have been included in this Preliminary Placement Document. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance and because such measures are frequently used by security analysts, investors and others to evaluate the operational performance of companies in our industry, many of which provide such non-GAAP. These non-GAAP measures are supplemental measures of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, Indian GAAP, IFRS or U.S. GAAP. Further, these non-GAAP measures are not a measurement of our financial performance or liquidity under Ind AS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS. In addition, these are not standardised terms, hence a direct comparison of these non-GAAP measures between companies may not be possible. Other companies may calculate these non-GAAP measures differently from us, limiting its usefulness as a comparative measure. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies. For further details of these non-GAAP measures, please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Key Performance Indicators*" on page 123.

38. ***Information relating to the installed capacity of our manufacturing facilities included in this Preliminary Placement Document are based on various assumptions and estimates and future production and capacity may vary.***

Information relating to the installed capacity of our manufacturing facilities included in this Preliminary Placement Document are based on various assumptions and estimates of our management that have been taken into account by the independent chartered engineer, Unique Valuers and Techno-Financial Consultants LLP, in the calculation of our installed capacity as certified pursuant to a certificate dated December 4, 2024. These assumptions and estimates include the standard capacity calculation practice in our industry and other ancillary equipment installed at our manufacturing facilities. Assumptions and estimates considered for measuring installed capacities include the number of working days in the relevant Fiscal, the number of operating shifts, the cycle time for various products, product mix and efficiency. Undue reliance should therefore not be placed on our historical installed capacity and capacity utilisation for our existing manufacturing facilities. For tables showing our installed capacity for our manufacturing divisions, see "*Our Business – Manufacturing and Production*" on page 140.

39. ***We may incur penalties or liabilities for non-compliance with certain provisions of the SEBI Listing Regulations.***

Our Equity Shares are listed on BSE and NSE, therefore we are subject to the obligations and reporting requirements prescribed under the SEBI Listing Regulations. In the past, there have been instances of delays in and non-compliance with certain provisions of the SEBI Listing Regulations, pursuant to which fines were levied on us by the Stock Exchanges.

During the last three years (i) NSE had imposed a penalty of ₹10,000 in October 2023 for delayed intimation of record date for payment of interest and redemption of principal (in part) of Non-convertible Debentures ("**NCDs**") pursuant to Regulation 60(2) of the SEBI Listing Regulations, which has been paid by the Company within the prescribed time, (ii) NSE has imposed a penalty of ₹ 1,000 in September 2022 for delayed submission of statement under Regulation 52(7)/(7A) of SEBI Listing Regulations, which has been paid by the Company within the prescribed time, and (iii) NSE and BSE by way of their emails, dated November 21, 2024, imposed a fine of ₹ 159,300 each in relation to non-compliance with requirements of Regulation 17(1) of the SEBI Listing Regulations on composition of the Board in the quarter ended September 30, 2024, and have specified that in the event of a second consecutive quarter of non-compliance, the Company could be liable for suspension of trading of its Equity Shares. We have paid the fine pertaining to this non-compliance on November 22, 2024. However, this is a continuing non-compliance under Regulation 17(1) of the SEBI Listing Regulations as we await the approval from relevant Government authority to appoint two additional Independent Directors. For further details, see "*Legal Proceedings and Other Information - Litigation involving our Company - Statutory/ Regulatory actions against our Company*" on page 221.

Further, Stock Exchanges may, in the event of continuing non-compliance of the aforementioned provisions of SEBI Listing Regulations, initiate action related to freezing of the entire shareholding of our Promoter in the Company as well as all other securities held in the demat account of the Promoter in terms of the provisions of the SEBI circular no. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated July 11, 2023. Further, in the event this non-compliance continues in the second consecutive quarter, it would result in our Company being transferred to Z category on the Stock Exchanges and be liable for suspension of trading of its Equity Shares. The Company has by way of its letter dated November 25, 2024 applied to the Stock Exchanges for a waiver of the fine levied, pursuant to paragraph 3(a) 'Impossibility of Compliance' of the 'Policy for exemption of fines levied under SEBI SOP Circular'. For further details, see "*Board of Directors and Senior Management – Corporate Governance*" on page 158.

While we endeavour to comply with obligations and reporting requirements under the SEBI Listing Regulations, there may be non-disclosures or delayed or erroneous disclosures or any other non-compliance in the future and the same may result in Stock Exchanges or SEBI imposing penalties, issuing warnings and show cause notices against us or taking actions as provided under the SEBI Act and rules and regulations made there under. Any such adverse regulatory action or development could affect our business reputation, divert management attention, and result in an adverse effect on our business, results of operations, financial conditions and cash flows.

40. ***Our Statutory Auditors have included certain observations in their audit report on consolidated financial statements for Fiscals 2023 and 2024.***

Our audit report for Fiscal 2024 states that certain instances were observed with respect to features of a recording audit trail (edit log) facility which were not enabled for certain accounting software, pursuant to the requirements of

Rule 11(g) of Companies (Audit and Auditors) Rules, 2014. For Fiscals 2023 and 2024, our Statutory Auditors also made certain observations pursuant to the Companies (Auditor's Report) Order, 2020 relating to the non-filing of quarterly returns or a mismatch between books of accounts for returns filed, certain loans extended without any stipulation of repayment terms, non-demand for repayments of loans, delays in payments of undisputed statutory dues by the Company and certain of our Subsidiaries, funds raised on a short term basis being utilized for long term purposes, fraud reported in one subsidiary, cash losses incurred during the year, deeds of immovable properties not being in the name of the relevant holding company and the Investors Education and Protection fund. See, "*Legal Proceedings and Other Information – Reservations, qualifications or adverse remarks of auditors in the last five Fiscals immediately preceding the year of this issue and their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remarks*" and "*Legal Proceedings and Other Information - Default by our Company in repayment of: (a) statutory dues; (b) debentures and interest thereon; (c) deposits and interest thereon; or (d) loan from any bank or financial institution and interest thereon*" on pages 224 and 224 respectively. Investors should consider such observations in evaluating our financial condition, results of operations and cash flows. There can be no assurance that audit reports for any future fiscal periods will not contain such observations.

41. Our results of operations for Fiscal 2022 may not be directly comparable to our results of operations for other fiscal years which reflect 12 months of results of operations for our overseas subsidiaries, associates and joint ventures.

Prior to Fiscal 2022, the financial year of our overseas subsidiaries, associates and joint ventures other than Bharat Forge International Limited ("**BFIL**") ended on December 31, whereas the financial year of the Company ended on March 31. From and with effect from Fiscal 2022, for the presentation of our consolidated financial statements, we aligned the financial year of our group entities with a December 31 financial year end to the Company's March 31 financial year end. Consequently, our consolidated financial statements for Fiscal 2022 reflect: 15 months of results of operations for our overseas subsidiaries, associates and joint ventures other than BFIL – January 1, 2021 to March 31, 2022; 12 months of results of operations for the Company – April 1, 2021 to March 31, 2022; and 12 months of results of operations for BFIL – April 1, 2021 to March 31, 2022. As a consequence, our results of operations for Fiscal 2022 may not be directly comparable to our results of operations for other fiscal years which reflect 12 months of results of operations for our overseas subsidiaries, associates and joint ventures.

42. We could be adversely affected as a result of business with customers in countries that are, or become subject to, sanctions administered by the United States, United Nations, European Union or its member states, United Kingdom, and other relevant sanctions authorities.

The United States and other jurisdictions or organizations, including the United Nations, European Union or its member states and United Kingdom, have, through executive order, passing of legislation or other governmental means, implemented measures that impose economic sanctions against certain countries or against targeted industry sectors, groups of companies, persons, or organizations within such countries.
We continue to review and update our sanctions screening processes to minimize our risk exposure to the economic or financial sanctions or trade embargoes or restrictive measures administered, imposed, enacted or enforced by: (a) the United States government; (b) the United Nations Security Council; (c) the European Union or its member states, (d) the United Kingdom; or (e) the respective governmental institutions and agencies of any of the foregoing, including, without limitation, the U.S. Department of Treasury's Office of Foreign Assets Control ("**OFAC**"), the U.S. Department of Treasury, the U.S. Department of State, the Bureau of Industry and Security of the U.S. Department of Commerce (including, without limitation, the designation as a "specially designated national or blocked person" thereunder), the State Secretariat for Economic Affairs, the United Nations Security Council, His Majesty's Treasury ("**HMT**") or other relevant sanctions authorities (collectively, the "**Sanctions Authorities**") ("**Sanctions**").

However, Sanctions are constantly evolving, and new persons and entities are regularly added to the Specially Designated Nationals and Blocked Persons list maintained by OFAC, the Foreign Sanctions Evaders list, to the extent dealings are prohibited and the Sectoral Sanctions Identifications list maintained by OFAC, the Consolidated United Nations Security Council Sanctions List, the Consolidated List of Financial Sanctions Targets maintained by HMT, the European Union Consolidated List of Sanctions or any similar list maintained by, or public announcement of Sanctions designation made by, any of the Sanctions Authorities.

Further, new requirements or restrictions may come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to have violated Sanctions. We cannot provide any assurance that our future business will not violate Sanctions or that our business will conform to the expectations and requirements of the authorities of the United States or any other jurisdiction. Our business and reputation may be adversely affected if the authorities of the United States, United Nations, European Union, United Kingdom or any other jurisdiction were to determine that any of our future activities constitutes a violation of the Sanctions they impose.

43. If we fail to maintain our credit rating, our business may be adversely affected.

We have been assigned ratings of [ICRA]AA+ and CARE AA+ with a stable outlook by ICRA Limited and CARE Ratings Limited, respectively. This rating is dependent on various factors and there can be no assurance that it will not be downgraded in the future. Any adverse revision to our credit rating may adversely impact our ability to raise additional financing and the interest rate and other commercial terms at which such financing is available. This could have an adverse effect on our ability to fund our growth on favourable terms and consequently adversely affect our business and results of operations.

44. If we fail to maintain an effective system of internal controls, we may not be able to successfully manage, or accurately report, our financial risks.

Effective internal controls are necessary for us to prepare reliable financial reports and effectively avoid fraud and data breach. Moreover, any internal controls that we may implement, or our level of compliance with such controls, may deteriorate or may not be effective over time, due to evolving business conditions and dynamic threats perception. There can be no assurance that deficiencies in our internal controls will not arise in the future, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls.

External Risks

45. Increased volatility or inflation of commodity prices in India could adversely affect our business.

In recent months, consumer and wholesale prices in India have exhibited inflationary trends. As per the press release dated October 14, 2024, issued by the Ministry of Commerce & Industry, the positive rate of inflation on all India Wholesale Price Index stood at 1.84% (provisional) for the month of September in 2024. Further, as per the press release dated November 12, 2024, by the Ministry of Statistics & Programme Implementation, the annual inflation rate on all India Consumer Price Index stood at 6.21% for the month of October in 2024. The positive rate of inflation in September 2024 is primarily due to increase in food articles, food products, other manufacturing, manufacture of motor vehicles, trailers and semi-trailers, manufacture of machinery and equipment, etc. Any increased volatility or rate of inflation of global commodity prices, in particular oil and steel prices, could adversely affect our customers and contractual counterparties. Although the Reserve Bank of India ("**RBI**") has enacted certain policy measures designed to curb inflation, these policies may not always be successful. Any slowdown in India's growth could increase the cost of servicing our non-Rupee-denominated debt, including the Securities, and adversely impact our business, prospects, financial condition, cash flows and results of operations.

An increase in inflation in India could cause a rise in the price of transportation, wages, raw materials and other expenses, and we may be unable to reduce costs or pass the increased costs on to our customers by increasing prices, and our business, prospects, financial condition, cash flows and results of operations may therefore be adversely affected.

46. Changing regulations in India could lead to new compliance requirements that are uncertain.

The regulatory and policy environment in which we operate is evolving and is subject to change. The GoI may implement new laws or other regulations and policies that could affect the automobile or manufacturing industry, which could lead to new compliance requirements, including requiring us to obtain approvals and licences from the GoI and other regulatory bodies, or impose onerous requirements. New compliance requirements could increase our costs or otherwise adversely affect our business, financial condition and results of operations. Furthermore, the manner in which new requirements will be enforced or interpreted can lead to uncertainty in our operations and could adversely affect our operations. Any changes to such laws, may adversely affect our business, financial condition, results of operations, cash flows and prospects:

For instance, recently, the Finance (No.2) Act, 2024 was enacted which provides that the capital gains arising from the sale of listed equity shares held for a period exceeding 12 months shall be subject to tax at the rate of 12.5%. The Finance (No.2) Act, 2024, also has introduced new income tax slabs, an increase in standard deduction and an increase in the deduction available in respect of private sector employer's contribution to the National Pension Scheme from 10% to 14% of the salary of the concerned employees.

Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as expensive for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. Furthermore, if we are affected, directly or indirectly, by the application or interpretation of any provision of such laws and regulations or any related proceedings, or are required to bear any costs in order to comply with such provisions or to defend such proceedings, our business and financial performance may be adversely affected.

47. The Insolvency and Bankruptcy Code, 2016, in India may adversely affect our ability to pay back the creditors.

The Insolvency and Bankruptcy Code, 2016 (the "**Bankruptcy Code**") provides for reorganization and insolvency resolution of corporate persons. The Bankruptcy Code offers a uniform, comprehensive insolvency legislation encompassing all companies and individuals (other than financial service providers). It allows creditors to assess the viability of a debtor as a business decision, and agree upon a plan for its revival or a speedy liquidation. The Bankruptcy Code creates an institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms that facilitate a formal and time bound insolvency resolution and liquidation process. The Bankruptcy Code enables a creditor to initiate a corporate insolvency resolution process ("**CIRP**") against the debtor, including on default in payment of debt by the debtor. Further, in the event the petition for the CIRP is admitted by the National Company Law Tribunal against the debtor, the moratorium provisions under the Bankruptcy Code prohibits, among other things, the creation of encumbrances, disposing of assets of the debtor, any action to enforce the security interest of the debtor and the institution or continuation of legal proceedings against the debtor. If the Bankruptcy Code provisions are invoked against us, it may adversely affect our ability to pay back creditors and enforcement of creditor rights will be subject to the Bankruptcy Code.

Further, the Bankruptcy Code also permits for a corporate debtor to voluntarily opt for liquidation. For instance, one of our joint ventures, BF NTPC Energy Systems Limited is currently under voluntary liquidation, pursuant to its shareholders, at their extraordinary general meeting held on October 9, 2018, deciding to voluntarily liquidate it and engaging a liquidator under Section 59 of the Bankruptcy Code.

48. A downgrade in the credit ratings of India may affect the trading price of the Equity Shares.

Our borrowing costs and our access to the capital markets depend significantly on the credit ratings of India. Moody's Rating has upgraded India's long-term issuer rating as "Baa3" with "stable outlook". The ratings are dependent on various factors and there can be no assurance that they will not be downgraded further in the future. Any adverse revisions to credit ratings for India and other jurisdictions we operate in by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. This could have an adverse effect on our ability to fund our growth on favourable terms and consequently adversely affect our business, results of operations, financial condition, cash flows and the price of the Equity Shares.

49. Political changes, natural disasters and other macroeconomic factors could adversely affect economic conditions in India. Any slowdown in the macroeconomic environment in India could adversely affect our business, results of operations, financial condition and cash flows.

Our Company is incorporated in India and the majority of its assets are located in India. Consequently, our performance and the market price of the Equity Shares may be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

a. the macroeconomic climate, including any increase in Indian interest rates or inflation;

b. any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;

c. any scarcity of credit or other financing in India, resulting in an adverse effect on economic conditions in India and scarcity of financing for our expansions;

d. prevailing income conditions among Indian consumers and Indian corporations;

e. epidemic, pandemic or any other public health in India or in countries in the region or globally, including in India's various neighboring countries;

f. volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;

g. political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighboring countries, or other acts of violence;

h. occurrence of natural or man-made disasters (such as typhoons, flooding, earthquakes and fires) which may cause us to suspend our operations;

i. prevailing regional or global economic conditions, including in India's principal export markets;

j. other significant regulatory or economic developments in or affecting India or its consumption sector;

k. international business practices that may conflict with other customs or legal requirements to which we are subject, including anti-bribery and anti-corruption laws;

l. protectionist and other adverse public policies, including local content requirements, import/export tariffs, increased regulations or capital investment requirements;

m. logistical and communications challenges;

n. downgrading of India's sovereign debt rating by rating agencies;

o. difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms or on a timely basis; and

p. being subject to the jurisdiction of foreign courts, including uncertainty of judicial processes and difficulty enforcing contractual agreements or judgments in foreign legal systems or incurring additional costs to do so.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely affect our business, results of operations and financial condition and the price of the Equity Shares.

50. Financial instability in other countries may cause increased volatility in Indian financial markets.

The Indian securities market and the Indian economy are influenced by economic and market conditions in other countries. Recent unrest and military actions in the Middle East, Europe and South Asia, Russia and elsewhere in the world has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effect on the securities of companies in other countries, including India. Any financial turmoil, especially in the United States, United Kingdom, Europe or China, may have a negative impact on the Indian economy. A slowdown in these economies could result in a surge in exports from these countries, reduction of Indian exports to these countries and transmission of higher interest rates into the Indian economy which in turn may cause increased volatility in Indian financial markets, and indirectly, in the Indian economy in general. The diversion of resources towards war efforts could also constrain the government in the relevant jurisdiction in spending on welfare measures and efforts to revamp their domestic economies. Any worldwide financial instability could influence the Indian economy. A loss of investor confidence in the financial systems of other emerging markets may cause volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India. Any slowdown in the Indian economy, or future volatility in global commodity prices, could adversely affect the growth of our India business.

Furthermore, in several parts of the world, there are signs of increasing retreat from the globalization of goods, services and people, as pressure for the introduction of a protectionist regime is building and such developments could adversely affect Indian exports. However, the overall impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. In the event that the current adverse conditions in the global credit markets continue or if there is any significant financial disruption, this could have an adverse effect on our business and future financial performance.

51. Any downturn in the macroeconomic environment outside India could adversely affect our business, results of operations, financial condition and cash flows.

For Fiscals 2022, 2023 and 2024, our segment revenue from external customers within India was ₹26,546.60 million, ₹33,757.32 million and ₹38,334.47 million, amounting to 25.38%, 26.15% and 24.44% of revenue from operations. For Fiscals 2022, 2023 and 2024, our segment revenue from external customers outside India was ₹78,064.18 million, ₹95,345.27 million and ₹118,486.20 million, amounting to 74.62%, 73.85% and 75.56% of revenue from operations. Any downturn in the macroeconomic environment in the countries where we earn a significant portion of our revenue could adversely affect our business, results of operations, financial condition and cash flows. The macroeconomic environments in these countries could be adversely affected by various factors, such as pandemics, epidemics, natural disasters, volatility in interest rates, volatility in commodity and energy prices, an increase in oil prices, political and regulatory changes, social disturbances, religious or communal tensions, terrorist attacks and other acts of violence or war.

Economic downturn and adverse credit market conditions, whether in response to global trade wars or other factors, may negatively impact us and our customers and suppliers. In addition, our and our customers' and suppliers' access to capital and funding sources, cost of capital and ability to meet liquidity needs could be adversely affected in a prolonged economic downturn or deterioration in the global economies, which in turn could have a material adverse impact on our business, cash flows, financial condition and results of operations.

52. ***Our ability to invest outside India, including acquiring companies organized outside India, in the strategic sectors or geographies or restricted activities, depends on the approval of the GoI and/or the RBI. Our failure to obtain approval from the GoI for the acquisition of companies organized outside India may restrict our international growth, which could negatively affect our revenue.***

The Ministry of Finance of the GoI and/or the RBI must approve our acquisition of any company organized outside of India in the strategic sectors or geographies or restricted activities by granting general or special permission for such acquisition. As per the Foreign Exchange Management (Overseas Investment) Rules, 2022, the RBI permits acquisitions of companies organized outside India by an Indian party without approval, inter alia, in the following circumstances:

- if the transaction consideration is paid in cash, up to 400% of the net worth of the acquiring company based on its latest audited financial statement; or

- if the acquisition is funded with cash from the acquiring company's existing foreign currency accounts or with cash proceeds from the issue of American Depository Receipts or Global Depositary Receipts.

However, any financial commitment exceeding U.S.$1 billion or its equivalent in a financial year would require prior approval of the RBI even if the total financial commitment of the Indian party is within 400% of the net worth based on its latest audited financial statements, as per the Foreign Exchange Management (Overseas Investment) Directions, 2022 dated August 22, 2022 issued by the RBI. Further, our investments in foreign operations may be subject to restrictions imposed by the RBI. We cannot assure you that any necessary approval from the RBI or the Ministry of Finance or any other Government agency can be always obtained. Our failure to obtain such approvals from the GoI for acquisitions of or investments in companies organized outside India may restrict our international growth, which could negatively affect our revenue.

53. ***Significant differences exist between Ind AS and other accounting principles, such as Generally Accepted Accounting Principles in India, International Financial Reporting Standards and U.S. GAAP, which may be material to investors' assessments of our financial condition, result of operations and cash flows.***

Our audited financial statements are prepared in accordance with Ind AS. Ind AS differ in certain significant respects from IFRS, U.S. GAAP and other accounting principles with which prospective investors outside India may be familiar. No attempt has been made to reconcile any information given in this Preliminary Placement Document to any other principles or to base it on any other standards. If our financial statements were to be prepared in accordance with such other accounting principles, our financial condition, results of operations and cash flows may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our financial statements and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar. Any reliance by persons unfamiliar with Ind AS and other Indian accounting principles on the financial information presented in this Preliminary Placement Document should accordingly be limited.

54. ***We are exposed to risks relating to the processing of personal data.***

As part of our daily operations, we process large amounts of personal sensitive information relating to its employees, directors, vendors, customers and other stakeholders. Our operations are accordingly subject to data protection laws in multiple jurisdictions, including the General Data Protection Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 ("**GDPR**") and the Digital Personal Data Protection Act, 2023 in India.

There can be no assurance our security procedures concerning personal data will be successful in preventing the disclosure or processing of personal data contrary to applicable legislation. Moreover, there is a risk that computer or network failures may lead to the loss of personal data or other information. Noncompliance with data protection and privacy laws could result in significant administrative sanctions, reputational damage, as well as liability claims from our customers, our employees, or others affected by unlawful data processing. If we fail to comply with GDPR or other data protection laws, this could have a negative impact on our activities, financial position and results.

54. Our business and activities may be regulated by the competition laws of various jurisdictions and any breach thereof may invite sanctions.

There has been increased scrutiny over the power and influence of big manufacturing companies globally, and antitrust regulators have taken greater interest in potential abuses of market power or position by large manufacturing entities, including automobile component manufacturers. If one jurisdiction imposes or proposes to impose new requirements or restrictions on our business, other jurisdictions may follow. Further, any new requirements or restrictions, or proposed requirements or restrictions, could result in adverse publicity or fines, whether or not valid or subject to appeal.

In the event of violations, we could be subject to fines or penalties, lose credibility with regulators, be subject to other administrative sanctions or otherwise incur expenses and diversion of management attention or other resources, if any regulators choose to investigate us. For example, the German Federal Cartel Office ("**FCO**") alleged that our German subsidiaries namely Bharat Forge CDP GmbH, together with Bharat Forge Global Holding GmbH and Bharat Forge Aluminiumtechnik GmbH (collectively the "**German Subsidiaries**") to have participated in an antitrust infringement matter. The German Subsidiaries in January 2021 had settled this with the FCO in a leniency application filed by it by accepting a fine amounting in aggregate to EUR 32 million payable in multiple instalments, the last of which, amounting to EUR 4.45 million (in case of Bharat Forge CDP GmbH) and EUR 14.55 million (in case of Bharat Forge Aluminiumtechnik GmbH) in addition to interest, is payable in April 2025.

The Competition Act, 2002 ("**Competition Act**") regulates activities that have an appreciable adverse effect on competition in the relevant market in India ("**AAEC**"), It addresses any anti-competition agreement or arrangement, understanding or action in concert between enterprises, whether formal or informal, which causes or is likely to cause an AAEC. Agreements between competitors that involve price-fixing, limiting production or supply, market sharing, or any other activity that leads to bid-rigging or collusive bidding are typically assumed to adversely affect competition. Additionally, the Competition Act prohibits the abuse of a dominant market position by any enterprise. Under the merger control regulations of the Act, certain acquisitions, mergers, or amalgamations that exceed specified asset and turnover thresholds must be notified to and approved by the CCI before they can proceed. Violations of the Competition Act may result in significant financial penalties.

The Competition (Amendment) Act, 2023, which came into force on April 11, 2023, grants the CCI greater authority to prevent practices that harm competition and consumer interests, aims to facilitate the ease of doing business in India and promotes transparency. Among other changes, the amendment adjusts the criteria for determining the AAEC, shortens the time frame for the CCI to review mergers, and allows the CCI to levy penalties based on the global turnover for anti-competitive agreements and abuse of dominance.

Given that the Competition Act seeks to prevent any agreements or transactions that may negatively affect competition in India, all of our agreements could fall under its purview. The CCI also has jurisdiction beyond India's borders to investigate any agreements or behaviours occurring outside the country if such agreement has an AAEC in India. However, the implications of the Competition Act on our agreements are not entirely certain. We are not currently party to any legal proceedings, nor have we received any notices regarding non-compliance with the Competition Act. The interpretation or application of the Competition Act to any future mergers, acquisitions, or amalgamations we propose, as well as any enforcement actions initiated by the CCI or negative publicity arising from such scrutiny, could potentially impact our business operations, financial condition and results of operations.

We have applied for the approval of the CCI for the acquisition of AAMIMCPL and are awaiting such approval. For further details, please see "- *The completion of the proposed acquisition of the equity shares of AAMIMCPL is subject to certain conditions, and failure to complete the acquisition may adversely affect our business, financial condition and results of operations.*" on page 55.

55. Our ability to raise foreign capital may be constrained by Indian law.

Companies incorporated in India are subject to regulatory restrictions in relation to borrowing in foreign currencies, including restrictions in relation to eligibility, the amount of borrowings that may be incurred, end-use and creation of security and may require the prior approval of Indian regulatory authorities. Such restrictions could limit our ability to raise finance on competitive terms and refinance existing indebtedness. Additionally, our ability to borrow money outside India against the security of our immovable assets in India is subject to the Foreign Exchange Management Act, 1999 ("**FEMA**") and exchange control regulations in India and may require the prior approval of the Indian regulatory authorities. We cannot assure you that any approval required to raise borrowings will be granted without onerous conditions, or at all. Such limitations on debt may have an adverse impact on our business, results of operations, financial condition and cash flows.

Risks Relating to The Equity Shares and The Issue

56. We cannot assure you that the Equity Shares issued pursuant to the Issue will be listed on the Stock Exchanges, and in a timely manner.

In accordance with Indian law and practice, after our Board or a duly constituted committee passes the resolution to allot the Equity Shares but prior to crediting such Equity Shares into the Depository Participant accounts of the QIBs, we are required to apply to the Stock Exchanges for listing and trading approvals. After receiving the listing and trading approvals from the Stock Exchanges, our Company shall credit the Equity Shares into the Depository Participant accounts of the respective QIBs and apply for the final listing and trading approvals from the Stock Exchanges. Approval for listing and trading will require all relevant documents authorising the issuing of Equity Shares to be submitted. Any failure or delay in obtaining these approvals from the Stock Exchanges could delay the listing of the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining these approvals would restrict an investor's ability to dispose of their Equity Shares.

Bidders can start trading the Equity Shares allotted to them in the Issue only after they have been credited to an investor's demat account, are listed and are permitted to trade. Since the Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same.

Further, we cannot assure you that the Equity Shares allocated to an investor will be credited to the investor's demat account, that listing and trading approvals will be issued by the Stock Exchanges in a timely manner, or at all, or that trading in the Equity Shares will commence in a timely manner, or at all. In accordance with applicable Indian laws and regulations and the requirements of the Stock Exchanges, in principle and final approvals for the listing and trading of the Equity Shares to be issued pursuant to the Issue will not be applied for by us or granted by the Stock Exchanges until after such Equity Shares have been issued and allotted by us on the Closing Date. If there is a failure or a delay in obtaining such approvals, we may not be able to credit the Equity Shares allotted to you to your Depository Participant account or assure ownership of such Equity Shares by you in any manner promptly or at all. In any such event, your ownership over the Equity Shares allotted to you and your ability to dispose of any such Equity Shares may be restricted. For further information on issue procedure, see "*Issue Procedure*" on page 172.

57. We cannot guarantee payment of dividends on the Equity Shares in the future.

While our declaration of dividends is at the discretion of our Board and subject to Shareholder approval as set out in the section titled "*Dividends*" on page 97, the amount of future dividend payments by our Company, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures, applicable Indian legal restrictions and other factors. Additionally, we may, in the future, be restricted by the terms of our loan agreements to make any dividend payments in case of default, unless otherwise agreed with or permitted by our lenders.

The amounts paid as dividends in the past are not necessarily indicative of our Company's dividend policy or the dividend amounts, if any, in the future. There is no guarantee that any dividends will be paid or that the amount thereof will not be decreased in the future. Accordingly, realisation of a gain on investments may largely depend upon the appreciation of the price of our Equity Shares. There can be no assurance that our Equity Shares will appreciate in value. Our Company may decide to retain all of its earnings to finance the development and expansion of its business and therefore, we may not declare dividends on the Equity Shares.

58. ***Investors may be subject to Indian taxes arising out of income arising on the sale of the Equity Shares.***

Under current Indian tax laws and regulations, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. A securities transaction tax ("**STT**") is levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realized on the sale of listed equity shares held for more than 12 months may be subject to long term capital gains tax in India at the rate of 12.5% (plus applicable surcharge and cess) depending on certain factors, such as whether STT has been paid (if STT has been paid on transfer and at the time of acquisition (unless such acquisition was through a notified transaction) long-term capital gain tax will be exempt up to ₹125,000), the quantum of gains and any available treaty exemptions. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India, at the rate of 20% (plus applicable surcharge and cess). Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

Furthermore, we cannot predict whether any tax laws or other regulations impacting it will be enacted, or predict the nature and impact of any such laws or regulations or whether, if at all, any laws or regulations would have a material adverse effect on our business, financial condition, results of operations and cash flows.

59. ***Investors may have difficulty in enforcing foreign judgments against us or our management.***

The enforcement by investors of civil liabilities, including the ability to affect service of process and to enforce judgments obtained in courts outside of India may be affected adversely by the fact that the Company is incorporated under the laws of India. A substantial portion of the assets of the Company are located in India. As a result, it may be difficult for investors to effect service of process upon the Company outside India, or to enforce judgments obtained against the Company outside India which are predicated upon civil liabilities of the Company under laws other than Indian laws, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States or any state or territory within the United States. The recognition and enforcement of foreign judgments in India is governed by Sections 13 and 44A of the Code of Civil Procedure, 1908 ("**Civil Procedure Code**"), which provide that a suit must be brought in India within three years from the date of the judgment sought to be enforced. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a similar nature or in respect of a fine or other penalty and shall in no case include an arbitration award, even if such award is enforceable as a decree or judgment. While the United Kingdom and Singapore have been declared by the GoI to be reciprocating territories for the purposes of Section 44A of the Civil Procedure Code, the United States has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI under the FEMA to repatriate any amount recovered. Any judgment in a foreign currency would be recovered in that foreign currency converted at the rate of conversion into Indian Rupees prevailing on the date of the judgment and not on the date of the payment. We cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

60. ***Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.***

Under the Companies Act, a company having share capital and incorporated in India is required to offer holders of its Equity Shares pre-emptive rights to subscribe and pay for a proportionate number of Equity Shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the Equity Shares who have voted on such resolution. However, if the law of the jurisdiction that you are in, does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, you may suffer future dilution of your ownership position and your proportional interests in us would be reduced.

61. A third party could be prevented from acquiring control of us because of anti-takeover provisions under Indian law.

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company, even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. Such provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of our Company. Under the SEBI Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to its stakeholders, it is possible that such a takeover would not be attempted or consummated because of the SEBI Takeover Regulations.

62. Rights of shareholders of companies under Indian law may be more limited than under the laws of other jurisdictions.

Our Articles of Association, composition of our Board, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties, responsibilities and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive and widespread as shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholder in an Indian company than as a shareholder of an entity in another jurisdiction.

63. We may be subject to pre-emptive surveillance measures like Additional Surveillance Measures ("ASM") and Graded Surveillance Measures ("GSM") by the Stock Exchanges in order to enhance market integrity and safeguard the interest of investors.

SEBI and Stock Exchanges in order to enhance market integrity and safeguard interest of investors, have been introducing various enhanced pre-emptive surveillance measures. The main objective of these measures is to alert and advice investors to be extra cautious while dealing in these securities and advice market participants to carry out necessary due diligence while dealing in these securities. Accordingly, SEBI and Stock Exchanges have provided for: GSM on securities where such trading price of such securities does not commensurate with financial health and fundamentals such as earnings, book value, fixed assets, net-worth, price per equity multiple and market capitalization; and ASM on securities with surveillance concerns based on objective parameters such as price and volume variation and volatility.

We may be subject to general market conditions which may include significant price and volume fluctuations. The price of our Equity Shares may also fluctuate after the Issue due to several factors such as volatility in the Indian and global securities market, our profitability and performance, performance of our competitors, changes in the estimates of our performance or any other political or economic factor. The occurrence of any of the abovementioned factors may trigger the parameters identified by SEBI and the Stock Exchanges for placing securities under the GSM or ASM framework such as net worth and net fixed assets of securities, high low variation in securities, client concentration and close to close price variation.

In the event our Equity Shares are covered under such pre-emptive surveillance measures implemented by SEBI and the Stock Exchanges, we may be subject to certain additional restrictions in relation to trading of our Equity Shares such as limiting trading frequency (for example, trading either allowed once in a week or a month) or freezing of price on upper side of trading which may have an adverse effect on the market price of our Equity Shares or may in general cause disruptions in the development of an active market for and trading of our Equity Shares.

64. Investor' ability to acquire and sell Equity Shares offered in this Issue is restricted by the distribution, solicitation and transfer restrictions set forth in this Preliminary Placement Document

No actions have been taken to permit a public offering of the Equity Shares offered in this Issue in any jurisdiction. As such, your ability to acquire Equity Shares offered in the Issue is restricted by the distribution and solicitation restrictions set forth in this Preliminary Placement Document. For details, see "*Selling Restrictions*" on page 188. Furthermore, the Equity Shares offered in the Issue are subject to restrictions on transferability and resale. For details, see "*Transfer Restrictions and Purchaser Representations*" on page 194. Investors are required to inform yourself about and observe these restrictions. Our Company, our representatives and our agents will not be obligated to recognise any acquisition, transfer or resale of the Equity Shares offered in the Issue made other than in compliance with applicable law.

65. An investor will not be able to sell any of the Equity Shares subscribed in this Issue (other than on a recognised Indian stock exchange) for a period of one year from the date of allotment of the Equity Shares.

The Equity Shares in this Issue are subject to restrictions on transfers. Pursuant to the SEBI ICDR Regulations, for a period of one year from the date of allotment of Equity Shares allotted pursuant to the Issue, eligible Investors subscribing to the Equity Shares in the Issue may only sell their Equity Shares on the Stock Exchanges and may not enter into any off-market trading in respect of these Equity Shares. We cannot be certain that these restrictions will not have an impact on the price of the Equity Shares. Furthermore, allotments made to FVCIs, VCFs and AIFs in this Issue are subject to the rules and regulations that are applicable to each of them, respectively including in relation to lock-in requirements. This may affect the liquidity of the Equity Shares purchased by investors and it is uncertain whether these restrictions will adversely impact the market price of the Equity Shares purchased by investors.

66. After this Issue, the price of our Equity Shares may be volatile, and you may not be able to sell the Equity Shares at or above the Issue Price.

The Issue Price will be determined by us in consultation with the BRLMs, based on Bids received in compliance with Chapter VI of the SEBI Regulations and the provisions of the Companies Act, and it may not necessarily be indicative of the market price of the Equity Shares after this Issue is completed. We cannot provide assurance that you will be able to resell the Equity Shares profitably. We cannot assure that an active trading market for the Equity Shares can be sustained post the Issue or that the trading price of the Equity Shares will correspond to the historically traded price.

The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India’s fiscal regime, volatility in the Indian and global securities market, volatility in the Rupee’s value relative to the U.S. dollar, the Euro, the Pound Sterling and other foreign currencies, performance of our competitors, the Indian financial services industry and the perception in the market about investments in the industries in which we operate, changes in the estimates of our performance or recommendations by financial analysts, adverse media reports about us and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments.

In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Further, the trading price of our Equity Shares have been volatile in the past and for more details see “*Market Price Information*” on page 84. Each of these factors, among others, could adversely affect the price of our Equity Shares. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares are offered in this Issue or the price at which the Equity Shares will trade in the market subsequent to this Issue.

67. Fluctuations in the exchange rate between the Indian Rupee and other currencies could have an adverse effect on the value of our Equity Shares in those currencies, independent of our operating results.

Our Equity Shares are quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will be paid in Indian Rupees. Any adverse movement in currency exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for such sale, may reduce the net proceeds received by investors. The exchange rate between the Indian Rupee and other currencies (such as, the U.S. dollar, the Euro, the Pound Sterling and other foreign currencies) has changed substantially in the last two decades and could fluctuate substantially in the future, which may have an adverse effect on the value of our Equity Shares and returns from our Equity Shares in foreign currency terms, independent of our operating results. In addition, our Company’s valuation could be harmed by a devaluation of the Rupee if investors in jurisdictions outside India analyse its value based on the relevant foreign currency equivalent of our Company’s financial condition and results of operation.

68. Any future issuance of the Equity Shares by us or sales of the Equity Shares by any of our significant shareholders may adversely affect the trading price of the Equity Shares.

We may be required to finance our growth through future equity offerings. Any future equity issuances by us, including a primary offering of Equity Shares, may lead to the dilution of investors' shareholdings in our Company.

Except for the customary lock-up on our ability to issue equity or equity linked securities discussed in "*Placement*" on page 186, there is no restriction on our ability to issue Equity Shares or our major shareholders' ability to dispose-off their Equity Shares, and we cannot assure you that we will not issue Equity Shares or that any major shareholder will not dispose of, encumber, or pledge, its Equity Shares. Future issuances of Equity Shares may adversely affect the trading price of our Equity Shares as they may be issued at prices below the then current trading price of our Equity Shares. Sales of Equity Shares by our major shareholders may also adversely affect the trading price of our Equity Shares. For details, see "*Capital Structure*" on page 93.

69. Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.

Under the foreign investment regulations currently in force in India, transfers of the Equity Shares between non-residents and residents and issuances of shares to non-residents by our Company are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified under applicable law. If such issuances or transfers are not in compliance with such pricing guidelines or reporting requirements and does not fall under any of the specified exceptions, then prior approval will be required. Additionally, as per the Press Note No. 3 (2020 Series) issued by the Department for Promotion of Industry and Internal Trade ("**DPIIT**") on April 17, 2020, investments from beneficial owners in countries that share a land border with India are subject to government approval. This also applies to any change in beneficial ownership of existing or future foreign direct investments in an Indian entity, which results in the ownership falling under the aforementioned restrictions, necessitating the Government of India's approval. The Ministry of Finance further amended the FEMA Non-debt Instruments Rules on April 22, 2020, to reflect this change. While the term "beneficial owner" is defined under the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005 and the General Financial Rules, 2017, neither the foreign direct investment policy nor the FEMA Rules provide a definition of the term "beneficial owner". The interpretation of "beneficial owner" and enforcement of this regulatory change involves certain uncertainties, which may have an adverse effect on our ability to raise foreign capital. Furthermore, there is uncertainty regarding the timeline within which the said approval from the GoI may be obtained, if at all.

Additionally, shareholders who seek to convert the Indian Rupee proceeds from a sale of the Equity Shares in India into foreign currency and repatriate that foreign currency from India may require a no-objection or a tax clearance certificate from the income tax authority. We cannot assure you that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all. These foreign investment restrictions may adversely affect the liquidity and free transferability of the Equity Shares and could result in an adverse effect on the price of the Equity Shares.

The GoI may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the GoI experiences extreme difficulty in stabilizing the balance of payments, or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the GoI's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms, or at all.

70. Applicants to this Issue are not allowed to withdraw or revise downwards their Bids after the Bid/Issue Closing Date.

In terms of Regulation 179(1) of the SEBI ICDR Regulations, applicants to the Issue are not allowed to withdraw their Bids or revise their Bids downwards after the Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the investors' demat account with the depository participant could take approximately seven days and up to ten days from the Bid/Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in the business, results of operation or financial condition of the Company, or other events affecting the investor's decision to invest in the Equity Shares, would not arise between the Bid / Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Bid / Issue Closing Date could also adversely impact the market price of the Equity Shares. The investors shall not have the right to withdraw their Bids or revise their Bids downwards in the event of any such occurrence. We may complete the Allotment of the Equity Shares even if such events may limit the investor's ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

71. Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade.

Subject to the relevant transfer restrictions, investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Furthermore, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in the Equity Shares will commence in a timely manner.

MARKET PRICE INFORMATION

The Equity Shares of our Company have been listed on BSE since March 10, 1964 and NSE since April 4, 2003. As on the date of this Preliminary Placement Document, the issued and subscribed capital of our Company is ₹ 931,536,984 comprising 465,768,492 Equity Shares (of face value of ₹ 2 each) and the issued and fully paid up capital (including forfeited shares) is ₹ 931,271,189 comprising 465,761,472 Equity Shares (of face value of ₹ 2 each) and the issued, subscribed and fully paid-up share capital is 931,271,189 comprising 465,588,632 Equity Shares (of face value of ₹2 each).

As of December 3, 2024 the closing price of the Equity Shares on NSE and BSE was ₹ 1,350.40 and ₹ 1,349.90 per Equity Share, respectively. Since the Equity Shares are available for trading on BSE and NSE, the market price and other information for each of BSE and NSE has been given separately.

i. The following tables set forth the reported high, low and average of the closing prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded for Fiscal 2024, Fiscal 2023 and Fiscal 2022.

BSE											
Fiscal	**High (₹)**	**Date of high**	**No. of Equity Shares traded on date of high**	**Total turnover of Equity Shares traded on date of high (₹ in million)**	**Low (₹)**	**Date of low**	**No. of Equity Shares traded on date of low**	**Total turnover of Equity Shares traded on date of low (₹ in million)**	**Average price for the year (₹)**	**Total volume of Equity Shares traded in the fiscals (in number)**	**Total turnover of Equity Shares traded in the fiscals (₹ in million)**
2024	1,314.90	February 9, 2024	151,209	195.43	756.50	April 10, 2023	29,622	22.27	1,018.37	9,983,081	10,391.54
2023	908.85	December 14, 2022	88,454	79.69	603.45	May 12, 2022	46,413	28.28	768.92	13,453,303	10,250.67
2022	833.85	November 9, 2021	75,721	62.51	561.00	April 19, 2021	122,642	69.17	724.59	25,025,471	18,291.16

(Source: www.bseindia.com)

Notes:
1. *High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

NSE											
Fiscal	**High (₹)**	**Date of high**	**No. of Equity Shares traded on date of high**	**Total turnover of Equity Shares traded on date of high (₹ in million)**	**Low (₹)**	**Date of low**	**No. of Equity Shares traded on date of low**	**Total turnover of Equity Shares traded on date of low (₹ in million)**	**Average price for the year (₹)**	**Total volume of Equity Shares traded in the fiscals (in number)**	**Total turnover of Equity Shares traded in the fiscals (₹ in million)**
2024	1,314.05	February 9, 2024	1,936,968	2,526.62	756.45	April 10, 2023	1,153,620	867.60	1,018.46	288,876,746	292,967.93
2023	908.65	December 14, 2022	2,285,450	2,061.45	604.00	May 12, 2022	1,626,401	989.73	768.99	353,750,691	271,632.78
2022	834.05	November 9, 2021	2,985,897	2,466.00	560.85	April 19, 2021	3,335,665	1,877.61	724.66	525,863,711	383,288.92

(Source: www.nseindia.com)

Notes:
1. *High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

ii. The following tables set forth the reported high, low and average closing prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded and the total trading turnover for the following periods during each of the last six months, as applicable:

BSE											
Month	High (₹)	Date of high	No. of Equity Shares traded on date of high	Total turnover of Equity Shares traded on date of high (₹ in million)	Low (₹)	Date of low	No. of Equity Shares traded on date of low	Total turnover of Equity Shares traded on date of low (₹ in million)	Average price for the month (₹)	Equity Shares traded in the month	
										Volume	Turnover (₹ in million)
November 2024	1471.05	November 6, 2024	4,50,795	663.20	1,296.80	November 21, 2024	15,610	20.30	1,363.86	8,59,507	1,222.55
October 2024	1,529.05	October 1, 2024	21,145	32.21	1,363.10	October 28, 2024	12,949	17.82	1,453.00	18,37,317	2,710.81
September 2024	1,615.15	September 13, 2024	16,078	25.89	1,516.95	October 30, 2024	8,808	13.41	1,572.21	5,40,527	852.70
August 2024	1,716.90	August 1, 2024	51,648	89.69	1,517.15	August 6, 2024	38,606	59.95	1,598.13	8,38,626	1,352.71
July 2024	1,743.40	July 30, 2024	53,088	92.37	1,579.20	July 19, 2024	46,948	75.16	1,653.35	16,07,737	2,670.72
June 2024	1,790.35	June 20, 2024	109,639	192.56	1,457.95	June 4, 2024	99,674	148.18	1,647.91	8,48,168	1,380.16

(Source: www.bseindia.com)

Notes:

1. *High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

NSE											
Month	High (₹)	Date of high	No. of Equity Shares traded on date of high	Total turnover of Equity Shares traded on date of high (₹ in million)	Low (₹)	Date of low	No. of Equity Shares traded on date of low	Total turnover of Equity Shares traded on date of low (₹ in million)	Average price for the month (₹)	Equity Shares traded in the month	
										Volume	Turnover (₹ in million)
November 2024	1,471.05	November 6, 2024	990,250	1,456.21	1,296.20	November 21, 2024	571,103	742.55	1,364.07	17,070,813	23,292.10
October 2024	1,530.20	October 1, 2024	4,72,946	721.18	1,365.50	October 28, 2024	1,700,514	2,337.83	1,453.03	20,497,679	29,799.19
September 2024	1,616.25	September 13, 2024	1,776,046	2,858.20	1,516.60	October 30, 2024	753,983	1,146.57	1,572.50	24,232,580	38,164.77
August 2024	1,717.55	August 1, 2024	1,134,832	1,971.30	1,517.45	August 6, 2024	2,039,941	3,167.48	1,598.44	27,015,771	43,214.28
July 2024	1,743.85	July 30, 2024	867,925	1,510.99	1,579.40	July 19, 2024	945,152	1,511.43	1,653.19	26,544,374	43,866.91
June 2024	1,791.40	June 20, 2024	3,677,708	6,458.24	1,446.25	June 4, 2024	3,325,214	4,931.01	1,647.48	34,612,173	56,887.73

(Source: www.nseindia.com)

Notes:

1. *High price indicates intraday high price, low price indicates intraday low price and average prices are based on the daily closing prices, for the respective periods.*
2. *In the case of a year, average represents the average of the closing prices of all trading days of each year.*
3. *In case of two days with the same high or low price, the date with the higher volume has been chosen.*

iii. The following tables set forth the market price on the Stock Exchanges as on August 9, 2024, the first Working Day following the approval of our Board for the notice for postal ballot to approve the Issue, along with the explanatory statement:

BSE					
Open	**High**	**Low**	**Close**	**Number of Equity Shares traded**	**Volume (₹ million)**
1,635.95	1,654.10	1,618.95	1,636.25	43,654	71.58

(Source: www.bseindia.com)

NSE					
Open	**High**	**Low**	**Close**	**Number of Equity Shares traded**	**Volume (₹ million)**
1,628.05	1,654.95	1,617.90	1,636.55	20,16,949	3,307.96

(Source: www.nseindia.com)

In the event the high or low or closing price of the Equity shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this chapter.

USE OF PROCEEDS

The Gross Proceeds from the Issue will aggregate up to ₹ [●] million. Subject to compliance with applicable laws, the net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue (including applicable taxes) of approximately ₹ [●] million, shall be approximately ₹ [●] million ("**Net Proceeds**").

Purpose of the Issue

Subject to compliance with applicable laws and regulations, we intend to utilise the Net Proceeds towards the following objects:

1. Repayment / pre-payment, in full or in part, of certain outstanding borrowings availed by certain of our Subsidiaries;

2. Proposed acquisition of 100% equity shares of AAM India Manufacturing Corporation Private Limited ("**Proposed Acquisition**") including all associated costs in relation to the Proposed Acquisition; and

3. General corporate purposes.

(collectively, referred to hereinafter as the "**Objects**").

Our main objects and objects incidental or ancillary to the attainment of the main objects of our Memorandum of Association enable us to undertake the Objects contemplated by us in this Issue.

Requirements of Funds

The Net Proceeds are proposed to be used in accordance with the details provided in the following table:

(₹ in million)

Sr. No.	Particulars	Amount (up to)
1.	Repayment / pre-payment, in full or in part, of certain outstanding borrowings availed by certain of our Subsidiaries	10,300.00
2.	Proposed acquisition of the equity shares of AAM India Manufacturing Corporation Private Limited including all associated costs in relation to the Proposed Acquisition	5,490.00
3.	General corporate purposes(1)	[●]
Total Net Proceeds(2)		[●]

(1) The amount to be utilised for general corporate purposes alone shall not exceed 25% of the Gross Proceeds.
(2) To be determined upon finalisation of the Issue Price.

In the event of a change in the final Issue size, the amounts shown in the table above against each of the use of proceeds specified therein shall be modified basis the final Issue size in the Placement Document.

Proposed schedule of implementation and deployment of Net Proceeds

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below:

Sr. No.	Particulars	Estimated amount to be funded from Net Proceeds *(₹ in million)*	Estimated Deployment *(₹ in million)*
			Up to Fiscal 2026
1.	Repayment / pre-payment, in full or in part, of certain outstanding borrowings availed by certain of our Subsidiaries	10,300.00	10,300.00
2	Proposed acquisition of 100% equity shares of AAM India Manufacturing Corporation Private Limited including all associated costs in relation to the Proposed Acquisition	5,490.00	5,490.00
3.	General corporate purposes(1)	[●]	-
Total Net Proceeds(2)		**[●]**	**[●]**

(1) The amount to be utilised for general corporate purposes alone shall not exceed 25% of the Gross Proceeds.
(2) To be determined upon finalisation of the Issue Price.

Our fund requirements, deployment of funds and the intended use of the Net Proceeds as described herein are based on our current business plan, management estimates, receipt of regulatory approvals and other commercial and technical factors. Our Company currently proposes to deploy the Net Proceeds for the aforesaid object in Fiscal 2026 or earlier.

Such fund requirements and deployment of funds have not been appraised by any bank or financial institution. These are based on terms mentioned in the stock purchase agreements, mandatory and other regulatory approvals, current market conditions and business needs and are subject to changes in our business and strategy or external circumstances such as market conditions, competitive environment, interest or exchange rate fluctuations and finance charges, increasing regulations or changes in government policies, which may not be in our control.

In this regard, please see "*Risk Factors – Our funding requirements and the proposed deployment of Proceeds have not been appraised by any bank or financial institution or any other independent agency or the BRLMs*." on page 66.

Further, if the Net Proceeds are not utilised (in full or in part) for the objects during the period stated above due to factors such as (i) the timing of completion of the Issue; (ii) delay or non-receipt of regulatory approvals required for consummation of the Proposed Acquisition; (iii) market conditions outside the control of our Company; and (iv) any other business and commercial considerations, the remaining Net Proceeds shall be utilised for pursuing alternate inorganic growth initiatives in future without any approval from the Shareholders and in accordance with applicable laws.

This may entail rescheduling and revising the planned expenditure and funding requirement and increasing or decreasing the expenditure for a particular purpose from the planned expenditure at the discretion of our management, subject to compliance with applicable laws. In case of any increase in the actual utilization of funds earmarked for the Objects, such additional funds for a particular activity will be met by way of means available to our Company, including from internal accruals, in accordance with applicable laws.

Details of Objects

1. Repayment / pre-payment, in full or in part, of certain outstanding borrowings availed by certain Subsidiaries.

We avail fund-based and non-fund-based facilities in the ordinary course of business from various entities, banks and financial institutions. We propose to utilise a portion of the Net Proceeds aggregating up to ₹ 10,300.00 million for part or full repayment and/or pre-payment of certain borrowings availed by some of our Subsidiaries, as identified below. The mode of investment into our Subsidiaries from the Net Proceeds in order for them to repay/prepay, full or part of such borrowings shall be in the form of equity or debt or in any other manner as may be mutually decided. The actual mode of such deployment has not been finalized as on the date of this Preliminary Placement Document and will be finalized at the time of utilization of the funds received from the Net Proceeds.

Pursuant to the terms of the borrowing arrangements, prepayment of certain indebtedness may require prior written notice to be given before the pre-payment and may also attract prepayment charges as prescribed by the respective lender. Such prepayment charges, as applicable, will be paid by respective Subsidiaries out of their internal accruals.

We have and will also take such provisions into consideration while deciding repayment and/ or pre-payment of loans from the Net Proceeds. The repayment and/or pre-payment in part or full of certain borrowings availed by certain of our Subsidiaries by utilizing the Net Proceeds will help reduce our outstanding indebtedness and resultant reduction in interest cost. In addition, we believe that since our debt - equity ratio will improve, it will enable us to raise further resources at competitive rates and additional funds/ capital in the future to fund potential business development opportunities and plans to grow and expand our business in the future. The details of the outstanding borrowings availed by certain of our Subsidiaries, proposed for repayment or prepayment, in full or in part, from the Net Proceeds is set forth below:

Name of the Subsidiary	Name of the lender	Nature of Loan	Currency	Purpose of the loan*	Sanctioned amount as of November 15, 2024		Outstanding Amount as of November 15, 2024		Tenor of borrowing	Interest rate p.a. (%)	Prepayment Penalty
					Foreign Currency	₹ in million*	Foreign Currency	₹ in million*			
Bharat Forge CDP GmbH	Deutsche Bank	Term loan	EUR	Capital expenditures including reimbursement of expenditures incurred in past	€9.00 million	801.57	€1.13 million	100.20	December 31, 2024	6 months EURIBOR + 500 bps	NA
Bharat Forge CDP GmbH	Deutsche Bank	Term loan	EUR	Working capital requirements	€9.90 million	881.72	€5.57 million	495.97	December 31, 2026	200 bps	NA
Bharat Forge Aluminiumtechnik GmbH	ICICI Bank Limited	Term loan	EUR	Refinancing / repayment of existing term loans and capital expenditure	€15.00 million	1,335.95	€11.60 million	1,033.22	September 29, 2026	EURIBOR + 250bps	NA
Bharat Forge Aluminiumtechnik GmbH	State Bank of India	Term loan	EUR	Capital expenditure	€35.00 million	3,117.21	€20.37 million	1,814.57	January 1, 2029	3 months EURIBOR + 185 bps	NA
Bharat Forge PMT Technologie LLC	ICICI Bank Limited	Term loan	USD	Capital expenditure including reimbursement of capital expenditure	$15.00 million	1,266.08	$15.00 million	1,266.08	March 31, 2030	Secured Overnight Financing Rate (SOFR) 3M + 285 bps.	0.25% on the amount of principal of the Facility prepaid. No prepayment penalty if prepaid on interest reset date.
Bharat Forge America Inc	Citibank	Revolving Credit	USD	General corporate purposes	$19.50 million	1,645.90	$19.50 million	1,645.90	Revolving Credit Facility Loan on demand	3 months SOFR + 200 bps	NA
Bharat Forge Aluminium USA Inc	Citibank	Revolving Credit	USD	General corporate purposes	$16.00 million	1,350.48	$16.00 million	1,350.48	Revolving Credit Facility Loan on demand.	Applicable SOFR + 210 bps	NA
Bharat Forge Aluminium USA Inc	Axis Bank Limited	Revolving Credit	USD	Working capital requirements	$14.00 million	1,181.67	$14.00 million	1,181.67	Revolving Credit Facility Loan on demand.	1 month SOFR + 150 bps	NA
Kalyani Powertrain Limited	IndusInd Bank Limited	Term loan	INR	Capital expenditure including reimbursement of capital expenditure in relation to three units of Chakan.	-	500.00	-	500.00	September 12, 2028	3 month Treasury Bill + 1.15% shall be rest every 3 months.	NA
Kalyani Powertrain Limited	ICICI Bank Limited	Working capital loan	INR	Working capital requirements	-	500.00	-	495.00	Repayable on demand	Sum of the Repo Rate + Spread per annum, plus applicable statutory levy, if any	0.50% prepayment premium on principal amount of the loan being prepaid
Kalyani Powertrain Limited	IndusInd Bank Limited	Working capital loan	INR	Working capital requirements	-	500.00	-	250.00	Repayable on demand	Indicative Rate: floating rate of 91 days T Bill + 1.30% at monthly rest	NA
JS Autocast Foundry India Private Limited	ICICI Bank Limited	Term loan	INR	Repayment of existing loan	-	240.00	-	180.00	September 30, 2026	3 Month MCLR	1% penalty on the prepaid amount

**Exchange rates as of November 14, 2024 - EUR(€)/INR(₹) 89.06 USD($)/INR(₹) 84.41 (Source: www.fbil.org.in)*

@ Foreign currency loan has been translated to INR basis the above exchange rates. On date of repayment, due to currency fluctuation, the outstanding amount as on November 14, 2024 may vary in INR.

***As certified by ANRK & Associates LLP, Chartered Accountants, pursuant to their certificate dated December 4, 2024*

We will consider the following factors for identifying the loans out of the ones stated above that will be repaid out of the Net Proceeds: (i) costs, expenses and charges relating to the facility/borrowing including interest rates involved; (ii) presence of onerous terms and conditions under the facility; (iii) ease of operation of the facility; (iv) levy of any prepayment penalties and the quantum thereof; (v) provisions of any law, rules, regulations governing such borrowings; (vi) terms of pre-payment to lenders including pre-payment penalties , if any; (vii) mix of credit facilities provided by lenders; and (viii) other commercial considerations including, among others, the amount of the loan outstanding and the remaining tenor of the loan.

2. Proposed acquisition of 100% equity shares of AAMIMCPL including all associated costs

Subject to applicable laws and regulations and provisions of the share purchase agreement, dated October 17, 2024, ("**SPA**") we intend to acquire 100% of the fully diluted paid-up capital of AAMIMCPL from AAM International Holdings, Inc. and American Axle & Manufacturing, Inc. ("**AAMIMCPL Shareholders" or "Sellers**"). Our Company proposes to utilize the Net Proceeds aggregating to US$65 million (*approximately ₹ 5,493.00 million calculated at ₹ 84.50 = 1 USD as of November 29, 2024, Source: www.rbi.org.in*), subject to certain closing adjustments as specified in the SPA, to finance the acquisition of 100.00% of the fully diluted paid-up capital of AAMIMCPL, including all associated costs, such as IT and product engineering infrastructure, and transition support for administrative functions in relation to the Proposed Acquisition, incurred by our Company from time to time.

AAMIMCPL is a manufacturer of axles for light, medium and heavy-duty commercial trucks and passenger buses in India. Our Company will acquire commercial vehicles axle business of AAMIMCPL along with its Pune Engineering and Development Center located at Gat No 1342, Gram Panchayat Road Ubalenager, Wagholi Taluka–Haveli, District–Pune–421207, India. AAMIMCPL has its manufacturing facilities at (1) Gat No 787 & 788, Village Hunga Taluka Parner Ahmednagar 414301 Pune, Maharashtra, India and (2) Plot 62, 8th Avenue, First Cross Road, Mahindra World City, Chengalpattu, Kancheepuram District – 603 002, Tamil Nadu, India. This acquisition will enable our Company to increase its customer base and expand its manufacturing presence in India and provide us access to a team with robust product design capabilities and reputation in the market along with necessary IP and know how.

Our Company has agreed to acquire the equity shares of AAMIMCPL ("**AAMIMCPL Equity Shares**") for an aggregate consideration of US$65 million (*approximately ₹ 5,493.00 million calculated at ₹ 84.50 = 1 USD as of November 29, 2024, Source: www.rbi.org.in*) pursuant to the SPA from the Sellers. The completion of the Proposed Acquisition is subject to the fulfilment of certain conditions precedent and regulatory approvals.

Upon the receipt of the regulatory Approvals and the completion of the conditions precedent under the SPAs, our Company will complete the acquisition of 100.00% of the paid up share capital of AAMIMCPL on a fully diluted basis from the AAMIMCPL Shareholders within specified timelines and as per the terms of the SPA. In addition, pursuant to the terms of the SPA, AAMIMCPL is required to seek consent pursuant to certain financing arrangements and business contracts for, among other things, a change of control.

As per the terms of the SPA, our Company has, on October 23, 2024, submitted an application to the CCI for obtaining its approval in terms of the Competition Act in respect of the consummation of the Proposed Acquisition on such terms as reasonably acceptable to our Company (the "**CCI Approval**"). For risks in relation to the CCI Approval, please see "*Risk Factors – The completion of the proposed acquisition of the equity shares of AAMIMCPL is subject to certain conditions, and failure to complete the acquisition may adversely affect our business, financial condition and results of operations.*" on page 55.

Our Company will have flexibility in deploying the Net Proceeds as approved by our Board and/ or a duly authorized committee of our Board from time to time. Further, in the event that relevant regulatory approvals and other conditions in relation to the Proposed Acquisition are not obtained/ satisfied within the timelines envisaged, or at all, the surplus funds from the Net Proceeds may be utilized towards pursuing alternate inorganic growth initiatives, in terms of applicable law. However, as on date, we have not identified any entities or acquisition targets and any such inorganic growth initiatives will be undertaken in accordance with applicable law. Subject to applicable laws, our Board and/ or a duly authorized committee of our Board shall determine the quantum of Net Proceeds to be deployed by our Company from the Issue, depending on business opportunities or requirements of our Company from time to time.

3. General Corporate Purposes

The Net Proceeds will first be utilized towards the Objects as set out above. Subject to this, our Company intends to deploy any balance Net Proceeds, that is ₹ [●], towards general corporate purposes and the business requirements of our Company, as approved by our management, from time to time, subject to such utilization for general corporate purposes not exceeding 25% of the Gross Proceeds in compliance with the circular bearing reference no. NSE/ CML/2022/56 dated December 13, 2022, issued by NSE and circular no. 20221213-47 dated December 13, 2022, issued by BSE.

Such general corporate purposes may include, but are not restricted to meeting fund requirements which our Company may face in the ordinary course of business, any additional capital expenditure, repayment or prepayment of Company's borrowings at standalone level, strategic initiatives, partnerships, tie-ups, joint ventures or acquisitions, meeting working capital requirements of our Company incurred in the ordinary course of business, meeting exigencies and expenses and other expenses in relation to our business development, and any other purpose as may be approved by our Board or a duly appointed committee from time to time, subject to compliance with the necessary provisions of the Companies Act, 2013.

The allocation or quantum of utilization of funds towards the specific purposes described above will be determined by our Company, based on our business requirements and other relevant considerations, from time to time. Our Company's management shall have flexibility in utilising surplus amounts, if any, in accordance with applicable law.

Monitoring of utilisation of funds

Pursuant to Regulation 173A of the SEBI ICDR Regulations, our Company has appointed ICRA Limited, a credit rating agency registered with the SEBI, as the monitoring agency ("**Monitoring Agency**"), as the size of our Issue exceeds ₹ 1,000 million. The Monitoring Agency shall submit its report to our Company in the format specified in Schedule XI of the SEBI ICDR Regulations on a quarterly basis, till 100% of the Gross Proceeds of the Issue have been utilised. The board of directors and the management of our Company will provide their comments on the findings of the Monitoring Agency as specified in Schedule XI. Our Company shall, within 45 days from the end of each quarter, upload the report of the Monitoring Agency on our website and also submit the same to the Stock Exchanges.

The report of the Monitoring Agency shall be placed before our Audit Committee on a quarterly basis, promptly upon its receipt. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Issue from the Objects, as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Issue from the Objects, as stated above. This information will also be published on our website simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee.

Interim use of Net Proceeds

In accordance with applicable laws, we undertake to not utilize proceeds from the Issue unless Allotment is made and the corresponding return of Allotment is filed with the RoC and final listing and trading approvals are received from each of the Stock Exchanges. The Net Proceeds shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised as approved by our Board and/ or a duly authorized committee of our Board, from time to time only for such purposes, as permitted under the Companies Act, prescribed Objects as disclosed above and other applicable laws.

Our Company will have flexibility in deploying the Net Proceeds received by our Company from the Issue in accordance with applicable laws. Pending utilisation for the purposes described above, our Company intends to temporarily invest funds in creditworthy instruments and deposits with banks. Such investments would be in accordance with the investment policies as approved by our Board from time to time and applicable laws.

Other confirmations

Neither our Promoter nor members of our promoter group nor our Directors will make any contribution either as part of the Issue or separately in furtherance of the Objects.

Further, neither our Promoter nor members of our promoter group nor our Directors shall receive any proceeds from the Issue, whether directly or indirectly. Since the Issue is only made to Eligible QIBs, our Promoter, members of our promoter group, Directors, Key Managerial Personnel or members of Senior Management are not eligible to subscribe in the Issue.

CAPITALISATION STATEMENT

The table below sets forth our Company's capitalisation as at September 30, 2024 which has been derived from the Unaudited Financial Results and as adjusted to give effect to the receipt of the Gross Proceeds of the Issue and the application thereof.

You should read this table together with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 109 and the Unaudited Financial Results included in "*Financial Information*" on page 228.

(₹ in million)

Sr. No.	Particulars	Pre-Issue	Post-Issue
		As at September 30, 2024 (Refer Note-1 below)	**Amount after considering the Issue (Refer Note-2,3 & 4 below)**
I	**Debt:**		
	Current liabilities - borrowings	55,473.74	[●]
	Non-current liabilities - borrowings	17,647.53	[●]
	Total debt	**73,121.27**	**[●]**
II	**Equity**		
	Equity Share capital	931.27	[●]
	Other equity	71,835.37	[●]
	Equity attributable to equity holders of the parent	**72,766.64**	
	Non-controlling interest	(333.96)	[●]
	Total equity	**72,432.68**	**[●]**
III	**Total capitalization (I+II)**	**1,45,553.95**	**[●]**
IV	**Total debt / Total equity**	**1.01**	**[●]**

Notes:

1. *Amounts derived from the Unaudited Financial Results.*
2. *The figures to be included under post-Issue column relating to the shareholder's fund shall be derived after considering the impact due to the issue of the Equity Shares only through the qualified institutions placement assuming that the Issue will be fully subscribed and does not include any other transactions or movements / issue related expenses.*
3. *Will be finalized upon the determination of Issue Price.*
4. *Pursuant to issue of additional [●] equity shares having face value of ₹ 2 each amounting to [●], equity share capital has changed from ₹ 931.27 million to ₹ [●] million.*

CAPITAL STRUCTURE

The Equity Share capital of our Company as at the date of this Preliminary Placement Document is set forth below:

(in ₹)

		Aggregate value at face value
A.	**AUTHORIZED SHARE CAPITAL**	
	975,000,000 Equity Shares of ₹ 2 each	1,950,000,000
	43,000,000 Cumulative Non-Convertible Preference Shares of ₹10 each	430,000,000
	2,000,000 Unclassified Shares of ₹10 each	20,000,000
B.	**ISSUED CAPITAL BEFORE THE ISSUE**	
	465,768,492 Equity Shares of ₹ 2 each	931,536,984
C.	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE**	
	465,588,632*^ Equity Shares of ₹ 2 each	931,271,189^
D.	**SUBSCRIBED AND FULLY PAID UP CAPITAL BEFORE THE ISSUE**	
	465,588,632* Equity Shares of ₹ 2 each	931,177,264
E.	**PRESENT ISSUE IN TERMS OF THIS PRELIMINARY PLACEMENT DOCUMENT**	
	Up to [●] Equity Shares of ₹ 2 each aggregating to ₹ [●] million#	[●]
F.	**ISSUED, SUBSCRBED AND PAID-UP CAPITAL AFTER THE ISSUE**	
	[●] Equity Shares of ₹ 2 each	[●]
G.	**SECURITIES PREMIUM ACCOUNT**	
	Before the Issue (as of the date of this Preliminary Placement Document)	6,930,898,323
	After the Issue(2)(3)	[●]

* *Difference of 179,860 Shares between Issued capital before the Issue and subscribed and fully paid up capital before the Issue is due to:*

1. *forfeiture of 172,840 Shares; and*
2. *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 detachable warrants entitled to subscription of 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.*

^ *This includes subscribed and fully paid-up equity share capital prior to the issue along with 172,840 forfeited equity shares comprising (i) 15,010 Equity Shares of ₹ 2 each (amount partly paid ₹ 1 each), and (ii) 157,830 Equity Shares of ₹ 2 each (amount partly paid ₹ 0.50 each)*

Subject to allotment of equity shares pursuant to the Issue:

(1) *This Issue has been authorised and approved by our Board of Directors pursuant to its resolution passed on August 8, 2024. The Shareholders of our Company have authorised and approved the Issue by way of postal ballot dated November 8, 2024.*

(2) *To be determined upon finalisation of the Issue Price.*

(3) *The securities premium account after the Issue is calculated on the basis of Gross Proceeds. Adjustments do not include Issue related expenses.*

Share Capital History of our Company:

The history of the Equity Share capital of our Company as on the date of this Preliminary Placement Document is provided in the following table:

Date of allotment	Number of Equity Shares	Face value (₹)	Issue price per Equity Share (₹)	Nature of consideration	Nature of allotment
September 26, 1961	156	100.00	100.00	Cash	Preferential Allotment of 149 equity shares alongwith equity shares allotted pursuant to initial subscription to MOA
January 20, 1962	6,000	100.00	100.00	Cash	Preferential Allotment
May 8, 1962	3,050	100.00	100.00	Cash	Preferential Allotment
September 22, 1962	50	100.00	100.00	Cash	Preferential Allotment

Date of allotment	Number of Equity Shares	Face value (₹)	Issue price per Equity Share (₹)	Nature of consideration	Nature of allotment
May 21, 1963	2,380	100.00	100.00	Other than Cash	Issued to SIFCO, USA for consideration other than cash pursuant to their technical assistance contract(1)
April 23, 1963	12,095	100.00	100.00	Cash	Preferential Allotment
June 7, 1963					Preferential Allotment
June 15, 1963					Preferential Allotment
October 4, 1963	13,458	100.00	100.00	Cash	Preferential Allotment
November 16, 1963	6,600	100.00	100.00	Cash	Preferential Allotment
November 30, 1963	23,076	100.00	100.00	Cash	Preferential Allotment
1963 – 1964	8,755	100.00	100.00	Cash	Preferential Allotment(2)
January 20, 1964	77,000	100.00	100.00	Cash	Initial Public Offering
March 25, 1964	2,380	100.00	100.00	Other than Cash	Issued to SIFCO, USA for consideration other than cash pursuant to their technical assistance contract(1)
Sub-division of equity shares from face value of ₹ 100.00 each to face value of ₹ 10.00 each resulting in 1,550,000 shares of ₹ 10 each (3)					
September 17, 1976	930,000	10.00	10.00	-	Bonus issue in the ratio of 3:5(4)
June 20, 1981	2,480,000	10.00	10.00	-	Bonus issue in the ratio of 1:1(4)
May 20, 1987	312,500	10.00	40.00	Cash	V[th] Series Convertible Debentures issued on a rights basis to the existing shareholders in the ratio of 5:80
April 24, 1989	5,272,500	10.00	10.00	-	Bonus issue in the ratio of 1:1(4)
December 23, 1989	4,090,360	10.00	50.00	Cash	Rights issue in the ratio of 1:4(5)
June 30, 1991	(3,002)	10.00	-		Forfeited(6)
November 6, 1992	3,801,950	10.00	160.00	Cash	Rights issue in the ratio of 1:4
November 30, 1993	(31,566)	10.00	-	-	Forfeited(6)
December 14, 1993	1,337,035	10.00	160.00	Cash	IX Series Non-Convertible Debentures Coupon conversion
April 15, 1994	6,923,000	10.00	50.00	Cash	Rights issue in the ratio of 1:3
September 13, 1994	3,500,000	10.00	156.00	Cash	Preferential issue to Promoter group(7)
December 19, 1994	1,209,801	10.00	50.00	Cash	VI[th] Series Non-Convertible Debentures Coupon Conversion
June 16, 1995	1,568,600	10.00	196.93	Cash	Senior executive stock Option Scheme(8)
August 1, 1995	2,926,450	10.00	50.00	Cash	X[th] Series non-convertible debentures Coupon Conversion
November 8, 1995	1,800,000	10.00	117.18	Cash	Private placement to Promoter Group(9)
October 1, 2004	1,882,914	10.00	560.00	Cash	Rights issue in the ratio of 1:20
April 19, 2005	3,636,500	10.00	1,190.38	Cash	GDRs allotted on April 19, 2005 and May 5, 2005
Sub-division of equity shares from face value of ₹ 10.00 each to face value of ₹ 2.00 each resulting in 215,935,210 shares of ₹ 2.00 each pursuant to a resolution of the shareholders dated March 30, 2005, with effect from July 27, 2005					
December 12, 2005	4,574,205	2.00	268.20	Cash	Conversion of 941,457 warrants attached to Equity Shares allotted in the 2004 Rights Issue
March 17, 2006	1,753,246	2.00	336.11	Cash	Conversion of 13,500 FCCBs of 1[st] Tranche FCCBs(10)
April 12, 2006	389,610	2.00	336.11	Cash	Conversion of 3,000 FCCBs of 1[st] Tranche FCCBs(10)
April 9, 2010	142,045	2.00	384.12	Cash	Conversion of 1,250 FCCBs of 2[nd] Tranche FCCBs
April 28, 2010	10,000,000	2.00	272.00	Cash	Issue of Equity Shares pursuant to a QIP
October 3, 2017	232,794,316	2.00	2.00	-	Bonus issue in the ratio 1:1
Total	**465,588,632**				

(1) *4,760 Equity Shares of ₹ 100.00 each were issued as fully paid up for consideration other than cash, to SIFCO, USA pursuant to a Technical Assistance Contract.*

(2) *The details are not available as the records were burnt in fire which took place in our premises on April 24, 1998.*

(3) *The shares of face value of ₹ 100.00 each were subdivided into equity shares of face value of ₹ 10.00 each by way of the approval given by the Shareholders at the extraordinary general meeting held on July 2, 1971.*

(4) *Issue of fully paid bonus shares by way of capitalization of Share Premium Account and Reserves.*

(5) *Allotment of 4,024 equity shares of ₹ 10 to non-residents was subject to RBI approval. Our Company received approval for allotment of 3,684 equity shares of ₹ 10 to non-residents. Hence, instead of 4,090,700 equity shares of ₹10 each, 4,090,360 equity shares of ₹10 each were allotted in the Rights issue.*

(6) *Pertains to shares forfeited on account of non-payment of calls; q5,426 equity shares were forfeited on June 30, 1991, of which forfeiture of 2,424 equity shares has been annulled on account of payment of overdue calls subsequently; 65,730 equity shares were forfeited on November 30, 1993, of which forfeiture of 34,164 equity shares has been annulled on account of payment of overdue calls subsequently.*

(7) *Equity shares issued at a premium of ₹ 146.00 per equity share, against warrants issued to Promoter Group Companies on preferential basis. These shares were allotted to Kalyani Steels Limited (2,885,000 equity shares), Ajinkya Investment and Trading Company Limited (205,000 equity shares), Koyna Investment and Trading Company (205,000 equity shares) and Cockscomb Investment and Finance Private Limited (205,000 equity shares).*

(8) *In 1995, the Company provided an interest free loan of ₹309.00 million to a company, Krutadnya Management and Trading Services Private Limited ("KMTS"), which has given an undertaking to hold the shares solely for the purpose of obligations of the "BFL Executives Welfare and Share Option Trust" in terms of clause (b) of the proviso to Section 77(2) of the Companies Act, 1956. In this regard, the Company has allotted 1,568,600 equity shares to KMTS in 1995.*

(9) *A private placement of 1,800,000 shares was done to Promoter group companies. 900,000 shares were allotted to Surajmukhi Investment & Finance Limited and other 900,000 shares to Chakrapani Investment & Trades Limited.*

(10) *On April 19, 2005 our Company issued and allotted FCCB in two tranches of USD 60 million each. 13,500 FCCBs and 3,000 FCCBs of 1st Tranche FCCBs were converted into 1,753,246 and 389,610 Equity Shares of ₹ 2 on March 17, 2006 and April 12, 2006, respectively and 1,250 FCCBs of 2nd Tranche FCCBs were converted into 142,045 Equity Shares of ₹ 2 on April 9, 2010. The remainder of 43,500 FCCBs of Tranche 1 FCCBs and 58,750 FCCBs of Tranche 2 FCCBs were redeemed on April 20, 2010.*

Employee stock option plans instituted by our Company

Our Company does not have any employee stock option scheme as on the date of this Preliminary Placement Document.

Proposed Allottees in the Issue

In compliance with the requirements prescribed under the SEBI ICDR Regulations, Allotment shall be made at the sole discretion of our Company in consultation with the Book Running Lead Managers to the Eligible QIBs only. For details of the names of the proposed Allottees and the percentage of the post-Issue Equity Share capital that may be held by them, see "*Details of Proposed Allottees*" on page 231.

Pre-Issue and post-Issue equity shareholding pattern

The following table provides the pre-Issue shareholding pattern as of November 29, 2024 and the post-Issue shareholding pattern:

Sr. No.	Category	Pre-Issue (as of November 29, 2024)		Post-Issue(1)(2)	
		No. of Equity Shares held	% of share holding	No. of Equity Shares held	% of share holding
A. Promoters' holding (3)					
1.	Indian				
	- Individuals	1,616,230	0.35	[●]	[●]
	- Body Corporates	209,074,644	44.91	[●]	[●]
	Sub-total	***210,690,874***	***45.25***	***[●]***	***[●]***
2.	Foreign Promoters				
	- Others (Body Corporates)	-	-	[●]	[●]
	Sub-total	-	-	[●]	[●]
	Sub-total (A)	**210,690,874**	**45.25**	**[●]**	**[●]**
B. Non-Promoter holding					
1.	Institutional Investors (Domestic)				
	- Mutual Funds	80,936,363	17.38	[●]	[●]
	- Alternate Investment Funds	1,321,449	0.28	[●]	[●]
	- Insurance Companies	33,664,934	7.23	[●]	[●]
	- Provident Funds	9,233,472	1.98		
	- Sovereign Wealth Funds	725,436	0.16		

Sr. No.	Category	Pre-Issue (as of November 29, 2024)		Post-Issue(1)(2)	
		No. of Equity Shares held	**% of share holding**	**No. of Equity Shares held**	**% of share holding**
	-Others (Banks/ NBFCs registered with RBI/ Other Financial Institutions)	41,295	0.01		
	Sub-total	***125,922,949***	***27.05***	[●]	[●]
2.	Institutional Investors (Foreign)	**84,225,226**	**18.09**	[●]	[●]
3.	Non-Institutional Investors				
	- Corporate Bodies	24,82,644	0.53	[●]	[●]
	- Directors and relatives (excluding independent Directors)	18,018	0.00	[●]	[●]
	- Key Managerial Personnel	20	0.00	[●]	[●]
	- Indian public	34,969,506	7.51	[●]	[●]
	- Others including Non-resident Indians (NRIs)	7,276,123	1.56	[●]	[●]
	Sub-total	***4,47,46,311***	***9.61***	***[●]***	***[●]***
4.	**Central Government**	**3,272**	**0.00**		
5.	Non-Promoter Non-Public	-	-	[●]	[●]
	Sub-total (B)	**254,897,758**	**54.75**	**[●]**	**[●]**
	Grand Total (A+B)	**465,588,632**	**100.000**	**[●]**	**[●]**

(1) The post-Issue shareholding pattern of our Company reflects the shareholding of the institutional investors category on basis of the Allocation made in the Issue and reflects the shareholding of all other categories as of November 29, 2024.

(2) The post-Issue shareholding pattern has intentionally been left blank and will be filled-in before filing of the Placement Document with the Stock Exchanges.

(3) Includes the shareholding of the members forming part of Promoter Group.

Other confirmations

1. Our Promoter, Directors, Key Managerial Personnel and members of the Senior Management of our Company do not intend to participate in the Issue. Since the Issue is only made to Eligible QIBs, our Promoter, Directors, Key Managerial Personnel and members of Senior Management are not eligible to subscribe in the Issue.

2. Our Equity Shares have been listed for a period of at least one year prior to the date of the issuance of the notice to our Shareholders, i.e., October 9, 2024, for approving the Issue.

3. There are no outstanding warrants, options, or rights to convert debentures, loans or other instruments convertible into the Equity Shares as on the date of this Preliminary Placement Document.

4. As on the date of this Preliminary Placement Document, our Company does not have outstanding preference shares.

5. Our Company has not made any allotment of Equity Shares in the one year immediately preceding the date of this Preliminary Placement Document, including for consideration other than cash.

6. Our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of the Issue.

7. There will be no change of control of our Company pursuant to the Issue.

Further, Equity Shares allotted pursuant to this Issue cannot be sold by the Allottees for a period of one year from the date of Allotment, except on the Stock Exchanges.

DIVIDENDS

The declaration and payment of dividends by our Company is governed by applicable provisions of the Companies Act. The declaration and payment of dividends will be recommended by our Board and approved by our Shareholders and will depend on a number of factors, including but not limited to accumulated profits, working capital requirements, capital expenditure requirements, capital investment requirements, cash flow and liquidity, debt services and leverage ratio, outstanding borrowing and repayment schedules, past dividend trends and other factors that may be considered relevant by the Board of Directors. The Board may also from time to time declare and pay interim dividends.

Our Board has approved and adopted a formal dividend distribution policy on February 8, 2017, in terms of Regulation 43A of the SEBI Listing Regulations. For further information, see "*Description of the Equity Shares*" on page 201. For details in relation to risks involved in this regard, see "*Risk Factors – We cannot guarantee payment of dividends on the Equity Shares in the future*" on page 78.

Dividend on Equity Shares

The following table details the dividend (including interim dividend, if any) declared and paid or payable by our Company on the Equity Shares for the Fiscal 2024, Fiscal 2023, Fiscal 2022, and the six months period ended September 30, 2024:

Particulars	Six months period ended September 30, 2024	Fiscal					
		2024		2023		2022	
		Interim	Final	Interim	Final	Interim	Final
No. of Equity Shares	465,588,632	465,588,632		465,588,632		465,588,632	
Face value per share (in ₹)	₹ 2 per share						
Aggregate Dividend (includes interim and final dividend) (₹ in million)	3,026.33	1,163.97	2,560.74	698.38	2,560.74	698.38	931.18
Dividend per share (in ₹)	6.50	2.50	5.50	1.50	5.50	1.50	2.00
Rate of dividend (%)	325%	125%	275%	75%	275%	75%	100%

There is no guarantee that any dividends will be declared or paid in the future. The form, frequency and amount of future dividends declared by our Company will depend on a number of internal and external factors, including, but not limited to, availability of profits for distribution, working capital requirements, capital expenditure requirements, capital investment requirements, cash flow and liquidity, debt services and leverage ratio, outstanding borrowing and repayment schedules, past dividend trends, prevailing legal requirements, regulatory conditions or restrictions including tax laws; macro-economic factors; economic and industry outlook; growth outlook and any other relevant factors that the Board may deem fit to consider before declaring dividend.

The Equity Shares to be issued in connection with this Issue shall qualify for all dividends, including interim dividend, if any, that is declared in respect of the fiscal in which they have been allotted. For further information, please see the section entitled "*Description of the Equity Shares*" on page 201.

For a summary of certain Indian tax consequences of dividend distributions to the Shareholders, please see "*Taxation*" on page 204.

Investors are cautioned not to rely on past dividends as an indication of the future performance of our Company or for an investment in the Equity Shares offered in the Issue.

INDUSTRY OVERVIEW

The information in this section has been extracted from publicly available documents, including officially prepared materials from the Government of India (GoI) and its various ministries, trade, industry or general publications and other third-party sources as cited in this section. Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information. While we have exercised reasonable care in compiling and reproducing such official, industry, market and other data in this document, it has not been independently verified by us or any of our advisors, or the BRLMs or any of their advisors and should not be relied on as if it had been so verified.

Economic Review

Global Economy

The International Monetary Fund (IMF) expects the global economy to grow by 3.2% in CY 2024 and by 3.3% in CY 2025, with world trade growth to recover to about 3.25% annually in 2024–25 (from quasi stagnation in 2023). The IMF's growth forecast for the global economy is lower than the historical (CY 2000-2019) annual average of 3.8%, reflecting restrictive monetary policies, a withdrawal of fiscal support by major economies amid high debt levels, and low underlying productivity growth. Advanced economies are expected to see modest growth, from 1.7% in CY 2023 and CY 2024 to 1.8% in CY 2025, while growth in emerging markets and developing economies is expected to remain stable at 4.3% in CY 2024 and CY 2025.

The forecast for emerging markets and developing economies has been revised upward by the IMF on account of stronger activity in Asia, particularly in China and India. For China, the growth forecast has been revised upward to 5% in CY 2024, primarily because of a rebound in private consumption and strong exports in the first quarter. In CY 2025, China's GDP is projected to slow down to 4.5%, and to continue to decelerate over the medium term to 3.3% by 2029, on account of headwinds from an aging population and slowing productivity growth. The forecast for growth in India is expected to be 7% in CY 2024 with the change reflecting, amongst others, improved prospects for private consumption, particularly in rural areas. Altogether, emerging and developing economies are expected to experience stable growth through CY 2024 and CY 2025 although with some regional differences. Inflation is expected to remain higher in emerging markets and developing economies (and to drop more slowly) than in advanced economies.

Indian Economy

Overview

The Indian economy has remained resilient in the face of global economic volatility, and has retained its position as the world's fifth-largest economy. According to the World Bank, it is currently the fastest growing among the world's major economies. In May 2024, the National Statistical Office (NSO) in its press note on provisional estimate of annual GDP for Fiscal 2024 and quarterly estimates of GDP for the fourth quarter of Fiscal 2024 estimated real GDP to have grown by 8.2% in Fiscal 2024 as compared to 7% in Fiscal 2023. Growth was primarily led by strong domestic demand, favourable demographics, moderate inflation, stable interest rates and increased capital expenditure.

Indicators such as the index of industrial production, goods & services tax (GST) collections and manufacturing purchasing managers' index have remained robust, contributing to the economic momentum. For example, GST collections crossed the ₹2.1 trillion benchmark in April 2024, the highest ever. This represents a 12.4% year-on-year growth, driven by a strong increase in domestic transactions (up 13.4%) and imports (up 8.3%). (*Source: Ministry of Finance*)

India's fiscal deficit improved to 5.6% of GDP in Fiscal 2024 from 6.4% in Fiscal 2023. Going forward, the GoI's fiscal deficit for Fiscal 2025 is estimated at 4.9% of GDP. The GoI aims to reduce this to below 4.5% of GDP by Fiscal 2026, according to its Budget for Fiscal 2025. (*Source: Government of India, Budget 2024-2025*)

Outlook

India's economic outlook remains positive, supported by strong consumer demand, increased capital expenditure, and proactive government policy measures. Increased agricultural activity is expected to propel consumption in rural India, while sustained buoyancy in services activity is expected to support urban consumption. The strong balance sheets of banks and corporates, infrastructure initiatives by the GoI, and visible signs of increase in private investment are expected to drive fixed investment activity. Improving prospects for global trade are expected to aid external demand. *(Source: Reserve Bank of India (RBI))*

Based on these factors and despite geopolitical tensions and volatility in international financial and energy markets, the growth momentum of the Indian economy is anticipated to remain robust in Fiscal 2025 as well as Fiscal 2026 with a projected GDP growth of 7.2% as per the RBI.

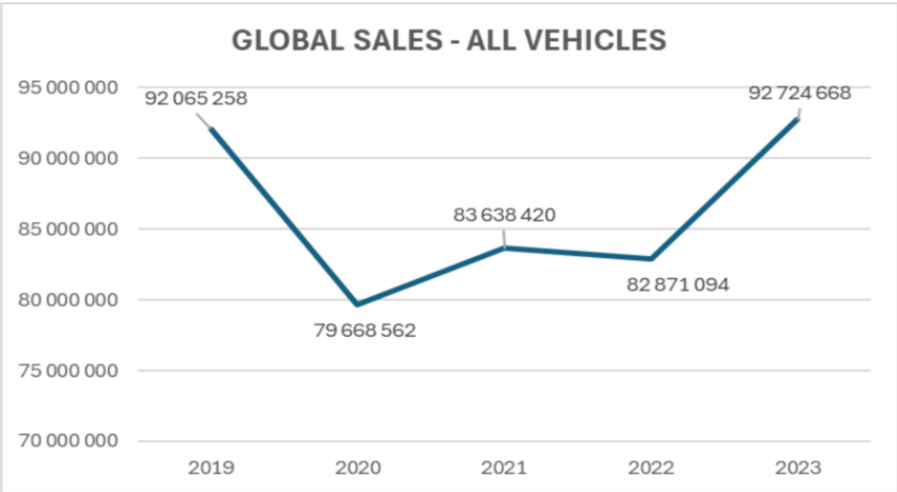
The Indian economy has also been aided by supportive policies from the GoI under the Make in India initiative which have also created a conducive environment for the Indian automotive industry. These policies, among others, include Production Linked Incentives (PLI) and Faster Adoption and Manufacturing of Electric vehicles (FAME). This is also further catalysed by the push for green supply chains and the tightening of safety and emission standards to bring them on par with global standards. (*Source: Transforming India into a Global Automotive Hub – Roadmap for Automotive Ecosystem, Arthur D. Little, October 2023*)

Global Automotive Industry

Overview

The global automotive industry has exhibited resilience amid an uncertain demand environment influenced by macroeconomic factors, including higher inflation leading to elevated vehicle prices and sluggish consumer spending. Despite strikes in automotive factories in the United States, supply chain disruptions, and escalating raw material costs in CY 2023, there is a sense of optimism about recovery in the global automotive market. Production levels in emerging markets like China and India have exceeded pre-pandemic figures, and significant recovery is observed in developed regions such as Europe and North America. In CY 2023, the global passenger vehicle (PV) market size was US$1.87 trillion, and the global commercial vehicle (CV) market size was valued at US$1.073 trillion. *(Source: Precedence Research, Fortune Business Insights*)

Global automotive sales declined during the COVID-19 pandemic but rebounded significantly in CY 2023 to CY 2019 levels. Of the 92,724,668 vehicles sold in CY 2023, PVs and CVs accounted for 65,272,367 and 27,452,301 vehicles, respectively.



Source: OICA

In comparison to CY 2019, while Europe and North America saw a decline in registrations or sales of new vehicles in CY 2023, the aggregate sales or registrations of new vehicles in Asia, Oceania and the Middle East have shown a significant increase. *(Source: International Organization of Motor Vehicle Manufacturers (OICA))*

In recent years, the automotive industry has seen a significant amount of consolidation and collaboration, with major original equipment manufacturers (OEMs) collaborating, acquiring or merging with other brands to form larger and more integrated entities, and enhance product offerings in international and regional markets. This strategy aims to leverage economies of scale and synergies from joint research and development efforts. A notable example is the Volkswagen Group, which includes brands such as Audi, Skoda, Seat, Cupra, Bentley, Lamborghini, Porsche, and Ducati. Another key instance is the 2021 merger of Fiat Chrysler Automobiles and Groupe PSA, resulting in Stellantis, the world's fifth-largest automaker by volume as of Fiscal 2024.

Relevant Industry Trends

Globalization and Modularization of Platforms

OEMs are increasingly building multiple vehicles on a single platform, making adjustments to comply with local regulations. This strategy improves procurement and sourcing, and reduces the time and resources needed to develop new platforms. By sharing vehicle platforms, OEMs can manufacture a variety of vehicles using the same set of engineered components, thereby reducing overall costs by spreading development expenses across a large number of units. By focussing on common platforms and interchangeable modules, OEMs are able to achieve significant economies of scale.

Electrification and other zero emission vehicles

The EV market is expanding due to a transition toward electrification as governments and consumers worldwide strive to mitigate the escalating impacts of climate change. Governments and global regulatory bodies have increased their focus on reducing carbon emissions, setting various targets for achieving carbon neutrality as evidenced through the Paris Agreement, signed by over 190 countries. Several nations have set their own targets to facilitate the net zero transition and reduce the sale of new petrol and diesel vehicles.

In response to the government regulations focussing on reduction of carbon emissions, automotive OEMs are setting targets to transition their product portfolios. In the first quarter of CY 2024, electric car sales grew by around 25% compared with the first quarter of 2023, similar to the year-on-year growth seen in the same period in 2022. *(Source: Global EV Outlook 2024, International Energy Agency)*

Outlook

S&P Global forecasts that global sales of new vehicles will reach 88.3 million units in CY 2024, reflecting a 2.8% year-on-year growth. Revenue in the PV market is projected to reach US$2,340 billion in 2024 and is expected to show compounded annual growth rate (CAGR) of 7.99% between 2024 and 2029, resulting in a projected market volume of US$3,437 billion by 2029. *(Source: Statista)* Despite the near-term uncertainties in Europe and the US, global sales of battery electric PVs globally are expected to reach 13.3 million units in CY 2024, constituting approximately 16.2% of total global PV sales.

The global CV market is projected to grow from US$1,184.03 billion in 2024 to US$2,080.03 billion by 2032. The market growth is influenced by several factors such as economic growth, industrialization, urbanization, government regulations, and technological advancements. Emerging economies in the Asia Pacific, Latin America, and Africa are experiencing rapid urbanization and infrastructure development, driving the demand for CVs. Additionally, advancements in technology, such as electric and autonomous vehicles, are reshaping the CV landscape, offering opportunities for efficiency improvements and environmental sustainability. *(Source: Fortune Business Insights*)

Moreover, the growth of e-commerce and the increase in last-mile delivery services are boosting the demand for CVs, particularly light commercial vehicles (LCVs) and delivery vans. As online shopping expands, there is a need for efficient and reliable transportation solutions to fulfil orders and satisfy customer expectations. *(Source: Fortune Business Insights*)

According to India Brand Equity Foundation (IBEF), the global EV market was estimated at approximately US$ 250 billion in 2021 and by 2028, it is projected to grow by 5 times to US$ 1,318 billion. In the next four years, EV sales are expected to grow at an average of 21% per year, compared to the average of 61% between 2020 and 2023. The EV share of global new PV sales is expected to increase to 33% in 2027, from 17.8% in 2023. Some of the fastest growth rates are in emerging economies, with EV sales set to quintuple in Brazil by 2027 and triple in India. *(Source: Electric Vehicle Outlook 2024, Bloomberg NEF)*

EV penetration is expected to be aided by decreasing average EV prices due to improvements in battery technology and range, as well as the sharing of EV charging infrastructure among OEMs to boost charging station availability.

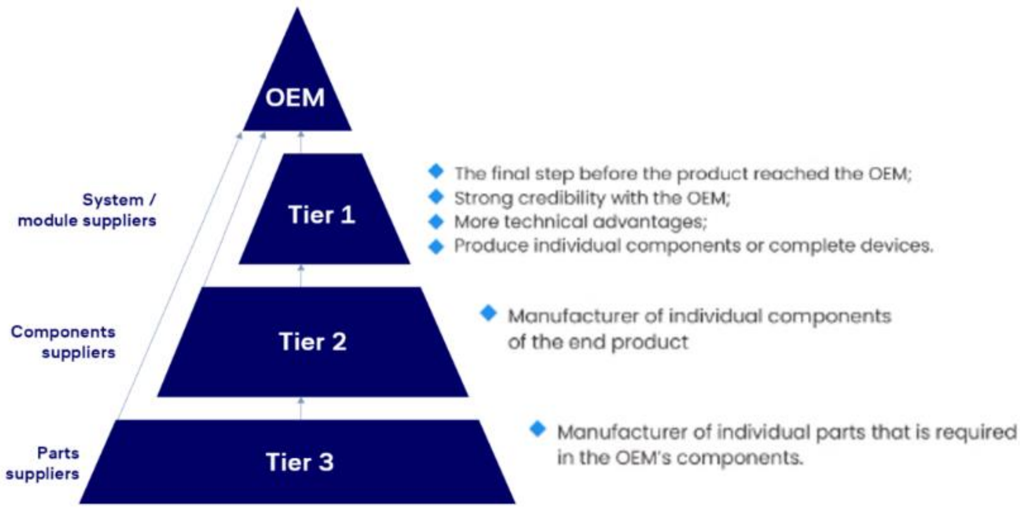
Global Automotive Components Industry

Overview

The global automotive industry involves numerous players across its value chain, including automakers, suppliers, dealers, and service providers. The size of the global automotive components market was valued at US$1,964.51 billion in 2023 and is anticipated to exceed US$3,429.54 billion by 2033, growing at a CAGR of 5.73% from 2023 to 2033. *(Source: Spherical Insights)*
The automotive components manufacturing industry is crucial to the automotive sector, producing essential components and systems for vehicle functionality and performance. Manufacturers use advanced technologies to create high-quality parts and components that meet strict industry standards, and work closely with automotive manufacturers to ensure their parts integrate seamlessly into vehicles. As global demand for vehicles rises, the industry continues to grow, fostering innovation, efficiency, and quality to meet the automotive market's evolving needs. *(Source: IMARC Group)*

The automotive components industry is divided into three tiers. Tier 1 suppliers provide products directly to OEMs, usually in the form of larger modules or systems which integrate components, sometimes sourced Tier 2 suppliers. Tier 2 suppliers offer individual components or component groups to Tier 1 suppliers, which often incorporate parts produced by and purchased from Tier 3 suppliers.

Overview of the automotive value chain



Automotive suppliers can be divided into categories according to the function of their products or systems within a vehicle. Common classifications include powertrain, body and structural components, exterior parts, interior elements, transmission, and suspension systems.

Due to the increasing complexity of supply chains, with a wide range of products and a geographically dispersed supplier base, a new supplier tier, referred to as the tier 0.5, has appeared on the automotive landscape. Tier 0.5 suppliers are essential for the smooth functioning of the supply chain, delivering assembled modules, components or services crucial for the OEMs' final product assembly. They maintain very close relationships with OEMs and are responsible for managing lower-tier suppliers.

Automotive suppliers' revenue mainly depends on the global vehicle production volume and the content per vehicle for the components and systems they produce. Suppliers usually have contracts that span the entire production life of a vehicle platform or model range, typically lasting five to seven years, depending on the platform and vehicle category.

Relevant industry trends

Technological innovations in manufacturing processes

Technological innovations such as additive manufacturing (3D printing) and robotics have revolutionized automotive component production by enabling the creation of complex, customized parts with greater speed, precision, and cost-efficiency. These innovations reduce material waste, and produce lightweight, high-performance parts that enhance fuel efficiency and vehicle performance. Additionally, robotics have transformed assembly lines, boosting productivity, precision, and efficiency, thereby streamlining manufacturing processes and fostering innovation and design freedom. Moreover, the adoption of these technologies in auto parts manufacturing reduces costs and allows manufacturers to stay competitive in a rapidly evolving market. As a result, the continued advancements in additive manufacturing and robotics are catalysing the growth and transformation of the auto parts manufacturing sector. *(Source: IMARC Group)*

Premiumisation and customisation

The quality and comfort of automotive interiors have become crucial factors that significantly impact a consumer's choice of vehicle. These aspects are assessed based on various criteria, including visual appeal, functionality, acoustics, aesthetics, innovative styling, and the quality of the finish. Consumers are increasingly opting for more premium and personalised models. There is a noticeable trend of rising consumer expectations for interior features, which is reflected in the increasing demands from OEMs for better fit, finish, and craftsmanship across all vehicle categories. This shift in consumer preferences for premium and personalised models has also led to an increase in content per vehicle. Consequently, OEMs are adjusting their product portfolios and incorporating premium features across various categories.

Significant growth in the automotive industry worldwide

Significant growth in the automotive industry worldwide is one of the major driving forces behind the market growth of auto components manufacturing. Furthermore, the technological advancements in the automotive sector, such as autonomous driving and connectivity features, have fuelled the demand for specialized auto parts. This includes components related to battery systems, sensors, infotainment systems, and advanced safety features.

Moreover, stringent government regulations and environmental concerns have prompted automakers to develop more fuel-efficient vehicles with lower emissions. This shift necessitates the production of innovative auto parts that enhance fuel efficiency and minimise environmental impact.

The replacement market also plays a significant role in driving the auto parts manufacturing sector. As vehicles age, there is an increasing need for replacement parts, including wear-and-tear components like brakes, filters, and suspension. The overall growth of the automotive industry, coupled with evolving consumer demands and technological advancements, creates a robust market for auto parts manufacturers. To meet the increasing demand, manufacturers must continuously innovate, improve efficiency, and develop cost-effective solutions. *(Source: IMARC Group)*

Outlook

During the period 2023-2033, the passenger cars category is expected to hold the largest share of the global automotive components market by vehicle type, while the engine components category is expected to hold the largest share of the global automotive components market by product type. It is also anticipated that North America will hold the largest share of the global automotive components marked during such period. *(Source: Spherical Insights)*

Indian Automotive Industry

Overview

The Indian automotive industry exhibited strong performance in Fiscal 2024, with sales growing by 12.5%, and is expected to reach US$300 million by 2026. *(Source: Automobiles, IBEF, August 2024)* According to the Society of Indian Automobile Manufacturers (SIAM), the PV category led the growth, registering an 8.4% increase in sales, contributing to overall sales of approximately 5 million units, including 4.2 million units in domestic sales and 0.7 million units in exports. Improved vehicle availability due to increased production, an attractive model mix, and the launch of new models significantly contributed to the sales growth in the PV category. The domestic CV category registered marginal growth of 0.6%, reaching 0.97 million units in Fiscal 2024.

The growth in the Indian automotive sector is expected to be driven by increased middle-class incomes, and the GoI's aim to develop India as a global manufacturing centre and a research and development hub. According to the Economic Survey 2023-24, as of July 2024, the PLI scheme played a key role by attracting proposed investments of INR676.9 billion of which INR140.43 billion had already been invested by March 2024. The Automotive Mission Plan 2016-2026, which is a mutual initiative by the GoI and the Indian automotive industry, has also given a boost to the sector. It lays down the roadmap for the development of the industry and targets a four-fold growth in the automotive sector in India which include manufacturers of automobiles, auto components and tractors, over the next ten years. *(Source: Automobiles, IBEF, August 2024)*

The Indian automotive industry is well-positioned to capitalize on the 'China Plus One' strategy, with OEMs choosing India as a key manufacturing hub for global markets. As companies look to diversify away from China, India's growing potential as a manufacturing base is gaining attention from major international players. According to S&P Global Mobility, unlike many countries with well-developed automotive industries, including China, the United States and Germany, that have faced production setbacks in recent years due to disruptions caused by the COVID-19 pandemic and semiconductor shortages, India's automotive industry has demonstrated resilience. India's strong economic growth and implementation of favourable government schemes have yielded positive outcomes.

Over the last few years, the growth in the medium and heavy commercial vehicles category has been characterized by a shift towards tractor-trailers and tippers resulting in higher payload capacity. Conversely, the sales of LCVs and small CVs declined, attributable to a decrease in the compressed natural gas category.

The combined production of PV, CV, 3W, 2W, and Quadricycles in India stood at 28.43 million units in Fiscal 2024. The strong performance of the PV category was fuelled by positive consumer sentiment, new model launches and product upgrades from OEMs, greater availability, effective marketing, enticing offers and schemes, and recovery in the rural market. Furthermore, there has been a consistent rise in EV adoption in India with electric four-wheeler sales reaching 90,432 units in Fiscal 2024.

Outlook

The resilience of India's automotive sector is in part due to the country's robust GDP growth rate, as discussed above. The Indian automotive industry is targeting to increase the export of vehicles by five times during 2016-26. (*Source: Indian Automobiles Industry Analysis, IBEF*)

The enhanced capital outlay of ₹11.1 trillion for infrastructure development, combined with a higher allocation of ₹2.78 trillion for the Ministry of Road Transport and Highways in Fiscal 2025, is anticipated to boost the prospects for the automotive sector. Furthermore, the tenure of the PLI scheme for automotives and auto components has been extended by one year until Fiscal 2028, providing support for growth and competitiveness in the sector.

With its position as the third largest market for light vehicle sales and the fourth largest in light vehicle production, and the country's low car penetration rate of only 38 vehicles per 1,000 people, India offers a substantial growth opportunity. *(Source: S&P Global Mobility)*

Additionally, the increased tariffs on Chinese EVs by the United States and the European Union have created a void that India is well-positioned to fill. On account of India's stable supply chain, light vehicle production growth in India is expected to maintain a steady pace. Accordingly, a growth rate of 4% for 2024, with longer-term expectations of growth stabilizing between 4% and 6% annually through 2031, is projected. *(Source: S&P Global Mobility)*

The Indian PV market was valued at US$32.70 billion in 2021, and it is expected to reach a value of US$54.84 billion by 2027 while registering a CAGR of over 9% between 2022 and 2027. Production capacity is expected to rise from 6.8 million units in 2023 to 10 million units by 2031.

There is a growing trend towards premiumisation on the consumer side. Within the PV market in India, sports utility vehicles (SUVs) and utility vehicle (UVs) are the most popular choice amongst buyers, with a 13% year on year growth during the first half of Fiscal 2025. *(Source: Shifting Gears: Understanding Passenger Vehicle Market Trends in India, Grant Thornton)* Further, the luxury car market registered sales of 42,731 units in CY 2023. *(Source: Automobiles, IBEF, August 2024)*

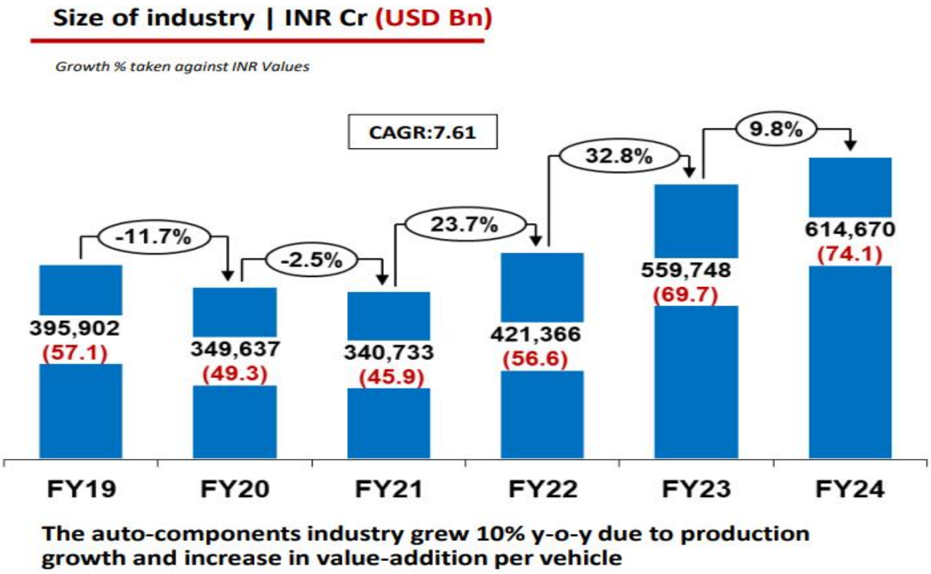
The domestic wholesale volume for the CV industry is expected witness a nominal year-on-year growth of 0-3% in Fiscal 2025, against the earlier estimated decline of 4-7%. The upward revision in industry volume estimates for Fiscal 2025 stems from better-than-expected offtake in the first quarter of Fiscal 2025 and anticipation of a continued increase in demand in the second half of Fiscal 2025. (*Source: ICRA*)

With respect to EVs, the market is experiencing a notable rise in the adoption of low-emission vehicles li**ke** mild hybrid electric vehicle, hybrid electric vehicle (HEV), plug in hybrid vehicle, range extender electric vehicle and battery electric vehicle (BEV)**.** The demand for HEVs and BEVs is expected to grow significantly, with a marked increase in hybrid, range extender, and plug-in hybrid vehicles in the short term.

However, both consumers and automakers remain cautious in the current EV landscape as the current state of infrastructure, particularly the availability of charging stations and the overall EV ecosystem in India, could temper the pace of EV adoption. There is a delay in adopting new models and platforms due to uncertainty surrounding regulatory conditions. The high costs of early-stage EV manufacturing have led to increased vehicle prices, causing concerns about affordability for first-time buyers. Additionally, the rise in discounts for ICE vehicles, coupled with consumer hesitation and high inventory levels, could further decelerate the adoption rate in the near term. Despite these mid-term pressures, the long-term outlook for EVs in India is positive. As infrastructure improves and consumer concerns are addressed, EV adoption is likely to accelerate. *(Source: S&P Global Mobility)*

Indian Auto Components Industry

According to the Automotive Component Manufacturers Association of India (ACMA), the growth of the Indian auto components industry has been driven by robust domestic vehicles sales, strong aftermarket sales, and rising exports. The industry grew 10% in Fiscal 2024, driven by 9% higher vehicle production and sales.



Source: ACMA

The table below provides a brief snapshot of the growth in the automotive components industry in India. As mentioned below, the turnover of the Indian auto component industry has shown a steady increase between Fiscal 2022 and Fiscal 2024.

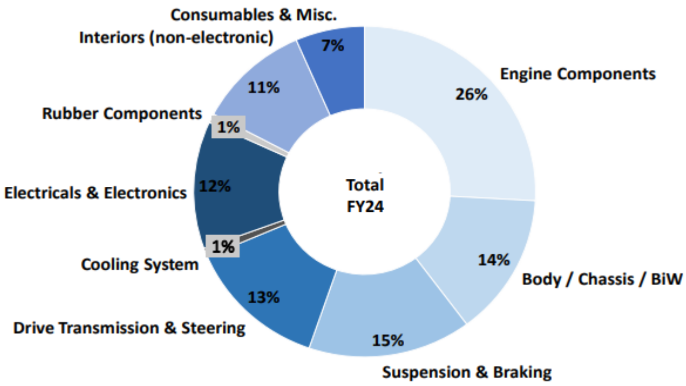
Figures in USD billion	Fiscal 2022	Fiscal 2023	Fiscal 2024	CAGR
Indian Auto Component Industry Turnover	56.6	69.7	74.1	14.4%
Domestic Supply to OEM	45.8	59.3	62.4	16.7%
Exports	19.1	20.1	21.2	5.4%

Source: ACMA

As shown in the chart below, according to the Automotive Component Manufacturers Association of India (ACMA), engine components, body or chassis, and suspension and braking account for more than 50% of the component sales by category in Fiscal 2024.

Component Sales By Category:

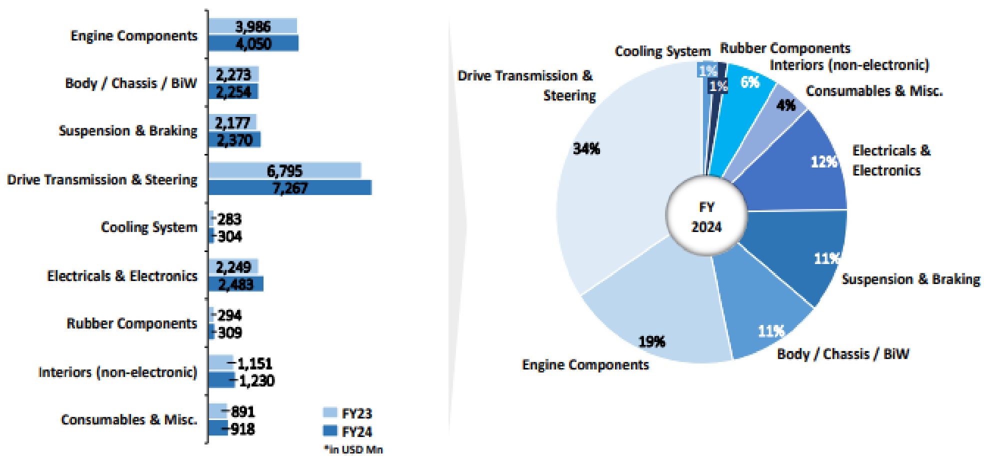
Includes Sales to OEMs, Aftermarket, and Balance of Trade



Source: ACMA

Exports exceeded imports by US$300 million in Fiscal 2024 with engine components, drive transmission and steering accounting for more than half of all auto-component exports. EVs contributed 6.0% to total auto-component sales.

FY 2024: Exports Segmentation by Product Type



Source: ACMA

Global Forging Industry

According to Euroforge, a European association that represents the forging industry, the total production capacity of the global forging industry in CY 2023 across closed die forging, open die forging and cold forging was estimated to be 29.88 million MT. Further, while China was estimated to have the largest production capacity of 12.882 million MT, India's production capacity stood at 2.680 million MT.

Forging is a fundamental metalworking technique that involves shaping metal workpieces through application of pressure. It is one of the oldest manufacturing methods and plays a crucial role in the development of tools, machinery, and structural components.

An overview of some of the key applications of the forging industry is as follows:

Automotive and Truck. Forged components are critical in automotive applications including trucks, particularly at points of shock and stress. Some vehicles may contain over 250 forged parts, predominantly made from carbon or alloy steel.

Aerospace. The aerospace industry relies heavily on forgings due to their high strength-to-weight ratio and structural reliability. Aircraft, including helicopters, commercial jets, and military supersonic aircraft, may use both ferrous and non-ferrous forgings and may contain over 450 structural forgings and numerous forged engine parts.

Off-Highway and Agricultural. Forged ferrous components are essential in mining machinery and off highway equipment, providing strength, toughness, and machinability needed for sectors such as mining and agriculture.

Valves and Fittings. In high-pressure applications such as oil and gas pipelines, hydraulic systems, or certain industrial processes, valves and fittings need to withstand significant stress and pressure without failing. The mechanical properties of forged parts (i.e., superior strength, toughness, and resistance to deformation), combined with their freedom from porosity, make them ideal for valves and fittings, ensuring safety and reliability.

Forging a component has several benefits, as set out below:

Performance. Forged components exhibit extreme impact strength and durability, particularly in applications that experience high fatigue and contact stresses. Their toughness prevents ductile-brittle transition issues, enhancing overall performance.

Reliability. The uninterrupted fibre flow in forged components results in structural integrity and reliability. This characteristic, along with the absence of porosity, is particularly advantageous in high-pressure applications.

Sustainability. Forgings have an excellent strength-to-weight ratio, promoting lightweight construction. They are long-lasting and 100% recyclable, with a lower carbon footprint compared to other metalworking processes.

Economic Efficiency. Forging is ideal for large-scale production, ensuring consistent quality and low total costs.

Indian Forging Industry

The Indian forging industry has emerged as a major contributor to the manufacturing sector of the Indian economy. The forging industry in India is a key element in the growth of the Indian automotive industry as well as other industries such as general engineering, construction equipment, railways and power. The Indian forging industry is well recognised globally for its technical capabilities. (*Source: Association of Indian Forging Industry*)

The Indian forgings industry currently meets almost of the domestic demand, and has also emerged as a large exporter of forgings. The industry is increasingly addressing opportunities arising out of the growing trend among global automotive OEMs to outsource components from manufacturers in lower cost countries. As a result, the industry has made a significant contribution to India’s growing exports. (*Source: Association of Indian Forging Industry*)

Global Foundry Industry

The global foundry market is projected to grow from US$124,325.68 million in 2023 to US$172,412.86 million by 2032 at a CAGR of 3.7%. The significant growth in the global foundry market is pursuant to the increasing demand for semiconductor devices across various industries, including automotive and telecommunications. (*Source: Foundry Market, Credence Research*)

Foundries are essential to various sectors, including automotive, aerospace, power generation, railway, petrochemical, medical, defence, and marine. They produce castings for numerous applications, from brake discs to medical implants and marine engines to aircraft turbine blades.

A brief overview of the applications of the foundry industry in different sectors is as follows:

Automotive. Castings are crucial for the automotive industry, and are used in engines, drivetrains, chassis, and vehicle bodies. PVs and CVs incorporate a wide variety of castings.

General Engineering. In general engineering, the entire design of a machine is often dominated by cast components and depends upon innovation and advanced technology to meet increasingly stringent requirements. Foundries collaborate with engineering companies using computer aided design (CAD) networks and simulation methods to optimize castings. Foundries are increasingly meeting advances in technical development and the demands for energy efficiency through lightweight construction and the optimisation of cast components.

Agriculture Machines. Agricultural machines rely heavily upon agricultural castings made of iron, steel, and light metals for wheels, hubs, brake drums, hydraulics, and engine components. Accordingly, foundries play a key role in supporting the agriculture sector.

Ship Building. Foundries produce large engines for ships of all sizes and are responsible for energy efficiency on the oceans.

Aerospace Industry. Castings are essential for the aerospace industry, and are found in turbines, jet engines, fuselages, undercarriages, and interior fittings of airplanes.

Energy and Renewable Energy. Castings are essential for various components in the energy industry, including pumps and valves in the oil and gas sector, structural elements for offshore and onshore installations, and hubs for wind turbines, as well as components for wave and wind energy systems.

Railway Engineering. Castings play a significant role in rail transport. In rail applications, castings are used extensively for motor blocks in both electric and diesel engines, as well as for undercarriage and brake components.

Mining. Castings are essential for the mining industry as mining operations need complex castings and consistently pure metals. The demanding standards of the industry are typically met by custom tailored abrasion resistant castings, parts for excavators, mining trucks and crushers.

Steel Industry. Cast rolls are high-tech products securing process stability in steel works around the world.

Indian Foundry Industry

India is the second largest producer of castings in the world and has ambitious growth plans with new capacity being added at a rapid pace. The Indian foundry industry produced approximately 14.16 million MT of various grades of castings as per international standards in 2023. The industry generated turnover of approximately US$20.0 billion, with exports contributing approximately US$3.94 billion, in 2023. *(Source: Profile of Indian Foundry Industry, Foundry Informatics Centre)* The iron casting market in India generated revenue of US$11,784.8 million in 2021 and is expected to reach US$21,997.9 million by 2030. *(Source: India Iron Casting Market Size & Outlook, 2021-2030, Horizon Grand View Research)*

Based on the type of process, the metal casting market can be categorized into sand casting, gravity casting, high-pressure die casting, low-pressure die casting and others. Currently, sand casting makes up the majority of the total market share. Based on the material type, the metal casting market has been segmented into cast iron, aluminium, steel, zinc, magnesium, and others. Among these, cast iron currently exhibits a clear dominance in the market. In terms of end use, the metal casting market can be bifurcated into automotive and transportation, equipment and machine, building and construction, aerospace and military, and others. Currently, automotive and transportation use account for the largest portion of market share.

Global Defence Industry

Global defence spending will likely increase to meet the demand generated by escalating geopolitical tensions and the necessity for future capabilities. The outlook for the global defence sector remains robust, with estimated global military expenditure surpassing US$2.4 trillion in 2023. *(Source: Stockholm International Peace Research Institute (SIPRI) Yearbook 2024)* Geopolitical events across the world have driven, and are likely to continue to drive, an increase in defence funding. The combination of Russia’s war on Ukraine and rising tensions between China and Western countries have been principal drivers of military spending. Global defence spending increased by 9% from 2022 to 2023, and poised to rise further in 2024, based on already announced spending commitments.

According to SIPRI, in CY 2023, governments around the world allocated an average of 6.9% of their budgets to the military or US$306 per person. Estimated military spending increased across all five geographic regions for the first time since 2009. Spending by countries in Africa rose the most (by 22% in 2023), while the smallest increase was in the Americas (2.2%).

The United States and Europe are ramping up production of missiles and ammunition and while progress has been slow, those efforts are likely to deliver greater defence production capacity after decades of underinvestment. Russia’s focus on equipping its armed forces is causing some long-term buyers of arms from Moscow to look elsewhere. Non-US NATO members now spend 32% more on defence since Russia's 2014 invasion of Crimea. While the West ramps up spending, so are China and Russia, which now dedicate more than 30% of government outlays to military expenditure.

In 2023, some armed forces revived their interest in equipment that had been neglected, such as artillery and air defence, while also embracing new technology, such as hypersonic glide vehicles and cruise missiles, or direct attack munitions. Nuclear weapons are also back on the agenda, with China adding missile silos and the United States modernising warheads and delivery systems. *(Source: International Institute for Strategic Studies)*

Indian Defence Industry

India's military is of strategic importance to the GoI. The GoI's defence budget of US$74.7 billion was the fourth highest globally in 2024. According to SIPRI, India was the largest importer of major arms in 2019-2023, accounting for 9.8% of the global share. As identified by IBEF, the three largest categories of the Indian defence sector are military fixed wing, naval vessels and surface combatants, and missiles and missile defence systems. Other notable categories include military rotorcraft, submarines, artillery, tactical communications, electronic warfare, and military land vehicles.

In Fiscal 2024, the country's defence production reached a record high of INR1,268.87 billion, marking a 16.7% increase over the previous financial year. *(Source: Ministry of Defence)* The GoI has opened the defence industry to private sector participation in order to provide impetus to indigenous manufacturing. As of April 2023, a total of 606 industrial licences has been issued to 369 companies operating in the defence sector. Of the total value of production in Fiscal 2024, about 79.2% has been contributed by public sector undertakings (including defence public sector undertakings) and 20.8% by the private sector.

The GoI has set the defence production target at US$25.0 billion by 2025 (including US$5.0 billion from exports by 2025). In the union budget for Fiscal 2025, the Ministry of Defence (MoD) has been allocated a total budget of approximately US$75 billion, which amounts to 13 % of the total budget, the highest across all ministries. As per SIPRI, India's military spending was the fourth highest in 2023.

Top military spenders in 2023 and Pakistan

Country	Expenditure (USD billion)	Expenditure (% of GDP)
US	916	3.4%
China	296	1.7%
Russia	109	5.9%
India	84	2.4%
Saudi Arabia	76	7.1%
Pakistan	9	2.8%

Note: India's military spending includes expenditure on paramilitary forces.
Sources: SIPRI Military Expenditure Database; PRS.

In addition, defence exports rose 240.0% over five years, to US$1.9 billion in Fiscal 2023 and to US$ 2.54 billion in Fiscal 2024, indicating a 31.0% increase from the previous year. Demand growth is likely to accelerate with rising concerns of national security, both domestically and overseas. Domestically, the MoD has set a target of 70% self-reliance in weaponry by 2027, creating a significant opportunity for companies operating in the sector.

Under the Atmanirbhar Bharat initiative, five positive indigenization lists of 509 products have been promulgated by the Department of Military Affairs and the MoD as being required to be manufactured domestically for the defence sector, instead of being sourced through imports. *(Source: Indian Defence Manufacturing Industry Analysis, IBEF, August 2024)* Two defence industrial corridors have also been established in Tamil Nadu and Uttar Pradesh. (*Source: Ministry of Defence*)

The GoI aims to develop India as a leading global defence manufacturing hub under the 'Make in India' programme, and the MoD achieved the highest-ever growth in indigenous defence production in value terms during Fiscal 2024. (*Source: Ministry of Defence*)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion of our financial condition and results of operations should be read in conjunction with our audited financial statements as of and for the fiscal years ("**Fiscal**") ended March 31, 2022, 2023 and 2024 and our unaudited consolidated financial results for the quarter and half year ended September 30, 2023 and 2024, including the schedules and notes thereto, which appear in the section titled "Financial Information".*

The forward-looking statements contained in this discussion and analysis are subject to a variety of factors that could cause actual results to differ materially from those contemplated by such statements. Factors that may cause such a difference include, but are not limited to, those discussed in "Forward-Looking Statements" and "Risk Factors".

References to "we", "us", or "our" are references to the Company along with its subsidiaries, joint ventures and associates on a consolidated basis.

OVERVIEW

We have more than 50 years of experience in manufacturing a wide range of performance, critical and safety components. We are a global player in metal forging, supplying forged and machined powertrain and chassis components. We have evolved from a pure-play forgings company to a well-diversified manufacturing conglomerate with expertise in engineering and metallurgy. We are vertically integrated, with end-to-end capabilities from engineering steel to finished components and aggregates driven by technology and engineering across sectors. We have global operations to service original equipment manufacturer ("**OEM**") and tier 1 ("**Tier 1**") customers worldwide across the commercial vehicle ("**CV**"), passenger vehicle ("**PV**"), defence and other industrial sectors. Our global footprint comprises 28 manufacturing locations across India, France, Germany, Sweden, and North America. We have over 100 global and domestic customers.

We currently manufacture an extensive array of component solutions, designed in accordance with our customers' bespoke and proprietary requirements for the following sectors: (i) automotive (CV and PV), (ii) power (renewable and non-renewable sources, including nuclear), (iii) oil and gas, (iv) rail, (v) marine, (vi) aerospace, (vii) construction and mining, (viii) e-mobility and (ix) defence. Our primary markets are Asia, Europe and the United States.

Our manufacturing capabilities are supported by our research and development ("**R&D**") team, equipped with design, product development, engineering, machining and mechanical testing capabilities. Building upon our manufacturing expertise and track record, we are now embarking on our journey into newer frontiers led by technology and are investing in new businesses including artificial intelligence ("**AI**"), e-mobility solutions and ferrous and aluminium castings. Our "tonnage and technology" approach involves focusing on our core forged component business while also investing in next generation business lines that will allow us to continue our evolution towards a technology-oriented company that can design and build products and provide tailored systems for customers.

For Fiscals 2022, 2023 and 2024 and the six months ended September 30, 2023 and 2024, we had revenue from operations of ₹104,610.78 million, ₹129,102.59 million, ₹156,820.71 million, ₹76,514.56 million and ₹77,946.54 million respectively and profit before tax of ₹13,805.14 million, ₹8,269.45 million, ₹14,389.92 million, ₹6,781.36 million and ₹6,847.21 million, respectively.

For Fiscals 2022, 2023 and 2024, our segment revenue from external customers within India was ₹26,546.60 million, ₹33,757.32 million and ₹38,334.47 million, amounting to 25.38%, 26.15% and 24.44% of revenue from operations, respectively. For Fiscals 2022, 2023 and 2024, our segment revenue from external customers outside India was ₹78,064.18 million, ₹95,345.27 million and ₹118,486.20 million, amounting to 74.62%, 73.85% and 75.56% of revenue from operations, respectively. For details on our business operations, see "*Our Business*" on page 132.

BASIS OF PREPARATION

Our consolidated financial statements for Fiscals 2022, 2023 and 2024 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 the presentation requirements of Division II of Schedule III to the Companies Act, 2013, as applicable to the consolidated financial statements.

Our consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and certain financial assets and liabilities which have been measured at fair value.

Before Fiscal 2022, the financial year of our overseas subsidiaries (other than Bharat Forge International Limited), associates and joint ventures ended on December 31, whereas the financial year of the Company ended on March 31. From and with effect from Fiscal 2022, for the presentation of our consolidated financial statements, we aligned the financial year of our Group entities with a December 31 financial year end to the Company's March 31 financial year end.

Consequently, our consolidated financial statements for Fiscal 2022 reflect:

- 15 months of results of operations for our overseas subsidiaries (other than Bharat Forge International Limited), associates and joint ventures – January 1, 2021 to March 31, 2022;

- 12 months of results of operations for the Company – April 1, 2021 to March 31, 2022; and

- 12 months of results of operations for Bharat Forge International Limited – April 1, 2021 to March 31, 2022.

As a consequence, our results of operations for Fiscal 2022 may not be directly comparable to our results of operations for other fiscal years which reflect 12 months of results of operations for our overseas subsidiaries (other than Bharat Forge International Limited), associates and joint ventures.

Our consolidated financial results for the six months ended September 30, 2023 and 2024 have been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 and Regulation 52(4) read with Regulation 63 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe that the following factors have significantly affected our results of operations and financial condition for Fiscals 2022, 2023 and 2024 and the six months ended September 30, 2023 and 2024 and may continue to affect our results of operations and financial condition in the future.

Macroeconomic factors affecting the sectors in which we operate

While we sell our products to a diversified customer base, the majority of our revenue in Fiscals 2022, 2023 and 2024 and the six months ended September 30, 2023 and 2024 was derived from serving customers in the automotive industry. Accordingly, our results of operations and financial condition depend, to a large extent, on customer demand in the global automotive industry, which is in turn affected by macroeconomic factors such as economic growth, inflation and consumer spending. Significant and sustained changes in consumer confidence and spending on passenger vehicles and commercial vehicles could affect our business and results of operations. Other than the automotive industry, we also serve customers in, among others, the defence, aerospace, oil and gas and construction and mining industries, where customer demand will be affected by macroeconomic factors.

We have strategically diversified our operations across industries to minimize dependence on any single customer. While we believe that our diversification reduces our sensitivity to changes in macroeconomic and market conditions, these factors have had, and will continue to have, a significant effect on our business. A deterioration in economic conditions in any of our key sectors that is widespread, pronounced or long-lasting could have a significant impact on our results of operations and financial condition. For a more detailed discussion of the industries in which we operate, see "*Industry Overview*".

Characteristics of and evolving trends in the automotive industry

Our results of operations and financial condition are affected by the characteristics of and evolving trends in the global automotive industry and our ability to adapt to such characteristics and trends.

Our OEM and Tier I automotive customers, who represent our largest customer category, are in a highly competitive industry and face constant pressure to create efficiencies and cut their selling prices and production costs. Component pricing is one of the key metrics by which these customers choose suppliers for their vehicle programs. As a result, we have experienced, and may continue to experience, pressure to reduce our prices, which will affect our revenue from operations. Many customers in the automotive industry have annual price reduction policies and objectives with their suppliers. Price reductions are typically agreed on an annual basis as part of our long-term customer contracts and can vary by market or region, taking into account our customers' specific economic objectives. Consistent with industry standards, our customers expect ongoing cost reductions, leading to anticipated price reductions for products supplied throughout the life of a program. These price adjustments may be stipulated in contracts or determined on a case-by-case basis depending on the customer. When price reductions are negotiated, we account for such amounts as a reduction of revenue as products are shipped. During the life cycle of a contract, we are typically able to achieve certain production efficiencies with value addition and value engineering, which enables us to offset a portion of the effect of price reductions on our margins during the term of the contract. To the extent we are not able to achieve the efficiencies necessary to offset the price reductions, such price reductions negatively impact our revenue and profitability.

We are also affected by evolving trends in the automotive industry. For example, the global automotive industry is undergoing significant technological changes, with increasing focus on, among other things, hybridization and electrification of vehicles. The shift towards electric vehicles ("**EVs**") will likely impact customer demand for certain components used in internal combustion engine vehicles such as crankshafts, which are our key product offerings. While we have been investing in our E-mobility business to capture opportunities arising from the shift towards EVs, our results of operations and financial condition in future periods could be affected by the pace of EV adoption and the growth and performance of our E-mobility business. See "*Risk Factors –Our inability to identify and adapt to evolving technology, industry trends and develop new products to meet our customers' demands may adversely affect our business, financial condition and results of operations.*"

Managing operating costs and supply chain

Our profitability depends on our ability to manage our operating costs, including the cost of raw materials and components consumed in the manufacturing of our products and the associated manufacturing and supply chain costs. In Fiscals 2022, 2023 and 2024 and the six months ended September 30, 2023 and 2024, our cost of raw materials and components consumed amounted to ₹46,175.79 million, ₹60,649.93 million, ₹71,383.81 million, ₹36,046.25 million and ₹33,657.37 million, representing 44.14%, 46.98%, 45.52%, 47.11% and 43.18% of our revenue from operations for the respective periods. Our inability to secure key raw materials and components at competitive rates may impact our operations and profitability.

The prices of the raw materials we use are subject to fluctuations due to various factors, many of which are beyond our control, including global economic conditions, industry cycles and demand-supply dynamics. To mitigate the potential impact of such price fluctuations, our customer contracts typically provide for pass-through of the increase or decrease in the price of steel, which is our primary raw material. However, there may be a lag effect in the case of such pass-through arrangements. In addition, we have expanded into ferrous castings, aluminium forgings and castings and developed competencies in titanium, diversifying our raw material requirements. Fluctuations in the supply and pricing of these raw materials may have an impact on our business in future periods.

Our supply chain and operating costs could also be affected by geopolitical tensions. For example, recent geopolitical tensions, such as the ongoing Russia-Ukraine war and conflicts in the Middle East and the Red Sea route, have affected global supply chains, resulting in increased logistics costs, shipment delays, and elevated fuel and commodity prices. We have been able to ensure that our production is sustained by closely monitoring these events and ensuring adequate availability of supplies. To mitigate the impact of such disruptions on our profitability, we re-negotiate with our customers to seek price increases to compensate for our increased costs associated with these disruptions. However, increasing geopolitical tensions could affect our business, results of operations as well as the pace of our expansion plans. See "*Risk Factors –Any disruption to, or volatility in, our supply chain could impact our production and increase our costs*."

Global operations and foreign exchange

We have a well-diversified global presence and significant international operations across Europe, the United States and India.

Accordingly, a large portion of our revenue from our Indian operations and some elements of our costs are denominated in foreign currencies. As such, we are exposed to foreign currency risks that arise from business transactions that are denominated in foreign currencies and investments made in foreign jurisdictions. We employ financial instruments, primarily foreign currency forward contracts, to hedge certain of our foreign currency exchange risks relating to our business.

Our overseas business and growth initiatives are also exposed to changes in international tariffs, trade relations and policies. Our Company have been able to mitigate this so far by getting appropriate reimbursement from customers and have been able to extend our contracts with US-based customers successfully. Additionally, we have been able to increase our SOB and win new business. In particular, the United States-Mexico-Canada Agreement (the "**US MCA**"), which became effective in 2020, requires automakers to have 75% of their auto parts manufactured in the United States, Mexico or Canda in order to qualify for preferential customs treatment. It has only been a few years since the US MCA became effective, so its impact on our exports business is still unclear. In addition, the European Union's Carbon Border Adjustment Mechanism ("**CBAM**"), which will become effective in 2026, imposes carbon tariffs on certain goods imported into the European Union, including steel and aluminium products. The additional carbon tariffs may not impact customer demand for our products in the European Union in the short term. However, the extent of impact of CBAM in the long term could be ascertained only in the definitive period starting 2026. Trade policies and agreements such as the US MCA and CBAM could impact our business and results of operations in future periods. See "*Risk Factors – Our business is subject to costs, risks and uncertainties, including those associated with laws and regulations in domestic and foreign jurisdictions in which we operate, tariffs and trade relations and international political conditions. Breach of applicable laws and regulations could adversely affect our business, operations and reputation.*"

Mergers and acquisitions and capital expenditure

As we continue to transition and transform from a component-oriented company to a well-diversified manufacturing conglomerate, we have and may continue to consider opportunities for inorganic growth, such as through mergers and acquisitions or strategic investments. As part of our growth strategy, we may acquire new customers, enter new markets, strengthen our position in our existing products and current markets and diversify our product portfolio. Acquiring new businesses typically requires significant efforts resulting in additional expenses and management time.

We acquired JS Auto Cast Foundry Private Limited ("**J S Auto**") in Fiscal 2023. Since then, our castings business has demonstrated material growth and has significantly enhanced our product offerings and capabilities, enabling us to deliver high-performance castings to a broad range of industrial and automotive applications. We are working on several initiatives to enhance operational efficiencies and expand capacities in J S Auto, and we expect that these will translate into stronger performance in the future.

In addition, our operations entail sustained investments in capacity, technology, and research and development activities. To capitalize on unmet customer demand and support increasing customer orders, we continuously assess the need for new manufacturing facilities or the expansion of existing capacity. We incurred cash flow relating to capital expenditure for the purchase of property, plant and equipment and intangible assets (including capital work-in-progress, capital creditors and capital advances) of ₹10,683.30 million in Fiscal 2022, ₹9,961.82 million in Fiscal 2023 and ₹15,240.26 million in Fiscal 2024, which was primarily used to invest in plant and equipment.

We believe that with our current cash position and the proceeds from the Issue, we will have sufficient cash flows to fund our near-term capital expenditure and investment needs.

EXTRACTS FROM MATERIAL ACCOUNTING POLICIES

Set forth below is a discussion of the certain material accounting policies used in the preparation of our latest annual financial statements.

Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on date of bill of lading for export sales and generally on delivery for domestic sales. We consider 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, we consider the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer, if any.

Tooling income

Revenue from tooling income is recognised at the point in time when the control of the die is transferred, which is on receipt of customer's approval as per the terms of the contract.

Sale of services

Revenue from sale of services is recognised when products are sent to customer on which job work is completed. The normal credit period is 60 days.

Business combination and goodwill

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

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

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

- Potential tax effects of temporary differences and carry forwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are accounted in accordance with Ind AS 12.

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

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

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

Foreign currencies

Our consolidated financial statements are presented in INR. For each entity within the Group, we determine the functional currency and the items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in our 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. 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.

Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss (if any). Internally manufactured plant and equipment are capitalised at cost, including non-creditable indirect taxes after deducting the net proceeds from selling any items produced while bringing the asset to the required location and condition, wherever applicable. All significant costs relating to the acquisition and installation of property, plant and equipment or investment property are capitalised.

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 us 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 life, the remaining asset is depreciated over the life of the principal asset.

Impairment of non-financial assets

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

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

We prepare impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of our 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 or forecasts, we extrapolate cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Intangible assets under development are tested for impairment annually.

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

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

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

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

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 the 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 weighted average basis.

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

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 the net realisable value is made on an item-by-item basis.

Fair value measurement

We measure financial instruments at fair value except those measured at amortised cost at each balance sheet date.

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

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

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

We use 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.

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

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.

We measure investment property using cost-based measurements. Fair values are determined based on a periodic evaluation performed by an accredited external independent valuer applying valuation model.
The investment properties held by us are in the nature of freehold land, hence are not subject to depreciation. Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit and loss in the period of derecognition.

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

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 we operate and generate 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 other comprehensive income or directly in equity. Our 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 is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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

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

- In respect of taxable temporary differences associated with investments in associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

RESULTS OF OPERATIONS

Fiscals 2023 and 2024 and the six months ended September 30, 2023 and 2024

(*₹ in million*)

	Fiscal ended March 31,		**Six months ended September 30,**	
	2023	**2024**	**2023**	**2024**
Income				
Revenue from operations	129,102.59	156,820.71	76,514.56	77,946.54
Other income	1,728.57	2,274.24	1,166.41	1,132.94
Total income (i)	**130,831.16**	**159,094.95**	**77,680.97**	**79,079.48**
Expenses				
Cost of raw materials and components consumed	60,649.93	71,383.81	36,046.25	33,657.37
Purchase of traded goods	1,664.03	2,450.17	868.32	1,563.49
Changes in inventories of finished goods, work-in-progress, traded goods, dies and scrap	(2,700.43)	(42.07)	(491.93)	(1,209.76)
Employee benefit expenses	15,631.00	18,599.97	9,353.18	9,659.74
Finance costs	2,986.20	4,911.67	2,388.30	2,335.26
Depreciation, amortisation and impairment expenses	7,355.86	8,481.97	4,174.23	4,316.15
Other expenses	36,182.83	38,849.43	18,570.74	20,393.37
Total expenses (ii)	**121,769.42**	**144,634.95**	**70,909.09**	**70,715.62**

Fiscals 2023 and 2024 and the six months ended September 30, 2023 and 2024

(*₹ in million*)

	Fiscal ended March 31,		Six months ended September 30,	
	2023	2024	2023	2024
Profit before share of profit/(loss) of associates and joint ventures, exceptional items and tax (i – ii)	**9,061.74**	**14,460.00**	**6,771.88**	**8,363.86**
Share of profit/(loss) of associates and joint ventures after tax	**(334.38)**	**53.15**	**30.45**	**1.00**
Profit before exceptional items and tax	**8,727.36**	**14,513.15**	**6,802.33**	**8,364.86**
Exceptional items (loss)	(457.91)	(123.23)	(20.97)	(1,517.65)
Profit before tax	**8,269.45**	**14,389.92**	**6,781.36**	**6,847.21**
Income tax expense				
Current tax	3,951.57	5,690.69	2,599.52	2,844.52
Deferred tax (credit)	(765.99)	(402.36)	(104.11)	(176.02)
Income tax expense	**3,185.58**	**5,288.33**	**2,495.41**	**2,668.50**
Profit for the year/period	**5,083.87**	**9,101.59**	**4,285.95**	**4,178.71**

Fiscals 2022 and 2023

(*₹ in million*)

	Fiscal ended March 31,	
	2022	2023
Income		
Revenue from operations	104,610.78	129,102.59
Other income	1,959.00	1,728.57
Total income (i)	**106,569.78**	**130,831.16**
Expenses		
Cost of raw materials and components consumed	46,175.79	60,649.93
Purchase of traded goods	1,883.13	1,664.03
(Increase) in inventories of finished goods, work-in-progress, traded goods, dies and scrap	(5,899.30)	(2,700.43)
Employee benefits expense	14,646.83	15,631.00
Depreciation, amortisation and impairment expense	7,303.01	7,355.86
Finance costs	1,604.05	2,986.20
Other expenses	27,644.98	36,182.83
Total expenses (ii)	**93,358.49**	**121,769.42**
Profit before share of (loss) of associates and joint ventures, exceptional items and tax (i – ii)	**13,211.29**	**9,061.74**
Share of (loss) of associates and joint ventures	**(330.20)**	**(334.38)**
Profit before exceptional items and tax	**12,881.09**	**8,727.36**
Exceptional items gain / (loss)	924.05	(457.91)
Profit /(loss) before tax	**13,805.14**	**8,269.45**
Income tax expense		
Current tax	3,529.58	3,951.57
Deferred tax	(495.05)	(765.99)
Income tax expense	**3,034.53**	**3,185.58**
Profit/(loss) for the period/year	**10,770.61**	**5,083.87**

Segment information

In Fiscal 2022 and Fiscal 2023, in accordance with Ind AS 108 – Operating Segments, our consolidated financial statements disclosed two segments – forgings and others. The forgings segment produces and sells forged products comprising forgings and machined components for automotive and industrial sectors, while the others segment represented various new initiatives other than forging related activities.

In Fiscal 2024, with our increased focus on defence related activities, we started to disclose three segments in our consolidated financial statements – forgings, defence and others. The forgings segment still represents the production and sale of forged products comprising forgings and machined components for automotive and industrial sectors, while the defence segment produces and sells products which have an application in defence related activities. Forged components used in defence related activities and products are included as a part of the forgings segment. The others segment represents our business not covered in forgings and defence.

The following table sets out our revenue from operations for each of our business segments as per Ind AS 108 – Operating Segments for the years/periods indicated.

(₹ in million)

	Fiscal ended March 31,			Six months ended September 30,	
	2022	**2023**	**2024**	**2023**	**2024**
Segment revenue					
Revenue from external customers					
Forgings	101,616.05	119,780.42	137,178.98	68,583.04	64,643.74
Defence	-	-	15,605.54	-	11,506.32
Others	3,981.44	10,414.24	8,183.38	9,684.25	4,466.31
Total	**105,597.49**	**130,194.66**	**160,967.90**	**78,267.29**	**80,616.37**
Less – Intersegment revenue	(7.03)	(316.43)	4,147.18	1,752.73	2,669.83
Total	**105,590.46**	**129,878.23**	**156,820.72**	**76,514.56**	**77,946.54**
Adjustments and eliminations	(979.68)	(775.64)	-	-	-
Revenue from operations	**104,610.78**	**129,102.59**	**156,820.72**	**76,514.56**	**77,946.54**

Six months ended September 30, 2024 compared to six months ended September 30, 2023

Revenue from operations

Our revenue from operations comprises sale of products, sale of services, and other operating revenues. Our revenue from sale of products comprises revenues from sale of goods and tooling income. Our revenue from sale of services comprises job work charges and service type warranty. Our other operating revenues comprise revenues from manufacturing scrap, government grants (export incentives) and sale of electricity / REC (windmills).

Our revenue from operations increased by 1.87% from ₹76,514.56 million in the six months ended September 30, 2023 to ₹77,946.54 million in the six months ended September 30, 2024, primarily as a result of higher sales of defence related products.

Our revenue from external customers for the forging segment decreased by 5.74% from ₹68,583.04 million in the six months ended September 30, 2023 to ₹64,643.74 million in the six months ended September 30, 2024, primarily as a result of a slow-down in the automotive market in Europe.

From Fiscal 2024, we started disclosing defence as a separate segment in our financial statements. Our revenue from external customers for the defence segment amounted to ₹11,506.32 million in the six months ended September 30, 2024, primarily reflecting execution of orders in Fiscal 2024.

Our revenue from external customers for the others segment decreased by 53.88% from ₹9,684.25 million in the six months ended September 30, 2023 to ₹4,466.31 million in the six months ended September 30, 2024 since we started to disclose defence related revenue in a separate segment in Fiscal 2024 whereas such revenue was disclosed within the "others" segment in Fiscal 2023. Adjusted for the difference on account of different segmentations, our segment revenue from others increased in the six months ended September 30, 2024 as compared to the six months ended September 30, 2023, primarily on account of higher revenue from our castings business.

Other income

Our other income primarily consists of net gain on sale of financial instruments, interest income on assets measured at amortised cost and miscellaneous income such as sundry sale, discount received and miscellaneous recoveries.

Our other income remained relatively stable at ₹1,166.41 million for the six months ended September 30, 2023 and ₹1,132.94 million for the six months ended September 30, 2024.

Cost of raw materials and components consumed

Our cost of raw materials and components consumed is calculated as inventory at the beginning of the year/period, plus inventory on acquisition and purchases during the year/period, less inventory at the end of the year/period.

Our cost of raw materials and components consumed decreased by 6.63% from ₹36,046.25 million in the six months ended September 30, 2023 to ₹33,657.37 million in the six months ended September 30, 2024, primarily as a result of product mix and steel price variance. As a percentage of revenue from operations, our cost of raw materials and components consumed decreased from 47.11% for the six months ended September 30, 2023 to 43.18% for the six months ended September 30, 2024, driven by changes in product mix.

Changes in inventories of finished goods, traded goods, work-in-progress, dies and scrap

Our increase in inventories of finished goods, traded goods, work-in-progress, dies and scrap represents the difference between our inventories at the end of the year/period and our inventories at the beginning of the year/period, plus inventory on acquisition.

Our increase in inventories of finished goods, traded goods, work-in-progress, dies and scrap increased by 145.92% from ₹491.93 million in the six months ended September 30, 2023 to ₹1,209.76 million in the six months ended September 30, 2024, in line with our increased production in the six months ended September 30, 2024 as compared to the same period in Fiscal 2023.

Employee benefit expenses

Our employee benefit expenses primarily include salaries, wages and bonuses (including managing and whole-time directors' remuneration), staff welfare expenses and contributions to provident and other funds or schemes.

Our employee benefit expenses increased by 3.28% from ₹9,353.18 million in the six months ended September 30, 2023 to ₹9,659.74 million in the six months ended September 30, 2024, primarily as a result of higher salaries and expenses due to inflation.

Finance costs

Our finance costs primarily include interest on bank facilities under amortized cost method, interest on lease liabilities and exchange differences regarded as an adjustment to borrowing costs.

Our finance costs remained relatively stable at ₹2,388.30 million for the six months ended September 30, 2023 and ₹2,335.26 million for the six months ended September 30, 2024.

Depreciation, amortisation and impairment expense

Our depreciation, amortisation and impairment expense primarily consist of depreciation on property, plant and equipment, depreciation on right of use asset and amortization on other intangible assets.

Our depreciation, amortisation and impairment expense increased by 3.40% from ₹4,174.23 million in the six months ended September 30, 2023 to ₹4,316.15 million in the six months ended September 30, 2024, primarily as a result of the ramp-up of our aluminium facilities in Europe and the United States.

Other expenses

Our other expenses primarily include power, fuel and water expenses, freight and forwarding charges, consumption of stores, spares and tools, machining or subcontracting charges and repairs and maintenance expenses.

Our other expenses increased by 9.81% from ₹18,570.74 million in the six months ended September 30, 2023 to ₹20,393.37 million in the six months ended September 30, 2024, primarily as a result of inflation and increased business development activities.

Profit before tax

Our profit before tax increased by 0.97% from ₹6,781.36 million in the six months ended September 30, 2023 to ₹6,847.21 million in the six months ended September 30, 2024, primarily as a result of improvement in operational performance which was partially offset by provision for impairment of investment in respect of one subsidiary.

Income tax expense

Our income tax expense includes current income tax and deferred tax.

Our income tax expense increased by 6.94% from ₹2,495.41 million in the six months ended September 30, 2023 to ₹2,668.50 million in the six months ended September 30, 2024, primarily as a result of higher profit before tax.

Profit for the period

As a result of the foregoing, our profit for the period decreased by 2.50% from ₹4,285.95 million in the six months ended September 30, 2023 to ₹4,178.71 million in the six months ended September 30, 2024.

Fiscal 2024 compared to Fiscal 2023

Revenue from operations

Our revenue from operations increased by 21.47% from ₹129,102.59 million for Fiscal 2023 to ₹156,820.71 million for Fiscal 2024, primarily due to strong growth in our forgings related sales, the ramp-up of our defence sales and the acquisition of J S Auto.

Our revenue from external customers for the forging segment increased by 14.53% from ₹119,780.42 million for Fiscal 2023 to ₹137,178.98 million for Fiscal 2024, principally driven by strong performance in our exports from India, as well as the ramp-up of our overseas aluminium forging operations.

From Fiscal 2024, we started disclosing defence as a separate segment in our financial statements. Our revenue from external customers for the defence segment amounted to ₹15,605.54 million for Fiscal 2024, primarily on account of our execution of export orders in this segment.

Our revenue from external customers for the others segment decreased by 21.42% from ₹10,414.24 million for Fiscal 2023 to ₹8,183.38 million for Fiscal 2024 since we started to disclose defence related revenue in a separate segment in Fiscal 2024 whereas such revenue was disclosed within the "others" segment in Fiscal 2023. Adjusted for the difference on account of different segmentations, our segment revenue from others increased in Fiscal 2024 as compared to Fiscal 2023 primarily on account of the acquisition of J S Auto which supported our growth in the ferrous castings business.

Other income

Our other income increased by 31.57% from ₹1,728.57 million for Fiscal 2023 to ₹2,274.24 million for Fiscal 2024, primarily due to increase in our return on investments.

Cost of raw materials and components consumed

Our cost of raw materials and components consumed increased by 17.70% from ₹60,649.93 million for Fiscal 2023 to ₹71,383.81 million for Fiscal 2024, primarily due to increased consumption of raw materials and components, in line with our revenue growth. As a percentage of revenue from operations, our cost of raw materials and components consumed decreased from 46.98% for Fiscal 2023 to 45.52% for Fiscal 2024, driven by changes in product mix.

Changes in inventories of finished goods, traded goods, work-in-progress, dies and scrap

We recorded an increase in inventories of finished goods, traded goods, work-in-progress, dies and scrap of ₹2,700.43 million for Fiscal 2023, compared to an increase of ₹42.07 million for Fiscal 2024. This is because of changes in just-in-time inventory maintained for certain customers at our warehouses.

Employee benefit expenses

Our employee benefit expenses increased by 18.99% from ₹15,631.00 million for Fiscal 2023 to ₹18,599.97 million for Fiscal 2024, primarily due to wage inflation. As a percentage of revenue from operations, our employee benefit expenses decreased slightly from 12.11% for Fiscal 2023 to 11.86% for Fiscal 2024, on account of the strong growth of our revenue.

Finance costs

Our finance costs increased by 64.48% from ₹2,986.20 million for Fiscal 2023 to ₹4,911.67 million for Fiscal 2024, principally because of higher interest rates globally in Fiscal 2024, as a result of which we incurred higher interest rates on our loans since the interest rate of some of our loans are linked to benchmark interest rates such as SOFR or EURIBOR.

Depreciation, amortisation and impairment expense

Our depreciation, amortisation and impairment expense increased by 15.31% from ₹7,355.86 million for Fiscal 2023 to ₹8,481.97 million for Fiscal 2024, primarily due to depreciation and capitalization of additional plants and equipment purchased in Fiscals 2023 and 2024.

Other expenses

Our other expenses increased by 7.37% from ₹36,182.83 million for Fiscal 2023 to ₹38,849.43 million for Fiscal 2024, primarily on account of higher labour charges, such as contract labour charges, as well as other miscellaneous expenses in connection with our growing operations.

Profit before tax

Our profit before tax increased by 74.01% from ₹8,269.45 million for Fiscal 2023 to ₹14,389.92 million for Fiscal 2024, reflecting our strong revenue growth in Fiscal 2024.

Income tax expense

Our income tax expense increased by 66.01% from ₹3,185.58 million for Fiscal 2023 to ₹5,288.33 million for Fiscal 2024, on account of the increase in our profit before tax in Fiscal 2024. Our income tax expense as a percentage of profit before tax was 38.52% for Fiscal 2023, as compared to 36.75% for Fiscal 2024, primarily due to improvement in our profitability.

Profit for the year

As a result of the foregoing, our profit for the year increased by 79.03% from ₹5,083.87 million for Fiscal 2023 to ₹9,101.59 million for Fiscal 2024.

Fiscal 2023 compared to Fiscal 2022

Our consolidated financial statements for Fiscal 2022 reflected 15 months of results of operations for our overseas subsidiaries (other than Bharat Forge International Limited), associates and joint ventures due to the change in the financial year-end for our overseas subsidiaries (other than Bharat Forge International Limited), associates and joint ventures in Fiscal 2022 for the preparation of our consolidated financial statements. Since our consolidated financial statements for Fiscal 2023 only reflected 12 months of results of operations for our overseas subsidiaries, associates and joint ventures, our results of operations in Fiscal 2022 may not be directly comparable to our results of operations in Fiscal 2023. For details, see *"— Basis of Preparation*."

Revenue from operations

Our revenue from operations increased by 23.41% from ₹104,610.78 million for Fiscal 2022 to ₹129,102.59 million for Fiscal 2023, primarily due to increased business activity after the COVID-19 pandemic, the acquisition of J S Auto and higher cost of raw materials and components, as a result of which we charged higher prices since the increases in raw material prices are passed on to customers.

Our revenue from external customers for the forgings segment, as per Ind AS 108 – Operating segments, increased by 17.88% from ₹101,616.05 million for Fiscal 2022 to ₹119,780.42 million for Fiscal 2023, primarily due to increased business activity after the COVID-19 pandemic and increases on account of higher cost of raw materials and components, as a result of which we charged higher prices since the increases in raw material prices are passed on to customers.

Our revenue from external customers for the others segment, as per Ind AS 108 – Operating segments, increased by 161.57% from ₹3,981.44 million for Fiscal 2022 to ₹10,414.24 million for Fiscal 2023, primarily due to the acquisition of J S Auto and an increase in sales relating to defence activities.

Other income

Our other income decreased by 11.76% from ₹1,959.00 million for Fiscal 2022 to ₹1,728.57 million for Fiscal 2023, primarily because we recorded higher other income in Fiscal 2022 on account of gain on sale/discard of property, plant and equipment (net) and a lower amount of liabilities/provisions no longer required written back in Fiscal 2023.

Cost of raw materials and components consumed

Our cost of raw materials and components consumed increased by 31.35% from ₹46,175.79 million for Fiscal 2022 to ₹60,649.93 million for Fiscal 2023, primarily due to increases in the prices of raw materials and components, which were mainly passed onto our customers. As a percentage of revenue from operations, our cost of raw materials and components consumed increased from 44.14% for Fiscal 2022 to 46.98% for Fiscal 2023, principally on account of higher raw material costs which decreased our gross profit margin from product sales.

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

We recorded an (increase) in inventories of finished goods, work-in-progress, traded goods, dies and scrap of ₹5,899.30 million for Fiscal 2022, compared to changes in inventories of finished goods, traded goods, work-in-progress, dies and scrap of ₹2,700.43 million for Fiscal 2023. This is because of changes in just-in-time inventory maintained for certain customers at our warehouses.

Employee benefits expense

Our employee benefits expense increased by 6.72% from ₹14,646.83 million for Fiscal 2022 to ₹15,631.00 million for Fiscal 2023, primarily due to an increase in salaries, wages and bonus (including managing and whole time director's remuneration) on account of additional headcount due to increased business activity and the acquisition of JS Auto. As a percentage of revenue from operations, employee benefits expense decreased from 14.00% for Fiscal 2022 to 12.11% for Fiscal 2023, primarily due to the strong growth of our revenue.

Finance costs

Our finance costs increased by 86.17% from ₹1,604.05 million for Fiscal 2022 to ₹2,986.20 million for Fiscal 2023, primarily due to higher interest rates globally and an increase in our borrowings.

Depreciation, amortisation and impairment expense

Depreciation, amortisation and impairment expense remained relatively stable at ₹7,303.01 million for Fiscal 2022 and ₹7,355.86 million for Fiscal 2023.

Other expenses

Our other expenses increased by 30.88% from ₹27,644.98 million for Fiscal 2022 to ₹36,182.83 million for Fiscal 2023, primarily due to increased business activity and expenses incurred in relation to the acquisition of J S Auto.

Profit before tax

Our profit before tax decreased by 40.10% from ₹13,805.14 million for Fiscal 2022 to ₹8,269.45 million for Fiscal 2023, primarily due to weak performance of our overseas entities in Europe and the United States due to supply chain disruptions and high raw material prices in Europe, and the ramp-up of the aluminium forgings business in the U.S. being slower than expected.

Income tax expense

Our income tax expense increased by 4.98% from ₹3,034.53 million for Fiscal 2022 to ₹3,185.58 million for Fiscal 2023. Our income tax expense as a percentage of profit before tax was 21.98% for Fiscal 2022, as compared to 38.52% for Fiscal 2023, primarily due to losses incurred by our overseas entities in Europe and the United States for which no deferred tax asset was created.

Profit for the year

As a result of the foregoing, our profit for the year decreased by 52.80% from ₹10,770.61 million for Fiscal 2022 to ₹5,083.87 million for Fiscal 2023.

KEY PERFORMANCE INDICATORS

We consider and use certain key performance indicators that are presented below as supplemental measures to review and assess our business and performance. The table below sets forth our key performance indicators for the fiscal years or periods indicated.

(all amounts ₹ in million, unless otherwise stated)

	Fiscal ended/As at March 31,			Six months ended/As at September 30,	
	2022	**2023**	**2024**	**2023**	**2024**
Revenue from operations	104,610.78	129,102.59	156,820.71	76,514.56	77,946.54
Profit before exceptional items and tax	12,881.09	8,727.36	14,513.15	6,802.33	8,364.86
Profit for the year/period	10,770.61	5,083.87	9,101.59	4,285.95	4,178.71
Earnings per equity share (basic) (not annualised for six months ended) (₹)	23.23	11.35	20.43	9.68	9.59
Earnings per equity share (diluted) (not annualised for six months ended) (₹)	23.23	11.35	20.43	9.68	9.59
Profit before exceptional items and tax margin (%)	12.31%	6.76%	9.25%	8.89%	10.73%
Profit for the year/period margin (%)	10.30%	3.94%	5.80%	5.60%	5.36%
EBITDA	22,625.43	18,611.51	27,783.56	13,343.89	13,498.62
Adjusted EBITDA	20,072.58	17,675.23	25,579.40	12,168.00	13,882.33
Adjusted EBITDA margin (%)	19.19%	13.69%	16.31%	15.90%	17.81%
Adjusted Net Debt to Equity Ratio (times)	0.48	0.71	0.67	N/M [1]	N/M [1]
Adjusted RoCE (%)	13.04%	9.31%	13.70%	N/M [1]	N/M [1]
RoNW (%)	16.39%	7. 58%	12.69%	N/M [1]	N/M [1]

Notes:

[1] These ratios are not meaningful as numbers for the period are not comparable to the numbers for the year.

[2] Refer below for Non-GAAP measure reconciliation.

Earnings per equity share (basic and diluted)

Our earnings per equity share (basic and diluted) decreased from ₹23.23 for Fiscal 2022 to ₹11.35 for Fiscal 2023 before increasing to ₹20.43 for Fiscal 2024. The changes were primarily due to the reasons explained in the section above.

Non-GAAP Measures

Debt to Equity Ratio, Net Debt, Adjusted Net Debt, Adjusted Net Debt to Equity Ratio, EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Earnings available for interest service, EBIT, Adjusted EBIT, Interest Coverage Ratio, Profit before exceptional items and tax margin, Profit for the year/period margin, Capital Employed, Average Capital Employed, Adjusted RoCE and RoNW are non-GAAP measures. The presentation of these non-GAAP measures is not intended to be considered in isolation or as a substitute for the consolidated financial statements. We present these non-GAAP measures because they are used by our management to evaluate our operating performance. These non-GAAP measures are not defined under Ind AS and are not presented in accordance with Ind AS. The non-GAAP measures have limitations as analytical tools. Further, these non-GAAP measures may differ from similar information used by other companies, including peer companies, and their comparability may be limited. Therefore, these non-GAAP measures should not be considered in isolation or construed as an alternative to Ind AS measures of performance or as indicators of our operating performance, liquidity, profitability or results of operation. See "*Risk Factors – Certain non-GAAP measures and certain other statistical information relating to our operations and financial performance have been included in this Preliminary Placement Document. These non-GAAP measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable.*"

Non-GAAP Measure Reconciliation

Reconciliation from Revenue from operations to Profit before exceptional items and tax margin and Profit for the year/period margin

The following table sets forth our Profit before exceptional items and tax margin and Profit for the year/period margin for Fiscals 2022, 2023 and 2024 and the six months ended September 30, 2023 and 2024. We calculate Profit before exceptional items and tax margin as Profit before exceptional items and tax divided by revenue from operations. We calculate Profit for the year/period margin as Profit for the year/period divided by revenue from operations.

(all amounts ₹ in million, unless otherwise stated)

	Fiscal ended/As at March 31,			Six months ended/As at September 30,	
	2022	**2023**	**2024**	**2023**	**2024**
Revenue from operations (A)	104,610.78	129,102.59	156,820.71	76,514.56	77,946.54
Profit before exceptional items and tax (B)	12,881.09	8,727.36	14,513.15	6,802.33	8,364.86
Profit for the year/period (C)	10,770.61	5,083.87	9,101.59	4,285.95	4,178.71
Profit before exceptional items and tax margin (%) (B/A)	12.31%	6.76%	9.25%	8.89%	10.73%
Profit for the year/period margin (%) (C/A)	10.30%	3.94%	5.80%	5.60%	5.36%

Reconciliation from Profit for the year/period to EBITDA and Adjusted EBITDA and Computation of Adjusted EBITDA Margin

The following table sets forth our EBITDA, Adjusted EBITDA and Adjusted EBITDA margin for Fiscals 2022, 2023 and 2024 and the six months ended September 30, 2023 and 2024. We calculate EBITDA as profit for the period/year as increased by income tax expense, finance costs and depreciation, amortisation and impairment expense. We calculate Adjusted EBITDA as EBITDA as reduced by other income, share of profit/(loss) of associates and joint ventures and exceptional items gain/(loss). We define Adjusted EBITDA margin as Adjusted EBITDA divided by revenue from operations.

(all amounts ₹ in million, unless otherwise stated)

	Fiscal ended March 31,			Six months ended September 30,	
	2022	**2023**	**2024**	**2023**	**2024**
Profit for the period/year (A)	10,770.61	5,083.87	9,101.59	4,285.95	4,178.71
Add: Income tax expense (B)	3,034.53	3,185.58	5,288.33	2,495.41	2,668.50
Add: Finance costs (C)	1,604.05	2,986.20	4,911.67	2,388.30	2,335.26
Add: Depreciation, amortisation and impairment expense (D)*	7,216.24	7,355.86	8,481.97	4,174.23	4,316.15
EBITDA (E = A+B+C+D)	**22,625.43**	**18,611.51**	**27,783.56**	**13,343.89**	**13,498.62**
Less: Other income (F)	1,959.00	1,728.57	2,274.24	1,166.41	1,132.94
Less: Share of profit/ (loss) of associates and joint ventures (G)	(330.20)	(334.38)	53.15	30.45	1.00
Less: Exceptional items gain/(loss) (H)	924.05	(457.91)	(123.23)	(20.97)	(1,517.65)
Adjusted EBITDA (I = E-F-G-H)	**20,072.58**	**17,675.23**	**25,579.40**	**12,168.00**	**13,882.33**
Revenue from operations (J)	104,610.78	129,102.59	156,820.71	76,514.56	77,946.54
Adjusted EBITDA margin (%) (K = I/J)	**19.19%**	**13.69%**	**16.31%**	**15.90%**	**17.81%**

**Depreciation, amortisation, and impairment expense does not include impairment of goodwill of ₹ 86.77 million for the fiscal ended March 31, 2022. Depreciation, amortisation, and impairment expense for the Fiscal ended March 31, 2023 and March 31, 2024 as well as for the six-month periods ended September 30, 2023 and September 30, 2024 included no impairment expense (₹ Nil) for the respective years and periods.*

Our Adjusted EBITDA decreased by 11.94% from ₹ 20,072.58 million for Fiscal 2022 to ₹ 17,675.23 million for Fiscal 2023 and Adjusted EBITDA margin decreased from 19.19% to 13.69%, from Fiscal 2022 to Fiscal 2023, on account of weak performance of our overseas entities in Europe and the United States. Our Adjusted EBITDA increased by 44.72% from ₹ 17,675.23 million for Fiscal 2023 to ₹ 25,579.40 million for Fiscal 2024, and Adjusted EBITDA margin increased from 13.69% to 16.31%, from Fiscal 2023 to Fiscal 2024, primarily as a result of improvement in our business operations.

Our Adjusted EBITDA increased by 14.09% from ₹ 12,168.00 million for six months ended September 30, 2023 to ₹ 13,882.33 million for six months ended September 30, 2024, and Adjusted EBITDA margin increased from 15.90% to 17.81%, from the six months ended 30 September 2023 to the six months ended 30 September 2024, on account of improvement in our operational performance.

Reconciliation from Non-current liabilities – Borrowings to Total Debt, Net Debt, Adjusted Net Debt, Debt to Equity Ratio and Adjusted Net Debt to Equity Ratio

The following table sets forth our Debt to Equity Ratio and Adjusted Net Debt to Equity Ratio for Fiscals 2022, 2023 and 2024. We calculate our debt to equity ratio by dividing Total Debt by equity attributable to equity holders of the Parent. We calculate our Adjusted Net Debt to Equity Ratio by dividing adjusted net debt by equity attributable to equity holders of the parent.

(all amounts ₹ in million, unless otherwise stated)

	Fiscal ended March 31,		
	2022	**2023**	**2024**
Non-current liabilities – Borrowings (A)	17,873.43	17,512.72	18,589.80
Add: Current liabilities – Borrowings (B)	38,671.95	51,010.61	56,630.95
Total Debt (C=A+B)	**56,545.38**	**68,523.33**	**75,220.75**
Less: Current assets – Cash and cash equivalents (D)	5,584.24	5,087.13	13,153.10
Less: Current assets – Other bank balances (E)	445.93	5,308.06	3,746.12
Net Debt (F = C-D-E)	**50,515.21**	**58,128.14**	**58,321.53**
Less: Current assets – investments (G)	19,080.24	10,500.56	10,254.78
Adjusted Net Debt (H = F-G)	**31,434.97**	**47,627.58**	**48,066.75**
Equity attributable to equity holders of the parent (I)	65,706.74	67,055.26	71,701.84
Debt to equity ratio (times) (J = C/I)	**0.86**	**1.02**	**1.05**
Adjusted Net Debt to Equity Ratio (times) (K = H/I)	**0.48**	**0.71**	**0.67**

Our Adjusted Net Debt to Equity Ratio increased from 0.48 (times) for Fiscal 2022 to 0.71 (times) for Fiscal 2023, as a result of the increase in our borrowings. Our Adjusted Net Debt to Equity Ratio remained relatively stable at 0.71 (times) for Fiscal 2023 and 0.67 (times) for Fiscal 2024.

Reconciliation from Profit for the year to Adjusted RoCE

The following table sets forth our Adjusted RoCE as at and for Fiscals 2022, 2023 and 2024. Our Adjusted RoCE is defined as Adjusted EBIT divided by average capital employed. EBIT is calculated as profit for the year plus income tax expense and finance costs. Adjusted EBIT is calculated as EBIT reduced by exceptional items gain/(loss) and share of profit/(loss) of associates & joint ventures (net of tax). Average capital employed is calculated as average of capital employed of current year and previous year where capital employed is calculated as total equity plus borrowings and excludes cash and short-term investments.

(all amounts ₹ in million, unless otherwise stated)

	Fiscal ended March 31,		
	2022	**2023**	**2024**
Profit for the year (A)	10,770.61	5,083.87	9,101.59
Add: Income tax expense (B)	3,034.53	3,185.58	5,288.33
Add: Finance costs (C)	1,604.05	2,986.20	4,911.67
EBIT (D=A+B+C)	**15,409.19**	**11,255.65**	**19,301.59**
Less: Exceptional items gain/(loss) (E)	924.05	(457.91)	(123.23)
Less: Share of profit/(loss) of associates & joint ventures (net of tax) (F)	(330.20)	(334.38)	53.15
Adjusted EBIT (G=D-E-F)	**14,815.34**	**12,047.94**	**19,371.67**
Average Capital Employed (H)	113,617.39	129,376.10	141,406.58
Adjusted RoCE (%) (I=G/H)	**13.04%**	**9.31%**	**13.70%**

Computation of Average Capital Employed

Capital employed is calculated as sum of total equity, non-current liabilities – borrowings and current liabilities – borrowings. Average Capital Employed is calculated as average of capital employed of current year and previous year.

(₹ in million)

	Fiscal ended March 31,			
	2021	**2022**	**2023**	**2024**
Total equity (A)	54,468.14	66,267.51	67,415.98	71,653.09
Non-current liabilities – Borrowings (B)	22,171.65	17,873.43	17,512.72	18,589.80
Current liabilities – Borrowings (C)	27,782.09	38,671.95	51,010.61	56,630.95
Capital Employed (A+B+C)	**104,421.88**	**122,812.89**	**135,939.31**	**146,873.84**
Average Capital Employed		**113,617.39**	**129,376.10**	**141,406.58**

Our Adjusted RoCE decreased from 13.04% for Fiscal 2022 to 9.31% for Fiscal 2023, on account of higher capital employed and weaker operational performance in Fiscal 2023. Our Adjusted RoCE then increased to 13.70% for Fiscal 2024, on account of improved operational performance.

Reconciliation from Profit for the year to RoNW

The following table sets forth our RoNW as at and for Fiscals 2022, 2023 and 2024. Our RoNW is defined as profit for the year divided by equity attributable to equity holders of the parent.

(all amounts ₹ in million, unless otherwise stated)

	Fiscal ended March 31,		
	2022	**2023**	**2024**
Profit for the year (A)	10,770.61	5,083.87	9,101.59
Equity attributable to equity holders of the parent (B)	65,706.74	67,055.26	71,701.84
RoNW (%) (A/B)	**16.39%**	**7.58%**	**12.69%**

Our RoNW decreased from 16.39% for Fiscal 2022 to 7.58% for Fiscal 2023, before increasing to 12.69% for Fiscal 2024, primarily as a result of changes in our profit for the year due to reasons explained in the section above.

Reconciliation from Profit for the year to earnings available for interest service and Computation of Interest Coverage Ratio

We calculate our Interest Coverage Ratio as Earnings available for interest service divided by total interest cost. Earnings available for interest service is calculated as profit for the year plus income tax expense, depreciation, amortisation and impairment expense, finance costs and exceptional items gain/(loss) minus income from investments. Total interest cost includes finance costs and borrowing costs capitalised. The following table sets out our Interest Coverage Ratio for Fiscals 2022, 2023 and 2024 and as at and for the half-years ended September 30, 2023 and 2024.

(all amounts ₹ in million, unless otherwise stated)

	Fiscal ended March 31,			Half-year ended September 30,	
	2022	**2023**	**2024**	**2023**	**2024**
Profit for the year/ period (A)	10,770.61	5,083.87	9,101.59	4,285.95	4,178.71
Add: Income tax expense (B)	3,034.53	3,185.58	5,288.33	2,495.41	2,668.50
Add: Depreciation, amortisation and impairment expense (C)	7,303.01	7,355.86	8,481.96	4,174.23	4,316.15
Add: Finance costs (D)*	1,604.05	2,986.20	4,911.67	2,388.30	2,335.26
Add/less: Exceptional items gain/(loss) (E)	924.05	(457.91)	(123.23)	(20.97)	(1,517.65)
Less: Income from investments (F)	**1,000.29**	**1,076.93**	**1,610.23**	**866.40**	**643.20**
Dividend income from investments	4.41	5.11	5.67	2.85	5.27
Net gain on fair valuation of financial instruments (FVPTL)	(129.64)	(654.12)	198.46	171.88	(899.68)
Net gain on sale of financial investments	903.83	1,432.67	646.46	373.58	1,261.35
Interest income on fixed deposits and others	182.36	291.94	759.64	318.09	276.26
Interest income on loan to associates	39.33	1.33	-	-	-
Earnings available for interest service (G = A+B+C+D-E-F)	**20,787.86**	**17,992.49**	**26,296.55**	**12,498.47**	**14,373.07**
Finance costs (H)	1,604.05	2,986.20	4,911.67	2,388.30	2,335.26
Borrowing costs capitalised (I)	151.49	133.95	502.44	116.93	162.26
Total Interest Cost (J = H+I)	**1,755.54**	**3,120.15**	**5,414.11**	**2,505.23**	**2,497.52**
Interest Coverage Ratio (times) (K = G/J)	**11.84**	**5.77**	**4.86**	**4.99**	**5.75**

**excludes borrowing costs capitalised*

LIQUIDITY AND CAPITAL RESOURCES

We need funds primarily to fund our growth plans (both organic growth and inorganic growth) as well as our capital expenditure, to repay our debt obligations and to meet our working capital needs. We intend to fund these capital requirements through a variety of sources, including the proceeds of the Issue, cash from operations and our existing debt facilities.

Our principal sources of liquidity have been operating cash flows and borrowings. Our sources of funding, and our ability to fund our operations, service our debt and finance our capital expenditure requirements are affected by many factors, some of which are beyond our control, including macro-economic conditions, demand from our customers and availability of financing. Our funding requirements may extend beyond the needs set forth above. In the event that we require additional funds, we may seek to raise additional funds through private or public financing or other sources.

Cash Flows

The following table sets forth certain information about our cash flows during Fiscals 2022, 2023 and 2024 and the six months ended September 30, 2024:

(₹ in million)

	Fiscal ended March 31,			For the six months ended September 30, 2024
	2022	**2023**	**2024**	
Net cash flow from operating activities (i)	5,058.48	12,944.66	16,643.95	8,742.47
Net cash flows (used in) investing activities (ii)	(6,900.50)	(16,713.33)	(6,667.48)	(5,359.21)
Net cash flows from / (used in) financing activities (iii)	3,101.66	2,802.69	(2,026.89)	(8,360.89)
Net increase / (decrease) in cash and cash equivalents (i+ii+iii)	**1,259.64**	**(965.98)**	**7,949.58**	**(4,977.63)**
Net foreign exchange difference	**-**	**57.58**	**12.89**	**88.00**
Cash and cash equivalents at the beginning of the year / period	**4,473.15**	**5,584.24**	**5,087.13**	**13,153.10**
Cash and cash equivalents at the end of the year / period	**5,732.79**	**4,675.84**	**13,049.60**	**8,263.47**
Foreign currency translation reserve movement	**(152.11)**	**397.42**	**103.50**	**121.32**
Net foreign exchange difference	**3.56**	**-**	**-**	**-**
Cash and cash equivalents on acquisition of subsidiary	**-**	**13.87**	**-**	**-**
Cash and cash equivalents at the end of the year / period	**5,584.24**	**5,087.13**	**13,153.10**	**8,384.79**

Net cash flow from operating activities

Net cash flow from operating activities was ₹8,742.47 million for the six months ended September 30, 2024. Our profit after exceptional items and before tax was ₹6,847.21 million, which was primarily adjusted for depreciation, amortization and impairment expense of ₹4,316.15 million, finance costs of ₹2,335.26 million and net gain on sale of financial investments of ₹1,261.35 million, along with other adjustments, resulting in an operating profit before working capital changes of ₹14,697.22 million. The key adjustments in working capital were a decrease in trade receivables of ₹3,635.80 million, an increase in inventories of ₹3,161.87 million and a decrease in other liabilities of ₹2,479.28 million.

Net cash flow from operating activities was ₹16,643.95 million in Fiscal 2024. Our profit after exceptional items and before tax was ₹14,389.92 million, which was primarily adjusted for depreciation, amortization and impairment expense of ₹8,481.96 million and finance costs of ₹4,911.67 million, along with other adjustments, resulting in an operating profit before working capital changes of ₹26,065.06 million. The key adjustments in working capital were a decrease in other liabilities of ₹2,493.21 million, an increase in other assets of ₹2,072.39 million, an increase in trade payables of ₹1,294.08 million and an increase in trade receivables of ₹1,081.31 million, resulting in cash generated from operations of ₹21,829.10 million, which was further adjusted by income taxes paid (net of refunds) of ₹5,185.15 million.

Net cash flow from operating activities was ₹12,944.66 million in Fiscal 2023. Our profit after exceptional items and before tax was ₹8,269.45 million, which was primarily adjusted for depreciation, amortization and impairment expense of ₹7,355.86 million and finance costs of ₹2,986.03 million, along with other adjustments, resulting in an operating profit before working capital changes of ₹17,480.43 million. The key adjustments in working capital were an increase in other liabilities of ₹8,150.97 million, an increase in trade receivables of ₹7,687.58 million, an increase in trade payables of ₹4,338.99 million, an increase in inventories of ₹3,623.38 million and an increase in other assets of ₹1,531.41 million, resulting in cash generated from operations of ₹17,116.99 million, which was further adjusted by income taxes paid (net of refunds) of ₹4,172.33 million.

Net cash flow from operating activities was ₹5,058.48 million in Fiscal 2022. Our profit after exceptional items & before tax was ₹13,805.14 million, which was primarily adjusted for depreciation, amortisation and impairment expense of ₹7,303.01 million, finance costs of ₹1,604.26 million and non-cash exceptional items of ₹1,140.06 million, along with other adjustments, resulting in an operating profit before working capital changes of ₹20,852.38 million. The key adjustments in working capital were an increase in inventories of ₹9,076.27 million, an increase in trade receivables of ₹8,035.43 million and an increase in trade payables of ₹4,328.65 million, resulting in cash generated from operations of ₹8,583.81 million, which was further adjusted by income taxes paid (net of refunds) of ₹3,525.33 million.

Net cash flows (used in) investing activities

Net cash flows used in investing activities was ₹5,359.21 million for the six months ended September 30, 2024, primarily consisting of investments in mutual funds, bonds, fixed deposits and other deposits of ₹64,354.25 million and purchase of property, plant and equipment and intangible assets (including capital work-in-progress, capital creditors and capital advances) of ₹8,194.03 million, partially offset by proceeds from sale of financial instruments including fixed deposits of ₹66,606.84 million.

Net cash flows used in investing activities totalled ₹6,667.48 million for Fiscal 2024, primarily consisting of investments in mutual funds, fixed deposits and other deposits of ₹107,039.25 million and purchase of property, plant and equipment and intangible assets (including capital work-in-progress, capital creditors and capital advances) of ₹15,240.26 million, partially offset by proceeds from sale of financial instruments including fixed deposits of ₹115,888.02 million.

Net cash flows used in investing activities totalled ₹16,713.33 million for Fiscal 2023, primarily consisting of investments in mutual funds, fixed deposits and other deposits of ₹113,521.16 million, purchase of property, plant and equipment and intangible assets (including capital work-in-progress, capital creditors and capital advances) of ₹9,961.82 million and acquisition of a subsidiary net of cash acquired of ₹3,376.73 million, partially offset by proceeds from sale of financial instruments including fixed deposits of ₹109,816.43 million.

Net cash flows used in investing activities totalled ₹6,900.50 million for Fiscal 2022, primarily consisting of investments in financial instruments including fixed deposits of ₹83,807.90 million and purchase of property, plant and equipment and intangible assets (including capital work-in-progress, capital creditors and capital advances) of ₹10,683.30 million, partially offset by proceeds from sale of financial instruments including fixed deposits of ₹87,853.52 million.

Net cash flows from / (used in) financing activities

Net cash flows used in financing activities totalled ₹8,360.89 million for the six months ended September 30, 2024, primarily consisting of repayment of borrowings including bill discounting of ₹52,448.90 million, partially offset by proceeds from borrowings including bill discounting (net of expenses) of ₹49,966.77 million.

Net cash flows used in financing activities totalled ₹2,026.89 million for Fiscal 2024, primarily consisting of repayment of borrowings including bill discounting of ₹88,012.04 million, interest paid on borrowings and other liabilities of ₹4,554.38 million and dividend paid on equity shares of ₹3,800.66 million, partially offset by proceeds from borrowings including bill discounting of ₹95,194.78 million.

Net cash flows from financing activities totalled ₹2,802.69 million for Fiscal 2023, primarily consisting of proceeds from borrowings including bill discounting of ₹77,101.66 million, partially offset by repayment of borrowings including bill discounting of ₹68,289.81 million.

Net cash flows from financing activities totalled ₹3,101.66 million for Fiscal 2022, primarily consisting of proceeds from borrowings including bill discounting of ₹66,810.15 million, partially offset by repayment of borrowings including bill discounting of ₹59,713.20 million.

Financial Liabilities

We believe that our existing credit lines under short-term loans, together with cash generated from operations, will be sufficient to finance our working capital needs for the next twelve months. Our actual financing requirements will depend on a number of factors, many of which are beyond our control.

The table below sets forth a breakdown of our financial liabilities as of September 30, 2024.

(₹ in million)

	Current	Non-current	Total
Borrowings	55,473.74	17,647.53	**73,121.27**
Lease liabilities	415.64	3,865.42	**4,281.06**
Trade payables	22,366.66	-	**22,366.66**
Derivative instruments	158.24	411.45	**569.69**
Other financial liabilities	1,743.81	158.47	**1,902.28**
Total	**80,158.09**	**22,082.87**	**102,240.96**

Contingent Liabilities

The following table sets forth certain information relating to our contingent liabilities as of March 31, 2022, 2023 and 2024 as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent assets.

(₹ in million)

	As of March 31,		
	2022	**2023**	**2024**
Claims against the Group not acknowledged as Debts – to the extent ascertained	1,124.34	1,096.00	1,320.54
Guarantees given by the group's bankers on behalf of the group against a sanctioned guarantee limit of ₹ 7,250 million (March 31, 2023: ₹ 7,350 million) for contracts undertaking by the group are secured by extension of charge by way of joint hypothecation of stock-in-trade, stores & spares etc., book debts, subject to a prior change in their favour.*	-	3,437.88	3,857.66
Excise/Service tax demands - matters under dispute	130.10	141.27	129.66
Customs demands - matters under dispute	50.97	55.73	69.51
Sales tax demands - matters under dispute	0.60	0.60	0.60
Income tax demands - matters under dispute	190.33	190.33	215.32
Others	33.67	-	-

Note: *For Fiscal 2022 guarantees given of ₹ 3,372.64 million have been included in Capital & other commitments in Financial Statement.*

QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to certain risks that arise in our normal course of business, such as market risk, credit risk and liquidity risk. We have established a finance and risk management committee to assure that our financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with our policies and risk objectives. Furthermore, all the derivative activities for risk management purposes are carried out by experienced members from our senior management who have the relevant expertise, appropriate skills and supervision. It is our policy that no trading in derivatives for speculative purposes may be undertaken.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investment in mutual funds, FVTOCI investments and derivative financial instruments.

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. Our exposure to the risk of changes in market interest rates relates primarily to our long-term debt obligations with floating interest rates.

We generally borrow in foreign currency, considering the natural hedge we have against our exports. Long-term and short-term foreign currency debt obligations carry floating interest rates and in certain cases fixed interest rates.

We avail short-term debt in foreign currency up to a tenor of nine months, in the nature of export financing for our working capital requirements. LIBOR or EURIBOR for these debt obligations is fixed for the entire tenor of the debt, at the time of availment.

We have an option to reset LIBOR/SOFR or EURIBOR either for six months or three months for our long-term debt obligations. To manage our interest rate risk, we evaluate the expected benefit from either of the LIBOR resetting options and accordingly decide. We also have an option for our long-term debt obligations to enter into interest rate swaps, in which we agree to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Our exposure to the risk of changes in foreign exchange rates relates primarily to our export revenue, long term foreign currency borrowings and our net investment in foreign subsidiaries and associates.

Commodity price risk

We are affected by the price volatility of certain commodities. Our operating activities require the ongoing purchase of steel. Due to the significant volatility of the price of steel, we have agreed with our customers for a pass-through of the increase or decrease in prices of steel. There may be a lag effect in the case of such a pass-through arrangement.

Equity price risk

We are exposed to price risk in equity investments and classified on the balance sheet as fair value through profit or loss and through other comprehensive income. To manage our price risk arising from investments in equity, we diversify our portfolio. Diversification and investment in the portfolio are done in accordance with the limits set by our Board of Directors.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. We are exposed to credit risk from our operating activities (primarily trade receivables) and from our financing activities, including deposits with banks and financial institutions, investment in mutual funds, other receivables and deposits, foreign exchange transactions and other financial instruments.

Customer credit risk is managed by our established policy, procedures and control relating to customer credit risk management. Our outstanding customer receivables are regularly monitored and reconciled, and we use a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. Furthermore, an impairment analysis is performed at each reporting date on an individual basis for our major customers.

Liquidity risk

Our liquidity requirements are monitored at the holding company and individual component level by respective treasury functions to ensure availability of funds to meet operational needs. Cash flow forecasting takes into consideration the compliance with internal cash management. Our 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.

According to our policy, there should not be concentration of repayment of loans in a particular financial year. In case of such concentration of repayment, we evaluate the option of refinancing entire or part of repayments for extended maturity.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in our accounting policies during Fiscals 2022, 2023, 2024 and six months ended September 30, 2024 that had a material impact on our financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

Except as disclosed elsewhere in this Preliminary Placement Document (including in our Financial Statements), we do not have any off-balance sheet arrangements or obligations that have or which are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenue, expenses, results of operations, liquidity, capital expenditure or capital resources.

UNUSUAL OR INFREQUENT EVENTS OR TRANSACTIONS

Except as described in this Placement Document, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

KNOWN TRENDS OR UNCERTAINTIES

Our business has been subject, and we expect it to continue to be subject, to changes arising from the trends identified above in "— *Significant Factors Affecting our Results of Operations*" and the uncertainties described in "*Risk Factors*".

Except as described in this Placement Document, there have been no known trends or uncertainties that have or had or are expected to have a material adverse impact on our business operations or financial condition.

FUTURE RELATIONSHIP BETWEEN COSTS AND INCOME

Other than as described in this section and "*Risk Factors*", to our knowledge, there are no known factors which will have a material adverse impact on our operations and finances.

SEASONALITY OF BUSINESS

Our business is not subject to seasonal variations.

SIGNIFICANT DEVELOPMENTS AFTER SEPTEMBER 30, 2024

Other than as disclosed elsewhere in this Placement Document, no circumstances have arisen since September 30, 2024 that could materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

AUDITOR OBSERVATIONS AND EMPHASIS OF MATTER

Our statutory auditors have not included any audit qualification or observation in relation to our Financial Statements for Fiscal 2023and 2024 except below:

- The audit report for Fiscal 2024 states that certain instances were observed with respect to features of a recording audit trail (edit log) facility which were not enabled for certain accounting software, pursuant to the requirements of Rule 11(g) of Companies (Audit and Auditors) Rules, 2014.

- For Fiscal 2024 and 2023, our Statutory Auditors made certain observations pursuant to the Companies (Auditor's Report) Order, 2020 relating to the deeds of immovable properties not being in the name of the company, certain loans extended without any stipulation of repayment terms, non-demand for repayments of loans, delays in the repayment of undisputed statutory dues and the Investors Education and Protection fund.

Our previous statutory auditors have not included any audit qualification in relation to our Financial Statements for Fiscal 2022.

Fiscal 2022

Emphasis of Matter

Our previous auditors have drawn attention to a note of the consolidated Ind AS financial statement which describes the impact of change in accounting year of certain foreign components from December 31 to March 31, resulting in consolidation of financial information of those components for 15 months period ended March 31, 2022.

OUR BUSINESS

Please read "Presentation of Financial and Other Information – Financial data and other information" on page 14 before reading this section. This section should also be read together with "Risk Factors", "Industry Overview", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Summary of Financial Information" and "Financial Information" on pages 52, 98, 109, 40 and 228, respectively.

This section contains forward-looking statements. Actual results of our Company and our subsidiaries may differ materially from those expressed in or implied by these forward-looking statements. See "Forward-Looking Statements" on page 18for a discussion of the risks and uncertainties related to those statements and "Risk Factors" on page 52 for a discussion of certain factors that may affect our business, financial condition, results of operations or cash flows.

Unless stated otherwise, or unless context requires otherwise, all financial information in this section is given on a consolidated basis, and such financial information corresponding to (i) Fiscal 2024, Fiscal 2023 and Fiscal 2022 has been derived from the Audited Financial Statements, and (ii) the quarter and half year ended September 30, 2024 and September 30, 2023 has been derived from the Unaudited Financial Results. Our Company's financial year ends on March 31 of every year, so all references to a particular Fiscal are to the twelve-month period ended March 31 of that year.

Overview

We have more than 50 years of experience in manufacturing a wide range of performance, critical and safety components. We are a global player in metal forging, supplying forged and machined powertrain and chassis components. We have evolved from a pure-play forgings company to a well-diversified manufacturing conglomerate with expertise in engineering and metallurgy. We are vertically integrated, with end-to-end capabilities from engineering steel to finished components and aggregates driven by technology and engineering across sectors. We have global operations to service original equipment manufacturer ("**OEM**") and tier 1 ("**Tier 1**") customers worldwide across the commercial vehicle ("**CV**"), passenger vehicle ("**PV**"), defence and other industrial sectors. Our global footprint comprises 28 manufacturing locations across India, France, Germany, Sweden, and North America. We have over 100 global and domestic customers.

We currently manufacture an extensive array of component solutions, designed in accordance with our customers' bespoke and proprietary requirements for the following sectors: (i) automotive (CV and PV), (ii) power (renewable and non-renewable sources, including nuclear), (iii) oil and gas, (iv) rail, (v) marine, (vi) aerospace, (vii) construction and mining, (viii) e-mobility and (ix) defence. Our primary markets are Asia, Europe and the United States.

Our manufacturing capabilities are supported by our research and development ("**R&D**") team, equipped with design, product development, engineering, machining and mechanical testing capabilities. Building upon our manufacturing expertise and track record, we are now embarking on our journey into newer frontiers led by technology and are investing in new businesses including artificial intelligence ("**AI**"), e-mobility solutions and ferrous and aluminium castings. Our "tonnage and technology" approach involves focusing on our core forged component business while also investing in next generation business lines that will allow us to continue our evolution towards a technology-oriented company that can design and build products and provide tailored systems for customers.

For Fiscals 2022, 2023 and 2024 and the six months ended September 30, 2023 and September 30, 2024, we had revenue from operations of ₹104,610.78 million, ₹129,102.59 million, ₹156,820.71 million, ₹76,514.56 million and ₹77,946.54 million, respectively and profit before tax of ₹13,805.14 million, ₹8,269.45 million, ₹14,389.92 million, ₹6,781.36 million and ₹6,847.21 million, respectively.

For Fiscals 2022, 2023 and 2024, our segment revenue from external customers within India was ₹26,546.60 million, ₹33,757.32 million and ₹38,334.47 million, amounting to 25.38%, 26.15% and 24.44% of revenue from operations. For Fiscals 2022, 2023 and 2024, our segment revenue from external customers outside India was ₹78,064.18 million, ₹95,345.27 million and ₹118,486.20 million, amounting to 74.62%, 73.85% and 75.56% of revenue from operations.

Recent Developments

On 17 October 2024, we entered into a stock purchase agreement to acquire 100.00% of the paid-up share capital of AAM India Manufacturing Corporation Private Limited ("**AAMIMCPL**") for consideration of US$65 million (*approximately ₹ 5,493.00 million calculated at ₹ 84.50 = 1 USD as of November 29, 2024, Source: www.rbi.org.in*) subject to certain adjustments (the "**Proposed Acquisition**"). AAMIMCPL was established in 2008 and is a manufacturer of light, medium and heavy-duty axles for commercial vehicles and passenger buses in India. Upon completion of the

Proposed Acquisition, we will acquire the CV axle manufacturing facilities of AAMIMCPL in two locations in India, Pune and Chennai, and an engineering and development center located in Pune, thereby enhancing our vehicle component product portfolio. We believe that the Proposed Acquisition will enable us to expand our customer base and manufacturing presence among OEMs manufacturing components for light, medium and heavy-duty axle commercial vehicles and passenger buses in India. Completion of the Proposed Acquisition remains subject to the approval of the CCI. In addition, pursuant to the terms of the SPA, AAMIMCPL is required to seek consent pursuant to certain financing arrangements and business contracts for, among other things, a change of control.

Our Competitive Strengths

One of India's leading forging companies with a diversified and fungible product portfolio

We have more than 50 years of experience in manufacturing a wide range of performance, critical and safety components. We are a global player in metal forging, supplying forged and machined powertrain and chassis components. Over the years we have transformed from a single-product, single-location enterprise into a diversified, multi-product company serving multiple sectors. We are vertically integrated, with end-to-end capabilities from engineering steel to finished components and aggregates driven by technology and engineering across sectors. We utilise our global assets and technical capabilities to support our diversified approach. We have the capability to produce components made from steel, aluminium, iron and titanium with weights ranging from 200 grams to over 30 tons in finished weight.

We have leveraged our strength in metallurgy, metal forming, forging and machining to enhance our core forging business, and have ventured into new sectors including aerospace, defence and e-mobility and new processes, including casting, through the introduction of new products, systems and inorganic initiatives. In addition to developing a diverse product portfolio, we focus on the fungibility of our assets, whereby many of our products and technologies can service the needs of multiple sectors or can readily be adapted for others. For instance, our open-die press is able to forge multiple heavy forged components for our industrial and defence businesses. Similarly, our closed-die press can manufacture forged components for both automotive and industrial applications. In addition, the aluminium chassis products we manufacture in Europe and the United States are powertrain agnostic with supplies to both internal combustion engine ("**ICE**") and electric vehicle ("**EV**") platforms.

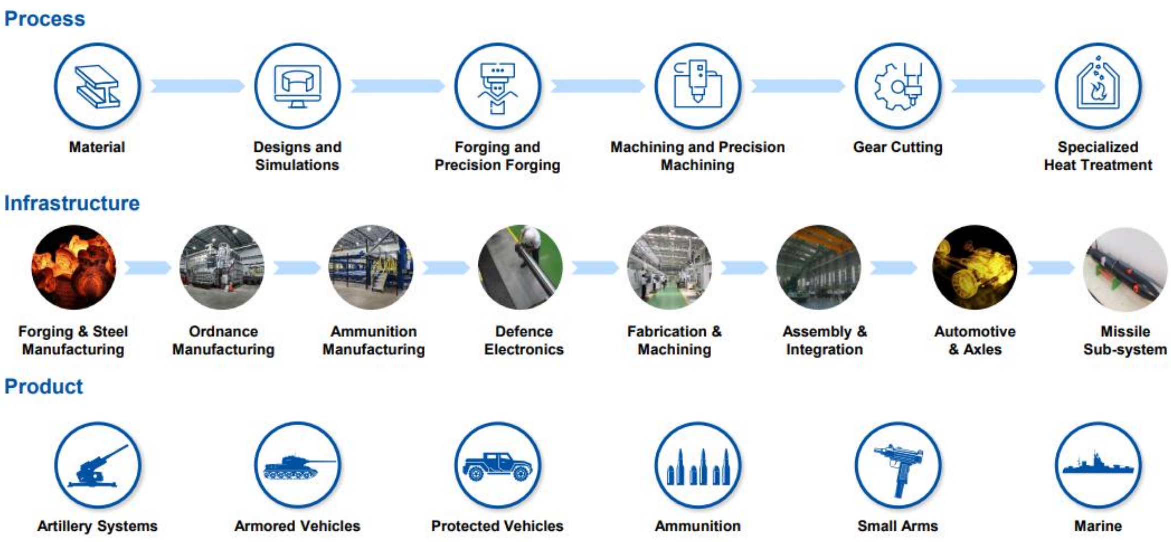
Focused development of our defence business

An area of special focus for us has been strengthening and diversifying the product portfolio of our defence business. We started investing in this business in 2011 and, given our extensive experience in metallurgy and metal-forming, we chose artillery systems as our first product category in defence. We have expanded our defence product range over time to include products and solutions relating to artillery systems, armored and protected vehicles and drive-away chassis, defence electronics, small arms, spares, maintenance, repair and operations ("**MRO**") services, empty shells and road wheels.

We are a part of the "Make in India" initiative of the Government of India ("**GoI**") which has stimulated increased defence production and exports. The GoI's approach of collaboration and cooperation in the defence industry has led to greater participation by the private sector in this industry. In addition, through our wholly-owned subsidiary Kalyani Strategic Systems Ltd. ("**KSSL**"), we have engaged with many countries to address their defence requirements in artillery systems, battlefield protection, and empty shells. In August 2023, KSSL exported its first indigenously designed, developed and manufactured artillery system from India. As of September 30, 2024, our cumulative order book for our defence business was ₹88,043 million and our executable order book was ₹59,051 million, consisting of products, systems and consumables. In Fiscal 2024, our defence business secured orders worth ₹44,992 million. Listed in the table below are the products and applications that are part of our defence portfolio.

Category	Products/Applications
Artillery systems	Ordnance, towed gun systems, mounted gun systems and ultra-light howitzers
Protected vehicles	Armored vehicles, drive away chassis, driveline business and combat vehicles (tracked and wheeled armored platforms)
Other businesses	Marine MRO, empty shells, marine underwater systems

These products and systems allow us to have a vertically integrated footprint in the defence business.



All of the technology and intellectual property for our defence business is developed in-house and is controlled by us. As of September 30, 2024, we held four granted patents and have 15 filed patent applications pending with respect to our defence business. Our commitment to innovation in this business has led to the development of nine product platforms in the artillery sector. For further details, see "– Our Operations – New products and sectors – Defence", below.

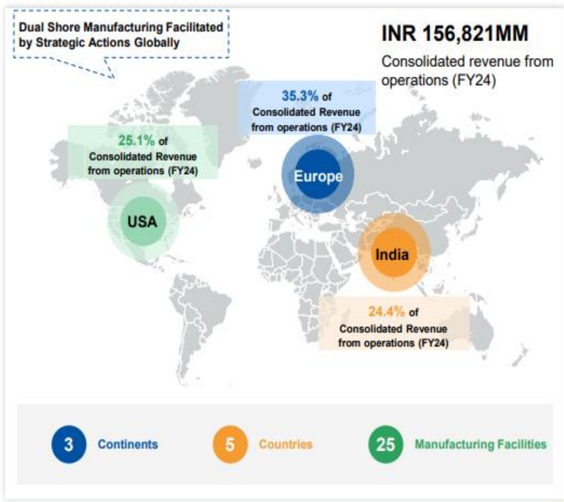
Integrated operations with strategic global footprint to maximize proximity to key customers

Our significant global footprint, with manufacturing facilities in close proximity to a number of OEMs, enables us to offer dual-shore manufacturing solutions as we are able to manufacture in India, a low-cost country, while maintaining closeness to our customers, thereby combining the dual benefits of proximity and cost. Below is a map illustrating our global footprint along with a table describing some of the key specialities of our facilities by location.

12 manufacturing facilities for forging and casting capacity

Geographies and number of facilities for forging & casting	Specialty	Key Highlights
India (7)	High pressure die casting, ductile iron casting, forging, machining, innovation center, testing and validation, fabrication and assembly	Diverse portfolio of products and process
Europe [Germany (2) and Sweden (1)]	Forging, aluminum, steel and specialty machining	Serves local demand here through exports from Indian units and 4 local manufacturing units
USA (2)	Steel and aluminum forging	Serves local demand through exports from Indian units and 1 local manufacturing unit

With 16 additional facilities located in India (14), Germany and France (1 each) for machining, assembly and prototype



Due to our geographical footprint, we are well-positioned to benefit from recent industry tailwinds and trends such as the "China plus one" strategy employed by a number of OEMs who are choosing India as their preferred manufacturing hub as they seek to diversify their supply chains beyond China.

We are able to cater to the needs of our customers across the value chain due to our deep expertise in all stages of the manufacturing lifecycle, from component design to prototyping, advanced manufacturing, assembly and integration, supply chain management, sales and marketing support, sustainability, and project lifecycle management. For example, due to our ability to offer a range of system solutions resulting from the vertical integration of our operations, including our in-house and sourcing capabilities from related parties, we have historically been able to enhance our product portfolio to increase the content per vehicle that we supply to our customers.

Proven track record of innovation allows us to adapt to the changing needs of our customers

Our robust in-house engineering and R&D competencies, backed by decades of manufacturing expertise, form the foundation of our operations. This foundation enables us to develop products and solutions that are responsive to the needs of our customers. Over the years we have ventured into newer business lines including aerospace, defence and e-mobility. Our experience in engineering, metallurgy and a competitive manufacturing setup have allowed us to leverage our existing capabilities to develop components for new sectors. For instance, we utilize the same equipment for manufacturing both automotive and industrial components. Our three dedicated R&D facilities provide us with a competitive edge in the industry as we are able to quickly adapt our products for new uses and sectors.

Wide range of equipment and fungibility supports diversification of revenue stream

Over time, we have created a diversified asset base with our forging equipment for a close die and open die press ranging from 1,600 tons to 16,000 tons and a 80 MT hammer. This allows us to manufacture parts with weights ranging from 200 grams to over 30 tons in finished weight. Our initial supply of crankshafts was limited to CVs in the automotive sector. However, with robust research and product engineering we were able to successfully manufacture crankshafts for PVs, heavy horsepower engines and railways, marine and construction and mining applications.

Strong operating performance and commitment to financial prudence

For Fiscals 2022, 2023 and 2024, we had revenue from operations of ₹104,610.78 million, ₹129,102.59 million and ₹156,820.71 million, resulting in a compounded annual growth rate of 22% from Fiscal 2022 to Fiscal 2024. We strive to balance our growth aspirations with financial prudence and maintain a strong balance sheet with current assets-financial assets-investments, cash and cash equivalents and other bank balances at ₹27,154.00 million as of March 31, 2024. Our strong operational performance combined with prudent working capital management and capital expenditure allocation have helped us maintain an acceptable debt to equity ratio at 1.05 as of March 31, 2024. This approach provides us with the flexibility to invest in new products, technologies and business lines and undertake strategic mergers and acquisitions. We incurred cash flow relating to capital expenditure for the purchase of property, plant and equipment and intangible assets (including capital work-in-progress, capital creditors and capital advances) of ₹10,683.30 million in Fiscal 2022, ₹9,961.82 million in Fiscal 2023 and ₹15,240.26 million in Fiscal 2024, which was primarily used to invest in plant and equipment.

We have actively sought to cushion the impact of potential cyclicality on our revenue streams through the addition of new high-growth business lines, including defence and ferrous and aluminium castings, and are continually exploring new opportunities for diversification. Diversification in our end-user sectors has promoted risk-mitigation and higher asset utilization.

Focused business development with a customer centric approach

Our customers include CV and PV OEMs and suppliers from North America, Europe and India. We engage closely with our customers from design to delivery. We have entered into long-term agreements and revolving purchase orders with certain OEMs.

To cater to the evolving needs of our customers, we are continually investing in capability building and collaborative processes across our business lines, ensuring the delivery of quality products based on the latest technological developments. These investments allow us to meet customer demand in a timely manner and deepen our relationships with our customer base.

Experienced senior management team and technically skilled employees with strong project execution capabilities

We are led by an experienced board of directors, and a professional and experienced management team with extensive experience in manufacturing, sales and marketing, finance and supply chain management in the manufacturing industry. We believe that our experienced and professional management team provides us with a key competitive advantage. We have successfully implemented various organic and inorganic expansion initiatives driven by our in-house team which have contributed to the overall growth of our business.

Strategies

Continue our evolution from a pure-play forgings business to a well-diversified manufacturing conglomerate

We will continue our evolution from a manufacturer of critical automotive components to a supplier of critical components and products/systems with expertise in metallurgy and engineering across multiple sectors. In Fiscal 2024, our revenue from external customers in our defence segment increased to 9.95% of our revenue from operations as compared to 3.18% in Fiscal 2023. This enabled us to reduce our exposure to revenues from external customers in the forgings segment such that it comprised 87.48% of our revenue in operations in Fiscal 2024 compared to 93.05% in Fiscal 2023. This reduction in percentage terms took place notwithstanding an absolute increase in revenue from external customers in the forgings segment in Fiscal 2024 of ₹17,044.94 million compared to Fiscal 2023. We believe that this trend will continue with our development of new business lines.

We aim to enhance our profile by diversifying across sectors and products and utilised our global assets and technical capabilities to support this approach. We have focused on creating opportunities in our areas of strength, including material science, metallurgy and metal forming, and leveraging our customer relationships.

As the growth in the global forging industry represents a significant opportunity for us, we anticipate continuing to enhance our capabilities in that sector. In Fiscal 2023, we acquired JS Auto Cast Foundry India Private Limited ("**JS Auto**") in order to leverage the domestic and international opportunities in wind energy, hydraulics, construction, and mining, among others, brought about by entering this market. JS Auto is a casting and machining company based in Coimbatore, India. In addition, we also acquired the business and assets of Indo-Shell Mould Limited SEZ Unit in Fiscal 2024 to complement the business of JS Auto. During Fiscal 2024, JS Auto implemented de-bottlenecking projects, expedited new product development, and undertook various efficiency augmenting initiatives. This assisted JSA in increasing its revenue from ₹4,379.86 million in Fiscal 2023 to ₹5,674.64 million in Fiscal 2024.

We have made business development efforts with respect to our aluminium casting facility at Nellore, India. This facility primarily produces automotive components for promoting fuel efficiency, also known as light-weighting, and commenced production in March 2020. As the trend towards lightweighting and fuel efficiency grows across the automotive sector, we expect demands for aluminium cast products to increase substantially. We aim to cater to this expected rise in demand by focusing on structural and powertrain components.

Similarly, we will continue to develop our defence business by increasing the depth and breadth of defence products covering land, air and naval applications, including consumables. Potential areas of development include vertically integrated ammunition, precision ammunition, small arms, C4ISR unmanned systems, MRO services and AI-based language translation.

Continue to pursue select inorganic opportunities that allow us to gain customer access, enter new segments, and cross-sell solutions to existing as well as new customers

Our approach to non-linear growth is exemplified by our strategic emphasis on inorganic growth. This has allowed us to diversify and gain market share through strategic acquisitions. For example, our acquisitions of Bharat Forge CDP, Bharat Forge Aluminiumtechnik and Bharat Forge PMT Technologie LLC provided us with crucial customer access in Europe and the United States. Similarly, our acquisition of JS Auto allowed us to enter the high-growth castings market. On October 17, 2024, we announced that we had entered into a purchase and sale agreement to acquire 100% of the effective interest in AAMIMCPL for consideration of US$65 million (*approximately ₹ 5,493.00 million calculated at ₹ 84.50 = 1 USD as of November 29, 2024, Source: www.rbi.org.in*) (subject to closing adjustments). Upon completion of the Proposed Acquisition, we will acquire the CV axle manufacturing facilities of AAMIMCPL in two locations in India, Pune and Chennai, and an engineering and development center located in Pune, thereby enhancing our vehicle component product portfolio. See "Recent Developments" above for further details of this proposed acquisition.

Continue our transformation up the value chain

We aim to move up the product and system value chain across various verticals, with an emphasis on technology and innovation. S&P Global forecasts that global sales of new vehicles will reach 88.3 million units in CY 2024, reflecting a 2.8% year-on-year growth. We seek to continue to benefit from this increased demand by producing components and systems that are further up the value chain. For example, we remain the supplier of choice for critical engine, chassis and drive-line components for heavy CVs. Similarly, we are witnessing the same trend in our PV business as a substantial percentage of exports are being shipped to customers in a fully machined form. Our aerospace business started with supplying components in an "as forged" condition with us subsequently developing machining capabilities. As we gain experience, expertise and relationships with customers in the aerospace sector, we anticipate that our focus will be on adding sub-systems and assemblies to our aerospace product portfolio.

Continue to improve our profitability and value creation for shareholders

We will continue to explore opportunities by entering into new sectors and processes and optimizing our costs in order to achieve operational efficiencies, including with respect to our foreign subsidiaries. Similarly, our evolution from a pure-play forgings company to a manufacturer of components and systems across a wide range of sectors is likely to assist in balancing volatility in our business, thereby enhancing the value proposition for our shareholders.

Continue to integrate advanced technology in all facets of our business

We have invested in AI based systems and state-of-the-art technologies such as the Internet of Things ("**IoT**") and Industry 4.0 to assist in enhancing the safety of our operations and drive greater productivity and reliability. AI-based proximity sensors and speed control devices have been deployed in our material handling operations. The use of these initiatives, and prevention of critical failures through early warning systems leveraging IoT, allow us to focus on improving equipment uptime and efficiency, thereby enhancing the productivity of our operations. Our aerospace machining processes already operate entirely on a digital platform leveraging IoT and other standards, ensuring seamless integration from design to manufacturing, testing, and complete digitalized lifecycle management.

Propel growth in our e-mobility business

Our wholly owned subsidiary, Kalyani Powertrain Limited, operates in the e-mobility sector through both organic and inorganic initiatives.

These investments have provided us with access to low voltage and high voltage electrification technologies that we anticipate may lead to increased content per vehicle. Synergies between in-house competencies and the portfolio of products from Refu Drive GmbH are also assisting us in generating business opportunities for standalone products including on-board chargers for EVs. In addition, we are also engaged in CV repowering business, which involves the retrofitting of ICE powered CVs with an EV powertrain.

Maintain our commitment to sustainability

Sustainability is fundamental to our corporate values and we aim to balance economic prosperity, social well-being and environmental stewardship. In Fiscal 2023, we embraced a commitment to emerge as an Environmental, Social and Governance ("**ESG**") leader within the manufacturing sector. We have set sustainability targets and crafted a detailed ESG roadmap. To effectively oversee sustainability-related matters across our operations, we have established an ESG committee. Key ESG initiatives include the reduction of greenhouse emissions from our operations through the adoption of renewable energy and waste management. In Fiscal 2024, 39.45% of the power utilized for our operations was from renewable sources.

We have made consistent progress in the areas of stakeholder engagement, resource efficiency, climate change, supply chain sustainability, customer engagement, risk management, ethics and compliance. As a result, our ESG ratings have shown marked improvement. Our S&P Global Assessment rose from a rating of '18' in 2021 to '41' in 2022 and '46' in each of 2023 and 2024 (*Source: S&P Global ESG Score*). Similarly, in the Carbon Disclosure Project Assessment ("**CDP Assessment**"), we were ranked 'F' in 2021 and improved our rating to 'B-' in 2023 (*Source: CDP Score Report – Climate Change*).

Major events in the history of the Company

Year	Milestone
1961	Incorporation of the Company
1964	Shares first listed on Bombay Stock Exchange
1966	Commencement of commercial production
1985	Commencement of initial exports to Europe
1990	Investment in advanced forging technology and commissioning of 16,000 MT press line
1991	Commenced business with customers in Japan, the United Kingdom and the United States for the supply of powertrain and chassis components
2001	Commissioning of second 16,000 MT press line and initial acquisition (order book of Dana Incorporated)

Year	Milestone
2002	Investment in R&D, testing and validation and heavy-duty truck crankshaft machining facilities
2003-2005	Strategic acquisitions in Europe and North America and entry into a joint venture in China
2008	Commissioned India's largest commercial open forging press
2009	Inauguration of forging and high horsepower, rail, marine and oil and gas crankshaft machining facility
2010	Established the Kalyani Centre for Technology and Innovation
2011	Commenced defence business through initial investments
2013	Commenced supply of crankshafts for Indian Railways, becoming the first indigenous supplier of crankshafts
2015	Acquired Mécanique Générale Langroise, an oil and gas machining company, and commenced supplies of critical components to the aerospace sector
2016	Acquisition of the forging operations of Walker Forge Tennessee LLC
2017	Established the Kalyani Centre for Manufacturing Innovation
2018-2019	Strategic investments in the e-mobility sector through the acquisition of stakes in Tork Motors Private Limited, Tevva Motors (Jersey) Ltd. and Refu Drive GmbH
2020	Set-up of a greenfield facility in North Carolina for the manufacture of aluminum forgings to address opportunities in light-weighting
2021	Acquisition of Sanghvi Forging & Engineering Ltd. (renamed BF Industrial Technology & Solutions Limited)
2022	Acquisition of JS Auto, a casting company
2023	Acquisition of the SEZ unit of Indo-Shell Mould Limited, a casting company, by JS Auto
2024	Announced proposed acquisition of AAMIMCPL

Our Operations

Product portfolio

We currently manufacture an extensive array of component solutions, designed in accordance with our customers' bespoke and proprietary requirement for the following sectors: (i) automotive (CV and PV), (ii) power (renewable and non-renewable sources, including nuclear), (iii) oil and gas, (iv) rail, (v) marine, (vi) aerospace, (vii) construction and mining, (viii) e-mobility and (ix) defence.

Sector	Application
1. Automotive	Engines, chassis, transmissions and drivelines components
2. Power	Thermal, hydro, wind and nuclear components
3. Oil and gas	Subsea, surface and drilling components
4. Rail	Engines, turbochargers and rolling stock components
5. Marine	Shafts and engine components
6. Aerospace	Airframes, compressors, engines and structural components
7. Construction and mining	Engines, spindles and track link components
8. E-mobility	Retrofitting of commercial vehicles and electronic components
9. Castings	Small castings (up to 400 kilograms)
10. Defence	Artillery systems, protected vehicles, armored vehicles, defence electronics, small arms, air defence, empty shells and marine products

Core products

A description of some of our key products is set forth below:

Crank shafts - The primary function of a crank shaft is to enable an automobile to move. A crank shaft converts reciprocating motion to rotational motion. The piston is connected to the crank shaft by a connecting rod. A crank shaft converts the linear motion of the piston into the rotational motion of the engine's output shaft and provides drive to the camshafts, oil pump and other devices. It can also be described as shaft which transmits the power developed by the engine to the various parts of the vehicle.

Front axle beams - An axle is a central shaft for a rotating wheel. On wheeled vehicles, the axle may be fixed to the wheels, rotating with them, or fixed to its surroundings, with the wheels rotating around the axle. The axle transmits driving torque to the wheel, as well as maintains the position of the wheels relative to each other and to the vehicle body. The front axle beam is one of the major parts of a vehicle's suspension system. It houses the steering assembly as well.

An axle is usually a forged component for which a higher strength to weight ratio is desirable. When the vehicle is not in motion, the singular job of the axle is to hold the wheels in proper alignment and support part of the weight. When the vehicle is into motion, the axle receives the twisting stresses of driving and braking. Typically, the front axle is designed to transmit the weight of the automobile from the springs to the front wheels, turning right or left as required.

Steering knuckles - A steering knuckle contains the wheel hub or spindle and attaches to the suspension components. It is also called a spindle, upright or hub. It is the pivot point of the steering system, which allows the wheels to turn. Steering knuckle designs differ to fit different applications and suspensions. However, they can be divided into two main types. One includes a hub and the other includes a spindle. In a non-drive suspension, the knuckle usually has a spindle onto which the brake drum or brake rotor attaches. In a drive suspension, the knuckle has no spindle, but rather has a hub into which, the bearings and shaft of the drive mechanism, are affixed.

Jet-engine turbine blades - Turbine blades play an important role in creating forward thrust for jet engines, which power aircraft. These components are designed to operate in conditions of extreme high pressure and temperatures and must be made from materials that can withstand the stresses of high-speed flight. The materials of turbine blades are, therefore, difficult to machine, heat-resistant superalloys with high creep strength, high temperature fatigue strength, and high temperature corrosion resistance.

Artillery systems - Artillery guns are land-based deterrence weapons with range of 40 to 50 km per shot. These weapons require operations by a set of crew members. Major components of artillery guns are the barrel, breech assembly and muzzle brake. The barrel is the vertical shooting tube which is used for firing the gun. The breech assembly is part of the ammunition loading system. The muzzle brake is used to control the effect of recoil and kickback following the firing of the gun.

Fluid-ends and blow-out preventers – These are important components used in fracking pumps for drilling shale oil. They also assist in hydraulic fracturing.

Transmission components (gears and shafts) - Gears are used to transmit the power from one shaft to another. They are a critical component of the transmission as the variation in torque of the counter shaft and main shaft depends upon the gear ratio. The gear ratio is the ratio of the driven gear teeth to the driving gear teeth. If the gear ratio is large than one, the main shaft revolves at a lower speed than the counter shaft and the torque of the main shaft is higher than the counter shaft. On other hand, if the gear ratio is less than one, the main shaft revolves at a higher speed than the counter shaft and the torque of the main shaft is lower than the counter shaft. The primary functions of a gear box are as follows: (i) provide the torque needed to move the vehicle under a variety of road and load conditions by changing the gear ratio between the engine crankshaft and vehicle’s drive wheels, (ii) shift into reverse so that the vehicle can move backward, and (iii) shift into neutral for starting the engine. A counter shaft is a transmission component which connects to the clutch shaft directly. It contains the gear which connects it to the clutch shaft as well as the main shaft. It may be run at the engine speed or lower according to the gear ratio. The main shaft is a transmission component which runs at the vehicle speed. It carries power from the counter shaft through gears and according to the gear ratio, it runs at a different speed and torque compared to the counter shaft.

New products and sectors

Defence

We commenced our defence business in 2011. Given our extensive experience in metallurgy and metal-forming, we chose artillery systems as our first product category in defence. We have expanded our defence product range over time to include artillery systems, armored and protected vehicles and drive-away chassis, defence electronics, small arms, spares, MRO services, empty shells and road wheels.

We are a part of the “Make in India” initiative of the Government of India (GoI) which has led to increased defence production and exports. We aim to indigenize the three aspects of defence manufacturing: (i) design and technology, (ii) manufacturing capability and infrastructure, and (iii) maintenance and life cycle support.

Through our wholly-owned subsidiary KSSL, we have engaged with many countries to address their defence and security requirements in artillery systems, battlefield protection, empty shells and others. In August 2023, KSSL exported its first indigenously designed, developed and manufactured artillery system from India.

We are neither involved in the production of weapons of mass destruction nor are we in the supply chain of any of these weapons. We also do not produce any weapons banned by various multilateral organizations.

All of the technology and intellectual property for our defence business is developed in-house and is controlled by us. Our commitment to innovation and excellence in this business has led to the development of nine product platforms in the artillery sector. We do not manufacture, supply or participate in the distribution of weapon systems that have been banned under various United Nations conventions. We do not supply into countries that are the subject of sanctions.

Ferrous castings

We entered the ferrous casting sector through our acquisition of JS Auto in July 2022. JS Auto has the capability to supply components as fully machined castings ranging from 1.28 kilograms to over 400 kilograms. JS Auto cater to a variety of sectors including renewables, construction mining, hydraulics and automotive. We believe that this acquisition has brought in significant opportunities with respect to deepening our business relationships with existing customers.

Manufacturing and Production

Manufacturing facilities

We have 28 manufacturing facilities located in in five countries.

No.	Company name	Location	Sectors	Products
1	Bharat Forge Limited	Pune, India	Automotive, rail, marine, aerospace, defence, power, oil and gas, construction and mining	Crankshafts, front axle beams, steering knuckles, forged empty shells, artillery guns and aerospace components
2	Bharat Forge Limited	Baramati, India	Automotive, rail, construction and mining, and power	Crankshafts, front axle beams and steering knuckles
3	Bharat Forge Limited	Satara, India	Power, oil and gas	Fabrication
4	Bharat Forge Limited	Chakan, India	Automotive	Crankshafts and shafts
5	Bharat Forge Limited	Lonikand, India	Defence	Protective vehicles
6	Bharat Forge Limited	Nellore, India	Automotive	Light-weighting products
7	Bharat Forge Limited	Pune, India	Automotive, oil and gas and defence	Prototype manufacturing
8	Kalyani Centre for Precision Technology Limited	Indapur, India	Automotive	Crankshafts
9	BF Industrial Technology & Solutions Limited	Vadodara, India	Oil and Gas and power	Shafts
10	JS Auto Cast Foundry Private Limited	Coimbatore, India	Automotive, construction and mining and power	Differential housing flanges, axle parts, hydraulic casting brackets and yaw brakes
11	JS Auto Cast Foundry Private Limited	Coimbatore, India	Automotive, construction and mining and power	Machining of cast components
12	JS Auto Cast Foundry Private Limited	Erode, India	Automotive, construction and mining and power	Differential housing flanges, axle parts, hydraulic casting brackets and yaw brakes
13	JS Auto Cast Foundry Private Limited	Erode, India	Automotive, construction and mining and power	Differential housing flanges, axle parts, hydraulic casting brackets and yaw brakes
14	Kalyani Strategic Systems Limited	Jejuri, India (facility under construction)	Defence	Artillery guns and protective vehicles
15	Kalyani Strategic Systems Limited	Hyderabad, India	Defence	Electronic components
16	Kalyani Rafale Advanced Systems Limited	Hyderabad, India	Defence	Missile systems
17	Aeron Systems Private Limited	Pune, India	Defence	Navigation systems
18	Eternus Performance Materials Private Limited	Kolhapur, India	Defence	Carbon fiber composites
19	Kalyani Powertrain Limited	Chakan, India	E-mobility	EV components

No.	Company name	Location	Sectors	Products
20	Kalyani Powertrain Limited	Chakan, India	E-mobility	Retrofitting of trucks
21	Kalyani Powertrain Limited	Chakan, India	E-mobility	Contract manufacturing of e-bikes
22	Bharat Forge Aluminium USA Inc.	Sanford, North Carolina, USA	Automotive	Knuckles and control arms
23	Bharat Forge PMT Technologie LLC	Surgoinsville, Tennessee, USA	Automotive	Pistons, crankshafts and shafts
24	Bharat Forge CDP GmbH	Ennepetal, Germany	Automotive and railways	Crankshafts, knuckles, pistons, stub axles and assemblies
25	Bharat Forge Aluminiumtechnik GmbH	Brand-Erbisdorf, Germany	Automotive	Knuckles and control arms
26	Bharat Forge Daun GmbH	Daun, Germany	Automotive	Tooling and rotor machining
27	Bharat Forge Kilsta AB	Karlskoga, Sweden	Automotive	Crankshafts, front axle beams and steering arms
28	Mecanique Generale Langroise	Saints-Geosmes, France	Oil and gas	Machined components

The table below sets forth our forging capacity by location in Fiscal 2024.

Location	Forging Capacity (MTPA)	Percentage of Total Forging Capacity	Specialty
India	460,600	64.5%	High pressure die casting, ductile iron casting, forging, machining, innovation center, testing and validation, fabrication and assembly
Europe	207,800	29.1%	Forging, aluminium, steel and specialty machining
United States	45,700	6.4%	Steel and aluminium forging
Total	**714,100**	**100.0%**	

Manufacturing processes utilized in our value chain

Engineering and product development

Our engineering team reviews the available inputs such as 2D drawings, 3D models, customer standards, regulatory requirements, other available information and the production risks associated with the relevant product. Our engineering team interacts with our customers during the development phase of new products by conducting a technical review and discussing suggestions for improvement with respect to the product (e.g., strength or light weighting). The engineering team also assesses whether any deviations are required to aid the manufacturing forgeability of the product without affecting its fit and function. On the basis of the inputs from the marketing team, a cost sheet is prepared which is internally vetted by the plant head and sent to the marketing team for submission to the customer. If an order is subsequently received from the customer, our engineering team generates a unique die number for further traceability of the product throughout the lifecycle. Our engineering team takes the following factors into account when designing a product: cost, quality, delivery and reliability.

Tool and die manufacturing

The tooling and die making process includes the machining of dies, tools, incoming die material inspection and testing. The sinking of an impression is implemented through a computer numerical control ("**CNC**") machine programming with the use of the relevant 2D drawing, 3D model, computer aided manufacturing programs and other machines. Following this process, inspection of the die is carried out. If acceptable, an acceptance report is generated. Each die and tool is identified with a unique identification number and stored in a specified location. Dies and tools along with the approved labels are handed over to the production department for production, planning and control. Dies and tool parameters are fixed for series production after receiving customer approval.

Forging

Upon receipt of the raw material (in bar form), with reference to certain technical parameters, a unique heat code is allotted to each lot. Once the lot is accepted by our quality department, it is stored in a designated area. Each bar is also tested by a mobile spectrometer prior to cutting. The initial piece of each bar is checked for conformity with the design requirements. Forging units such as pressers or hammers are selected based on the design requirements for a particular item to be forged. The cut billet is heated in an oil-fired furnace or induction heater and die is set on the respective unit and pre-heated. The hot billet is forged between close dies to the required shape. Then excess material is removed from the forging by a trimming operation. The forged product is checked for conformity with the relevant customer requirements with reference to the designated control plan and sampling plan. The heat-treated forged items are then shot blasted to remove scale thereby readying them for painting or coating.

Machining

Machining is a manufacturing process that involves removing excess material from a work piece to produce a desired shape, size, and surface finish. It involves cutting, shaping, or forming materials metals (such as steel or aluminium) to the specifications of the engineering drawing using various precise CNC machine tools.

Our Customers

We believe that we have built relationships with our key customers, both in India and globally, in our business verticals. We believe that these relationships enable us to maintain a significant presence in the following areas and sectors: automotive, CV, oil and gas, construction and mining, agriculture, aerospace and renewables. We believe we are trusted partners of our customers due to our strong operational performance and commitment to technological innovation and competitiveness. As of September 30, 2024, our cumulative order book for our defence business was ₹88,043 million and our executable order book was ₹59,051 million, consisting of products, systems and consumables. In Fiscal 2024, our defence business secured orders worth ₹44,992 million.

Supply and Sourcing of Materials

The principal raw materials that we use in the manufacturing of our products are steel, carbon steel, alloy steel, aluminium, titanium and its various alloys. We source our raw materials from various suppliers including from related parties for our forging operations in India. Approximately 60% of our steel requirements for our operations in India in Fiscal 2024 were provided by related parties, Saarloha Advanced Materials Private Limited and Kalyani Steels Limited.

In Fiscals 2022, 2023 and 2024 and the six months ended September 30, 2023 and 2024, our cost of raw materials and components consumed amounted to ₹46,175.79 million, ₹60,649.93 million, ₹71,383.81 million, ₹36,046.25 million and ₹33,657.37 million, representing 44.14%, 46.98%, 45.52%, 47.11% and 43.18% of our revenue from operations for the respective periods.

Although we generally agree on the prices of our components with our customers in advance, we seek adjustments to the prices of our products to account for changes, whether increases or decreases, in our raw material costs. We have expanded into aluminium forgings and castings and developed competencies in titanium, diversifying our raw material requirements. We are exposed to a low level of price risk on raw materials, as we are typically able to pass through the cost of any price changes to our customers. However, there may be a lag effect in the case of such pass-through arrangements. In addition, as our customer orders are placed on a four-monthly rolling schedule, we are able to make changes to our raw material requirements to adjust to any fluctuations in customer demand. For further details on our supply and sourcing of materials, see "*– Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting Our Results of Operations – Managing operating costs and supply chain*", on page 111.

Engineering, Research & Development

We emphasize innovation and aim to be a technological leader in the segments we operate in. We engage in ongoing engineering and R&D activities to improve the reliability, performance and cost-effectiveness of our existing systems and components and design and develop innovative components that meet customer requirements for new applications. As of March 31, 2024, we had developed 54 new products and had over 180 employees engaged in engineering, prototyping and testing of our products.

Upon engagement, we work closely with our customers on the development of innovative design for their products. Through such collaboration, we aim to satisfy the requirements of our customers as well as integrate ourselves with them, including collaborating and working alongside the in-house engineering and design teams of our customers. In addition, we design and develop our own innovative products, which we then offer to customers to enhance our overall value proposition. We are continuously focused on developing innovative systems and components with our capabilities in materials science and precision forging to achieve better strength, wear and tear and hardness characteristics.

Some of our key R&D and engineering initiatives are as follows: (i) advanced manufacturing, which comprises of additive manufacturing, 3D printing, reverse engineering, electron beam welding and laser processing, (ii) material science research into high strength steels and alloys of exotic metals, (iii) computer aided engineering and design, and (iv) advanced machining.

R&D Infrastructure

We have set up dedicated infrastructure to support our R&D initiatives. The Kalyani Centre for Technology and Innovation ("**KCTI**") located in Pune, India, provides technical training and academic courses for employees. KCTI also undertakes R&D metallurgical properties of various metals, optimization of forging processes, value addition and value engineering, development of total systems, and co-development of products and processes.

The Kalyani Centre for Manufacturing Innovation undertakes R&D in new product development, incubating new technologies through rapid prototyping and establishing design for manufacturing processes and technologies. Our AI and machine learning technology center seeks to augment efficiencies and precision through the use of AI and machine learning. Kalyani Mobility supports product development for our light-weighting and e-mobility businesses and incubates disruptive technologies in material alloys and manufacturing processes.

Intellectual Property

Our proprietary know-how and other intellectual property acquired through our years of experience is a key asset. We do not believe that we hold any single intellectual property that is material to our operations as a whole, but, instead, believe that it is the combination of our patents, designs, copyrights, trademarks, trade secrets and know-how (i.e., our intellectual property as a whole) that creates an advantage for the business.

As of September 30, 2024, we held over 70 granted patents and have more than 50 filed patent applications pending in relation to all our business across all sectors and subsidiaries. The patent portfolio includes patents mainly related to our in-house developed products in defence, automotive products, aerospace, e-mobility and metallurgy as well as patents for the processes related to their manufacture.

Quality Control and Testing

All of our products undergo rigorous internal qualification processes. Our assembly processes are subjected to in-process controls, post-process checks, regular product and process audits and functionality tests after assembly and prior to shipping. Our quality systems have been designed to comply with the latest automotive quality system standard, IATF 16949. We have set up a full-fledged product testing facility for the validation of various components to ensure higher and consistent level of quality. Our facility adopts various methods for advanced fatigue testing including strain measurement, crack detection and complete metallurgical analysis.

We also require our suppliers to undergo a qualification and an onboarding process to ensure the quality of materials supplied to us. In addition, we regularly monitor and analyze customer satisfaction feedback.

Information Technology

To address the evolving demands for modern, efficient, and secure operations, we have developed a comprehensive information technology ("IT") platform that supports our global initiatives and various industry-specific needs. This infrastructure encompasses systems and specialized platforms, integrated to streamline workflows, boost productivity, and ensure data security. Some of these systems are described below.

Digital foundation systems

Our core systems operate on a digital thread, which integrates essential platforms such as core enterprise resource planning, product lifecycle management and human resource management systems through systems, application and products success factors. These platforms are selected and configured to meet each vertical's specific requirements, ensuring smooth integration and operational synergy across departments.

Manufacturing execution systems ("MES"), Industrial Internet of Things ("IIoT"), virtual reality, augmented reality and robotics

We deploy MES and IIoT solutions for real-time production data which serves to enhance precision and efficiency in manufacturing while supporting condition monitoring to minimize downtime. Virtual reality and augmented reality technologies further aid in training, product design, and maintenance activities. Robotics contribute to automation by reducing manual tasks and improving operational accuracy.

Hyper-converged infrastructure and cloud solutions

Our IT framework includes a hyper-converged infrastructure, providing a scalable, cohesive, and secure digital foundation. This infrastructure provides data accessibility, resilience, and scalability, allowing us to process substantial data volumes related to engineering, production, supply chain, and business operations. Our robust data storage solutions are built to protect sensitive information while enabling real-time access and analytics.

Data analytics

Data analytics plays a vital role in enabling us to extract actionable insights from extensive operational data. Through analysis of critical business metrics, including cost structures, profitability, overall equipment effectiveness and various key performance indicators, we are able to continuously monitor performance, optimize resource allocation, and make decisions based on data. This analytical approach empowers us to proactively manage financial health, improve operational efficiency, and align our services with strategic objectives. Advanced analytics grant us a view of trends and performance across divisions, allowing prompt and effective responses to emerging challenges and opportunities.

Cybersecurity and Compliance

Security is integral to our IT infrastructure, particularly within our defence operations. For our defence business, we are implementing dedicated solutions to separate IT infrastructure, business applications and network security. Our adherence to cyber security management standards, including ISO 27001 and the NIST cybersecurity framework provides data integrity and enhances protection against cyber threats.

Through the integration of these IT solutions, we are committed to building a secure, efficient, and scalable digital ecosystem that not only meets today's operational demands but also positions us for future technological advancements. This infrastructure enables us to serve the public and our stakeholders with reliability, transparency, and accountability.

Business Development, Sales and Marketing

We prioritize strategic alignment with our key customers and focus on cultivating long-term relationships. Our business development, sales and marketing department is responsible for designing and implementing a business development strategy adapted to all markets and forging local and global partnerships with our customers to sustain profitable growth. This requires close coordination between our internal teams and key customer contacts to understand and address design, engineering and supply chain considerations. Our business development, sales and marketing team generally has a high degree of involvement with our customers and the level of interaction is designed to suit the needs of each individual customer. We are involved in the early engineering phase to support the optimal design of systems and components from inception. This includes providing input on the type of materials to be utilized, proposing unique features and specifications and any areas for improvement. Our customers expect us to collaborate with them in developing products that integrate seamlessly with their own development efforts. We are able to support the entire product development cycle of our customers including deep engineering development using virtual design simulations (which greatly enhances speed of development), process simulations and performance bench-testing which draws upon our metallurgical knowledge. This capability also helps to set benchmarks which are then used on an ongoing basis to deliver products. Through this full-service capability for critical chassis, engine and other components, we are able to deepen our engagement with our customers at the business development stage which in turn enhances our customer relationships.

Competition

There is substantial competition in the component manufacturing industry, both in India and internationally. The factors influencing competition vary by region and industry where forged products are used, but generally we compete on the basis of our value proposition, including product quality, the ability to meet customers' specifications, range of products offered, lead times, manufacturing and product development capabilities and price. We also believe that there are several significant barriers to entry into the component manufacturing market, including the preference of OEMs and Tier 1 customers for companies with a strong operational track record, financial capabilities and manufacturing capacities.

Property

We operate our facilities in a manner which we believe allow us to better serve our customers in a timely and cost-effective manner. Each facility that we have built has been built with the strategic aim of optimizing capital investment, manufacturing and freight costs, the procurement of raw materials and the availability of local staff to meet customer needs.

Our registered and corporate office is located in Mundhwa Pune Cantonment, Pune, Maharashtra, 411 036, India. As of September 30, 2024, we had 28 manufacturing and assembly facilities across India, Europe and the United States, with 21 manufacturing facilities located in India. As of September 30, 2024, we also had three R&D centers located in India. Of our properties which are located in India, 11 are on leased or licensed basis. For further details on our manufacturing facilities, see "– Our Operations – Manufacturing Facilities", above.

Insurance

Our business, including our manufacturing operations, are subject to various risks such as risk of equipment failure, work accidents, fire, theft, earthquake, flood, product recall and liability, acts of terrorism, other force majeure events and other hazards that may cause personal injury, loss of life and damage to property and equipment. We maintain insurance policies in respect of our business, assets or stocks, machinery, building and equipment.

We maintain a fire and special perils policy with add-on cover for earthquakes, for our stocks, and marine cargo policies to cover various risks during the transit of goods anywhere in the country and overseas. In addition, we have a commercial general liability policy to cover any product recall and product liability risk, personal accident insurance policy for our employees, group medical claim polices for our employees and their families, and other insurance policies to manage the risk of losses from potentially harmful events, business public liability insurance policy, money insurance policy, and director and officer liability insurance policy.

Employees

As of September 30, 2024, we had approximately 14,871 employees including temporary and contract workers worldwide. As of September 30, 2024, 2,012 of our employees were members of unions.

Environmental, Social and Governance (ESG)

Sustainability is fundamental to our corporate values, and we aim to balance economic prosperity, social well-being and environmental stewardship. In Fiscal 2023, we announced our commitment to emerge as leaders in ESG within the manufacturing sector. To translate this commitment into reality, we have set ambitious targets and meticulously crafted a robust ESG roadmap. The roadmap comprises seven objectives and 25 measures that focus on the organization's key material ESG issues. We seek to integrate ESG principles seamlessly into every facet of our operations.

To effectively oversee sustainability-related matters across our operations, we have established an ESG committee, which has been approved by our Board of Directors and which is led by our Vice Chairman and Joint Managing Director, Mr.

Amit Kalyani. Recognizing the significance of engaging with stakeholders, we prioritize regular interactions to foster open dialogue and gather valuable insights. The ESG committee plays a pivotal role in monitoring our ESG performance by reviewing and approving publicly reported information. Additionally, the committee ensures the implementation of our ESG strategy and establishes a roadmap for achieving our ESG goals.

The following are key ESG milestones that we have identified for our business pursuant to our ESG/ sustainability policy 2023 and our sustainability report 2022-23:

- Attainment of carbon neutrality by 2040
- Renewable energy to power 80% of our operations by 2030
- A substantial reduction in freshwater consumption by 2030
- A significant decrease in operational energy intensity by 2030
- Zero safety incidents

Our ESG ratings have shown improvement due to the implementation of our ESG strategy. With respect to one such rating, the S&P Global Assessment, the Company had a rating of '18' in 2021. Prompt disclosure of our existing policies and practices around regulatory compliance, environmental initiatives, human rights compliance, human capital development, health and safety helped to move the rating to '41' in 2022. We continued with actions such as framing missing policies, revamping our risk management framework and focusing on supply chain sustainability, all of which allowed us to improve our score to '46' in 2023. We retained our score of '46' in 2024.

Similarly, in the CDP Assessment, we were ranked 'F' in 2021. Prompt disclosures were made around the mechanisms deployed to monitor our energy consumption. Actions such as mapping our carbon footprint and committing to science-based targets initiative allowed us to reduce near-term emissions. These measures, and others, helped us to achieve a 'B-' rating in the CDP Assessment in 2023.

One key ESG initiative is the reduction of greenhouse emissions from our operations through the adoption of renewable energy. In Fiscal 2024, 39.45% of our electricity consumption came from renewable sources, comprising 118,234 MWh from solar energy and 35,165 MWh from wind energy. We have also transitioned from using oil to natural gas in our furnace operations, significantly reducing our greenhouse gas emissions. Additional measures include replacing less efficient induction billet heaters, compressors, motors, and open-loop cooling towers. Installing an Automatic Power Factor Correction panel and reducing idle time in systems such as presses, induction billet heaters, and exhaust blowers have collectively decreased our energy consumption by 5,630 MWh and reduced carbon dioxide emissions by 3,997 tons in Fiscal 2024.

Other initiatives involve the management of water and waste. We have implemented a comprehensive water management system to effectively control and treat the industrial wastewater generated by our activities. We have installed additional digital meters connected to an IoT platform, enabling real-time monitoring of water consumption. A thorough water risk assessment has been conducted for our operations. We adhere to the principles of reduce, recycle, and reuse in our waste management practices. We have undertaken various initiatives to minimize both hazardous and non-hazardous waste. By mapping waste generation and disposal methods, we better understand our waste profile and take necessary actions. In Fiscal 2024, we recycled 107,223 tons of waste, accounting for 99.76% of the total waste generated in our operations. All metal scrap generated in our manufacturing processes is recycled and reused.

Listed below are our key ESG highlights for Fiscal 2024:

- 1.07L MT waste recovered through recycling
- 14 energy saving projects implemented to reduce oil consumption
- 5.52L gigajoules of energy consumed from renewable sources
- 253.79 MT of waste disposed of by incineration

Corporate Social Responsibility

We acknowledge the significance of corporate social responsibility ("**CSR**") and are committed to creating a positive impact on the communities in which we operate. We undertake various development projects that contribute to specific community needs. For instance, our "Village Development Program" spans 108 villages and aims to increase access to water for agriculture and drinking purposes, augment wage opportunities, improve internal infrastructure, foster education, and promote healthcare services. We have also established a center for excellence and incubation center in Baramati. This center focuses on high-tech IT skills and prioritizes women's empowerment, with most of the enrolled students being female. We sponsor and mentor rural female students pursuing engineering or diploma courses through the Student Welfare Association and have trained farmers in advanced agricultural technologies through collaboration programs. To effectively monitor and execute our CSR initiatives, we have established a dedicated CSR committee at the level of our Board of Directors.

Listed below are our key CSR highlights for Fiscal 2024:

- CSR expenditure of ₹171.08 million
- More than 1,900 of our workforce was provided with training on human rights
- More than 200,000 beneficiaries of our Village Development Program
- More than 1,500 beneficiaries of skills development program for students

Environment, Health and Safety

In order to address our environmental responsibilities in a systematic and comprehensive manner, we have adopted the ISO 14001 standard as our guiding framework which outlines the requirements for establishing an environmental management system. By adhering to the ISO 14001 standard, we demonstrate our commitment to sustainability and environmental protection. The standard guides us in developing and implementing an environmental policy that aligns with our values and objectives. It further helps us identify and assess the environmental aspects and impacts of our products and services, allowing us to make informed decisions and take proactive measures to minimize our environmental footprint. Through the ISO 14001 standard, we plan and implement environmental programs aimed at continuous improvement. This involves setting objectives and targets, implementing strategies to achieve them, and monitoring our progress. It enables us to effectively manage and mitigate environmental risks, promote resource efficiency, and contribute to the overall well-being of the environment.

To promote a culture of safety and prevention, we stress the importance of preventing occupational injuries and illnesses to all of our employees. We encourage open communication, providing channels for employees to report any safety concerns or near-miss incidents. By fostering a culture of reporting and learning from such incidents, we continually improve our processes and prevent the recurrence of potential hazards. By fostering a sense of ownership, we empower our employees to be proactive in creating a safe work environment. We continually assess and improve our safety protocols, ensuring they align with industry best practices and regulatory requirements. Through regular training programs, we equip our employees with the necessary knowledge and skills to identify and mitigate potential risks. In Fiscal 2024, our lost time injury frequency rate was 0.92.

We have implemented a robust and comprehensive hazard identification and risk assessment (HIRA) process which allows us to identify potential risks and develop effective mitigation plans to ensure a safe working environment. To enhance our risk management practices, we utilize two methodologies for assessing risks. The first is a risk rating through a scoring method, which helps quantify and prioritize risks. The second approach involves rating risks based on factors using a hierarchy of control, which includes elimination, substitution, engineering control, administrative control, and personal protective equipment. To ensure continuous improvement, we have established the HIRA procedure in alignment with ISO 45001:2018, an international standard for occupational health and safety management systems.

Awards and Recognition

The table below sets out the awards we have received for our various systems, components and initiatives.

Year	Award	Awarding Entity
2024	Gold Award in the Rural Development category	CSR Times
2024 and 2023	Asia-Pacific Climate Leader	Financial Times and Statista

Year	Award	Awarding Entity
2023	CSR Excellence	Mahatma Foundation
2023	Industrial Innovation Award	Confederation of Indian Industry
2022	CSR Award for the Manufacturing Sector	Amity

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The composition of our Board is governed by the provisions of the Companies Act, 2013, the SEBI Listing Regulations and the Articles of Association. In accordance with the Articles of Association, our Company shall not have less than three Directors and more than fifteen Directors. As of the date of this Preliminary Placement Document, our Company has nine Directors, of which four are Independent Directors, including one woman Independent Director.

The following table sets forth details regarding our Board as of the date of this Preliminary Placement Document:

Name, date of birth, address, occupation, nationality, term and DIN	Age	Designation
Babasaheb Neelkanth Kalyani ***Date of Birth:*** January 7, 1949 ***Address***: 'Amit', 221/A, Central Avenue, Road No- 3, Kalyani Nagar, Yerawada, Pune – 411 006, Maharashtra, India ***Occupation****:* Industrialist ***Nationality****:* Indian ***Term****:* For a period of five consecutive years with effect from March 30, 2023 till March 29, 2028 ***DIN***: 00089380	75 years	Chairman and Managing Director
Amit Babasaheb Kalyani ***Date of Birth:*** July 26, 1975 ***Address***: 'Amit', 221/A, Central Avenue, Road No-3, Kalyani Nagar, Yerawada, Pune – 411 006, Maharashtra, India ***Occupation****:* Industrialist ***Nationality****:* Indian ***Term***: For a period of five consecutive years with effect from May 11, 2024 till May 10, 2029 and liable to retire by rotation. ***DIN***: 00089430	49 years	Vice-Chairman and Joint Managing Director
Basavraj Prabhakar Kalyani ***Date of Birth:*** July 31, 1962 ***Address***: 211/2 - D3, Road No - 7B Kalyani Nagar, Pune – 411 006, Maharashtra, India ***Occupation:*** Service ***Nationality****:* Indian ***Term****:* For a period of five consecutive years with effect from May 23, 2021 till May 22, 2026 and liable to retire by rotation ***DIN***: 00267202	62 years	Whole-time Director

Name, date of birth, address, occupation, nationality, term and DIN	Age	Designation
Subodh Eknath Tandale ***Date of Birth:*** September 24, 1968 ***Address***: Vascon Willows, Flat No. C/1001, Off. Baner Road, Balewadi, Pune – 411 045, Maharashtra, India ***Occupation:*** Service ***Nationality****:* Indian ***Term****:* For a period of five consecutive years with effect from May 23, 2021 till May 22, 2026 and liable to retire by rotation ***DIN***: 00266833	56 years	Whole-time Director
Ashish Bharat Ram ***Date of Birth:*** December 31, 1968 ***Address***: 2, Silver Oak Avenue, Westend Green Farms, Rajokri, New Delhi – 110 038, India ***Occupation:*** Industrialist ***Nationality****:* Indian ***Term***: For a period of three consecutive years with effect from September 1, 2023 till August 31, 2026 and liable to retire by rotation ***DIN***: 00671567	55 years	Non-executive Non-Independent Director
Dipak Balasaheb Mane ***Date of Birth:*** November 23, 1960 ***Address***: #804, Adarsh Crystal, Cambridge Road, Ulsoor, Bangalore – 560 008, Karnataka, India ***Occupation:*** Business ***Nationality****:* Indian ***Term****:* For a period of five consecutive years with effect from June 21, 2024 till June 20, 2029 ***DIN***: 01215889	64 years	Independent Director
Kanwar Bir Singh Anand ***Date of Birth:*** August 30, 1955 ***Address***: 36^{th} Floor, 3601, Island City, Center One, G D Ambekar Marg, Dadar (E) Mumbai – 400 014, Maharashtra, India ***Occupation:*** Retired professional ***Nationality****:* Indian	69 years	Independent Director

Name, date of birth, address, occupation, nationality, term and DIN	Age	Designation
Term*:* Appointed for a period of three consecutive years with effect from June 27, 2022 up to June 26, 2025 ***DIN***: 03518282		
Anand S Pathak ***Date of Birth:*** April 18, 1963 ***Address***: A-17, Krishna Mahatab Marg, Anand Niketan, New Delhi – 110 021, India ***Occupation:*** Professional ***Nationality****:* Indian ***Term***: For a period of five consecutive years with effect from July 12, 2024 till July 11, 2029 ***DIN***: 01529308	61 years	Independent Director
Sonia Singh ***Date of Birth:*** September 5, 1964 ***Address***: 2007 Imperial Towers, North Tardeo, B. B. Nakashe Marg, Opp. Mahindra Heights Mumbai – 400 034, Maharashtra, India ***Occupation:*** Consultant ***Nationality****:* Indian ***Term****:* For a period of three consecutive years with effect from June 27, 2022 till June 26, 2025 ***DIN***: 07108778	60 years	Independent Director

Biography of Directors

Mr. Babasaheb Neelkanth Kalyani is the Chairman and Managing Director of our Company. Mr. Kalyani has been on our Board since March 30, 1993 and he has been the Chairman and Managing Director of our Company since August 23, 1997. Mr. Kalyani is responsible for overseeing domestic and international business of the Company and the Kalyani Group. He presides over the board and general meetings and is the chairperson of the CSR Committee and Risk Management Committee. He is also a member of the Stakeholders Relationship Committee.

Mr. Amit Babasaheb Kalyani is the Vice-Chairman and Joint Managing Director of our Company and has been associated with Bharat Forge Limited since 1999, starting his career focusing on operations and manufacturing. He has been the Company's Executive Director since May 2004. Amit Babasaheb Kalyani is responsible for overseeing domestic and international business of the Company, driving ESG initiatives, achieving carbon neutrality across various geographies in which our Company operates, managing human capital, overseeing enterprise functions, and driving growth strategy. He is chairperson of the Environmental, Social and Governance Committee and a member of the Stakeholders Relationship Committee, CSR Committee and Risk Management Committee.

Mr. Basavraj Prabhakar Kalyani is an Executive Director of the Company since May 2006 and has served with our Company for 42 years. He is the Global Manufacturing Strategy Lead for all Bharat Forge manufacturing units and is responsible for digitalization, automation and steering manufacturing strategy across the Bharat Forge group

Mr. Subodh Tandale is an Executive Director of the Company since May 2006. He joined Bharat Forge as a Graduate Engineer in the year 1991. He is responsible for the Components Forging Business Unit (largest business unit in terms of scale at Bharat Forge) which also includes overseeing manufacturing operations relative to Component Forging Business Unit across domestic manufacturing facilities of the Company.

Mr. Ashish Bharat Ram is a Non-Executive Non-Independent Director on the Board of our Company. He joined our Board on September 1, 2023. He is also a member of the Audit Committee and Nomination and Remuneration Committee.

Mr. Kanwar Bir Singh Anand is an Independent Director on the Board of our Company. He joined our Board on June 27, 2022 and is the Chairperson of the Audit Committee. He is also a member of the Risk Management Committee.

Ms. Sonia Singh is an Independent Director on the Board of our Company. She joined our Board on June 27, 2022 and is a member of the Audit Committee, Nomination and Remuneration Committee and Environmental, Social and Governance Committee.

Mr. Dipak Mane is an Independent Director on the Board of our Company. He joined our Board on June 21, 2019 and is the Chairperson of the Nomination and Remuneration Committee. He is also a member of the Environmental, Social and Governance Committee.

Mr. Anand S. Pathak is an Independent Director on the Board of our Company. He joined our Board on July 12, 2024 and is the Chairperson of the Stakeholders Relationship Committee. He is also a member of the CSR Committee.

Relationship between our Directors

Other than Amit Babasaheb Kalyani, who is the son of Babasaheb Neelkanth Kalyani, none of our Directors are related to each other or to any of the Key Managerial Personnel or Senior Management.

Borrowing powers of our Board

In accordance with the Articles of Association, our Board of Directors has been empowered to borrow funds in accordance with applicable law. Pursuant to the resolution dated September 4, 2014, passed by our Shareholders under Section 180(1)(c) of the Companies Act, 2013, our Board is authorized to borrow any sum or sums of money for and on behalf of our Company, from time to time provided that total amount up to which monies may be borrowed shall not exceed ₹ 15,000 million over and above the aggregate of the paid up share capital and free reserves of our Company.

Interest of our Directors

Our Independent Directors may be deemed to be interested to the extent of the sitting fees payable to them for attending meetings of our Board and committees thereof, and reimbursement of expenses available to them. Our Chairman and Managing Director, Vice Chairman and Joint Managing Director and our Whole-time Directors may be deemed to be interested to the extent of remuneration and reimbursement of expenses payable to them as stated in "*– Remuneration paid to Managing Director and Executive Directors*" on page 156.

Except for Chairman and Managing Director, who is also the Promoter of our Company, none of our Directors have any interest in the promotion of our Company.

Our Directors may also be regarded as interested in any Equity Shares held by them and to the extent of any dividend payable to them and other distributions or benefits in respect of the Equity Shares held by them.

Other than as disclosed in this Preliminary Placement Document, there are no outstanding transactions other than in the ordinary course of business undertaken by our Company, in which the Directors are interested. No payments have been made to them in respect of any such contracts, agreements or arrangements, or are proposed to be made with them. Further, our Company has neither availed of any loans from, nor extended any loans to our Directors, which are currently outstanding.

Except as provided in "*Related Party Transactions*" on page 51, there have been no related party transactions between the Company and any of the Directors during the three Fiscals immediately preceding the date of this Preliminary Placement Document. Further, in the current Fiscal, none of the Directors have entered into any additional type of related party transactions, other than disclosed in the related party transactions of the Company for the periods mentioned above. For further details on the related party transactions mentioned above, see "*Related Party Transactions*" on page 51.

Further, except as provided in "*Related Party Transactions*" on page 51, our Company has neither availed of any loans from, nor extended any loans to the Directors which are currently outstanding.

Shareholding of Directors

Our Articles of Association do not require our Directors to hold qualification shares. The table below sets forth details of Equity Shares held by the Directors of the Company as of the date of filing this Preliminary Placement Document:

Name of the Director	Designation	Number of Equity Shares	Percentage (%) shareholding
Babasaheb Neelkanth Kalyani	Chairman and Managing Director	78,150	0.02
Amit Babasaheb Kalyani	Vice-Chairman and Joint Managing Director	700,350	0.15
Basavraj Prabhakar Kalyani	Whole - time Director	6,510	Negligible
Subodh Eknath Tandale	Whole - time Director	208	Negligible

Terms of appointment of Directors

1. Terms of appointment of our Managing Director

Babasaheb Neelkanth Kalyani, Chairman and Managing Director

Based on the recommendations of Nomination and Remuneration Committee, the Board of Directors of the Company at its meeting held on February 14, 2023, approved the re-appointment of Babasaheb Neelkanth Kalyani as the Chairman and Managing Director for a further period of five (5) years with effect from March 30, 2023 to March 29, 2028, subject to the approval of the members. The members of the Company ratified this re-appointment on May 27, 2023. The following table sets forth the current terms of appointment of Babasaheb Neelkanth Kalyani:

Sr. No.	Category	Remuneration	
i.	Salary		Monthly salary in the grade of ₹ 8.80 million to ₹15.00 million
ii.	Commission		Commission not exceeding 1.5% of the net profit of the Company in a particular year, which put together with salary and perquisites shall be subject to the overall ceilings laid down in Section 197 of Companies Act, 2013
iii.	Perquisites (A)	Housing	a. Expenditure by Company on hiring furnished accommodation will be subject to 50% of basic salary b. If no accommodation is provided by company – Director is eligible for house rent allowance not exceeding 50% of basic salary c. If accommodation is owned by Company - 10% of salary shall be deducted
		Medical reimbursement	As per company rules
		Leave travel concession	As per company rules
		Personal Accident insurance	As per company rules
		Club fees	Fees of up to 2 clubs, not including admission and membership fees
iv.	Perquisites (B)	PF	Contribution to PF within income tax limits
		Gratuity	As per company rules
		Encashment of leave	As per company rules
		Retirement and other benefits	• Inflation adjusted pension equal to last drawn salary basis • Medical expenses reimbursement capped at ₹ 5 million p.a. • Hospitalisation cost, cost of surgery of Managing Director and

Sr. No.	Category	Remuneration
		Spouse and incidental expenses at actuals

2. ***Terms of appointment of our Executive Directors***

Amit Babasaheb Kalyani, Vice-Chairman and Joint Managing Director

Based on the recommendations of Nomination and Remuneration Committee, the Board at its meeting held on Wednesday, April 3, 2024, approved the re-appointment of Amit Babasaheb Kalyani as Whole-time Director designated as Vice-Chairman and Joint Managing Director for a further period of five (5) consecutive years with effect from May 11, 2024 till May 10, 2029. The members of the Company ratified this re-appointment through Postal Ballot dated May 10, 2024. The total remuneration payable to Amit Babasaheb Kalyani (comprising of the fixed component of salary and variable pay) shall not exceed ₹ 220.00 million per annum. The following table sets forth the current terms of appointment of Amit Babasaheb Kalyani:

<table>
<tr><th>Sr. No.</th><th>Category</th><th colspan="2">Remuneration</th></tr>
<tr><td>i.</td><td>Salary</td><td colspan="2">₹ 2.96 million per month
(Monthly salary in the grade of ₹ 2.90 million to ₹6.50 million)</td></tr>
<tr><td>ii.</td><td>Commission</td><td colspan="2">Commission not exceeding lower of ₹ 110 million or 1.25% of the net profit of the Company in a particular year, which put together with the total remuneration shall be subject to the overall ceilings laid down in Section 197 of Companies Act, 2013. For the period of appointment starting 2024-2025, the Board has fixed the target commission of ₹ 50 million for financial year 2024-2025 i.e. the commission shall not exceed 1.25% of the net profit calculated in accordance with Section 198 of the Companies Act. 2013 or ₹ 50 million whichever is lower.</td></tr>
<tr><td rowspan="5">iii.</td><td rowspan="5">Perquisites (A)</td><td>Housing</td><td>a. Expenditure by Company on hiring furnished accommodation will be subject to 50% of basic salary
b. If no accommodation is provided by company – Director is eligible for house rent allowance not exceeding 50% of basic salary
c. If accommodation is owned by Company - 10% of salary shall be deducted</td></tr>
<tr><td>Medical reimbursement</td><td rowspan="3">As per company rules</td></tr>
<tr><td>Leave travel concession</td></tr>
<tr><td>Personal Accident insurance</td></tr>
<tr><td>Club fees</td><td>Fees of up to 2 clubs, not including admission and membership fees</td></tr>
<tr><td rowspan="3">iv.</td><td rowspan="3">Perquisites (B)</td><td>PF</td><td>Contribution to PF, Superannuation Fund or National Fund within income tax limits</td></tr>
<tr><td>Gratuity</td><td rowspan="2">As per company rules</td></tr>
<tr><td>Encashment of leave</td></tr>
</table>

Basavraj Prabhakar Kalyani, Whole-time Director

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company at its meeting held on Friday, February 12, 2021, approved the re-appointment of Basavraj Prabhakar Kalyani as an Executive Director of the Company for a further period of five (5) years, from May 23, 2021 till May 22 2026. The members of the Company ratified this re-appointment in the AGM dated August 13, 2021. The members of the Company revised the terms of remuneration of Basavraj Prabhakar Kalyani in the AGM dated August 10, 2023. The following table sets forth the current terms of appointment of Basavraj Prabhakar Kalyani:

<table>
<tr><th>Sr. No.</th><th>Category</th><th colspan="2">Remuneration</th></tr>
<tr><td>i.</td><td>Salary</td><td colspan="2">₹ 1.42 million per month
(Monthly salary in the grade of ₹ 1.40 million to ₹3.00 million)</td></tr>
<tr><td>ii.</td><td>Commission</td><td colspan="2">Commission to be paid based on net profit of the Company in a particular year, which put together with salary and perquisites shall be subject to the overall ceilings laid down in Section 197 of Companies Act, 2013</td></tr>
<tr><td>iii.</td><td>Perquisites (A)</td><td>Housing</td><td>a. Expenditure by Company on hiring furnished</td></tr>
</table>

Sr. No.	Category	Remuneration	
			accommodation will be subject to ceiling:– 60% of Salary over and above 10% payable by the director b. If accommodation is owned by Company - 10% of salary shall be deducted c. If no accommodation is provided by company – Director is eligible for house rent allowance not exceeding 60% of Salary over and above 10% payable by the director
		Medical reimbursement	As per company rules
		Leave travel concession	
		Personal Accident insurance	
		Club fees	Fees of up to 2 clubs, not including admission and membership fees
		Long term cash incentive	Not exceeding ₹ 10.00 million per year
iv.	Perquisites (B)	PF	Contribution to PF within income tax limits
		Gratuity	As per company rules
		Encashment of leave	
		Retirement and other benefits	

Subodh Eknath Tandale, Whole-time Director

Based on the recommendations of Nomination and Remuneration Committee, the Board at its meeting held on February 12, 2021, approved the re-appointment of Subodh Eknath Tandale as an Executive Director of the Company for a further period of five (5) years, from May 23, 2021 till May 22, 2026. The members of the Company ratified this re-appointment in the AGM dated August 13, 2021. The members of the Company revised the terms of remuneration of Subodh Eknath Tandale in the AGM dated August 10, 2023. The following table sets forth the current terms of appointment of Subodh Eknath Tandale:

Sr. No.	Category	Remuneration	
i.	Salary	₹ 1.57 million per month (Monthly salary in the grade of ₹ 1.40 million to ₹ 3.00 million)	
ii.	Commission	Commission to be paid based on net profit of the Company in a particular year, which put together with salary and perquisites shall be subject to the overall ceilings laid down in Section 197 of Companies Act, 2013	
iii.	Perquisites	Housing	a. Expenditure by Company on hiring furnished accommodation will be subject to ceiling:– 60% of Salary over and above 10% payable by the director b. If accommodation is owned by Company - 10% of salary shall be deducted c. If no accommodation is provided by company – Director is eligible for house rent allowance not exceeding 60% of Salary over and above 10% payable by the director
		Medical reimbursement	As per company rules
		Leave travel concession	
		Personal Accident insurance	
		Club fees	Fees of up to 2 clubs, not including admission and membership fees
		Long term cash incentive	Not exceeding ₹ 10,000,000
iv.	Perquisites (B)	PF	Contribution to PF within income tax limits
		Gratuity	As per company rules
		Encashment of leave	
		Retirement and other benefits	

3. Terms of appointment of our Non-Executive Directors

Sitting fees

Our Non-Executive Directors and Independent Directors are entitled to receive sitting fees for attending meetings of our Board or any of its committees, and to reimbursement of related expenses. Pursuant to the Board resolution dated May 5, 2023, the Non-Executive Directors and Independent Directors are entitled to receive a sitting fee of ₹ 100,000 for attending each meeting of our Board and Audit Committee and ₹ 50,000 for attending meetings of other committees thereof.

Commission

Our Independent Directors are entitled to receive remuneration by way of commission of a sum not exceeding one percent per annum of the net profits of the Company in a financial year.

Remuneration paid/payable to Managing Director and Executive Directors

The details of remuneration paid/payable by our Company to our Managing Director and Executive Directors for Fiscal 2024, Fiscal 2023 and Fiscal 2022 and for the half-year ended September 30, 2024 are set forth in the table below:

(₹ in million)

Name of the Executive Director	Remuneration for period, April 1, 2024 till September 30, 2024	Remuneration for Fiscal		
		2024	2023	2022
Babasaheb Neelkanth Kalyani	152.72	335.14	207.08	184.83
Amit Babasaheb Kalyani	28.82	76.73	51.82	48.36
Basavraj Prabhakar Kalyani	20.00	50.59	44.52	38.55
Subodh Eknath Tandale	23.25	57.01	49.04	43.46

Remuneration of the Independent Directors and the Non-Executive Director

The following tables set forth the details of remuneration (which includes sitting fees and commission) paid by our Company to the Independent Directors and Non-executive Director of our Company for Fiscal 2024, Fiscal 2023, Fiscal 2022 and for the half-year ended September 30, 2024:

(₹ in million)

Name of the Director	Remuneration for period, April 1, 2024 till September 30, 2024	Remuneration for Fiscal		
		2024	2023	2022
Dipak Balasaheb Mane	0.55	1.58	1.05	1.28
Kanwar Bir Singh Anand#	0.40	0.68	0.53	-
Sonia Singh#	0.40	0.90	0.53	-
Ashish Bharat Ram^	0.40	0.45	-	-
Anand Swarup Pathak*	0.20	-	-	-

 # appointed in Fiscal 2023.
^ appointed in Fiscal 2024.
** appointed in Fiscal 2025.*

Service contracts with Directors

Our Company has not entered into any service contracts with any Director, which provide for benefits upon termination of employment.

Prohibition by SEBI or Other Governmental Authorities

Neither our Company, nor our Directors or Promoter are debarred from accessing capital markets under any order or direction made by SEBI or any other governmental authority.

None of the Directors of the companies with which they are or were associated as promoters, directors or persons in control of the promoter or the company have been prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

Key Managerial Personnel

All our Key Managerial Personnel are permanent employees of our Company.

In addition to Babasaheb Neelkanth Kalyani, our Chairman and Managing Director, Amit Babasaheb Kalyani, Wholetime Director designated as Vice-Chairman and Joint Managing Director, Basavraj Prabhakar Kalyani and Subodh Eknath Tandale, Whole-time Directors, the details of our other Key Managerial Personnel in terms of the Companies Act and the SEBI ICDR Regulations as on the date of this Preliminary Placement Document are set forth below:

Name	Designation
Kedar Dixit	Chief Financial Officer
Tejaswini Chaudhari	Company Secretary and Compliance Officer

Members of Senior Management

All members of Senior Management are permanent employees of our Company. In addition to the Chief Financial Officer and Company Secretary and Compliance Officer of our Company, the details of our members of Senior Management, as on the date of this Preliminary Placement Document are set forth below:

Name	Designation
Guru Biswal	Chief Executive Officer–Aerospace Business
Sumeet Banga	President and CEO–Industrial Business
Yogesh Zope	Chief Information Officer
S. Rajhagopalan	Vice President - Investor Relations
Muthumohanraj R. M.	Vice President – Lightweighting Technology
Nitin Shesh	Vice President - Internal Audit & Assurance
Krishnan Iyer	President & COO – Component Division
Srinivasu Malladi	Vice President - Human Resources & Industrial Relations (HR& IR)

Relationship between Key Managerial Personnel and members of Senior Management

Other than Amit Babasaheb Kalyani, who is the son of Babasaheb Neelkanth Kalyani, none of our Key Managerial Personnel and members of our Senior Management are related either to each other or to the Directors.

Interest of Key Managerial Personnel and members of Senior Management

Other than as disclosed under "– *Interest of our Directors*" on page 152, our Key Managerial Personnel and members of the Senior Management do not have any interest in our Company other than to the extent of the remuneration or benefits or stock options to which they are entitled as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business. Our Key Managerial Personnel and members of Senior Management may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares held in our Company, if any.

Our Company has not entered into any service contracts with our Key Managerial Personnel and members of Senior Management pursuant to which they are entitled to any benefits upon termination of their employment.

There is no contingent or deferred compensation payable to our Key Managerial Personnel or Directors, which does not form part of their remuneration.

None of our Key Managerial Personnel and members of Senior Management have been paid any consideration of any nature from our Company, other than their remuneration, travel and other incidental expenses.

There is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any Key Managerial Personnel and members of Senior Management was selected as member of senior management.

Shareholding of our Key Managerial Personnel and Senior Management

Except as disclosed below and in "– *Shareholding of Directors*" on page 153, as of the date of this Preliminary Placement Document, none of our Key Managerial Personnel and members of the Senior Management hold any Equity Shares:

Sr. No.	Name	Number of Equity Shares held	Percentage of the issued and paid-up Equity Share capital (in %)
1.	Yogesh Zope	2,700	Negligible
2.	S Rajhagopalan	380	Negligible
3.	Guru Biswal	102	Negligible
4.	Kedar Dixit	20	Negligible

Corporate Governance

Our Company is in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations, the Companies Act, 2013 and the SEBI ICDR Regulations, in respect of corporate governance, except as stated below.

Our Company has not been in compliance with the requirements of Regulation 17(1) of the SEBI Listing Regulations since September 4, 2024 as 50% of our Board of Directors is not composed of independent directors. In this regard, it is to be noted that our Company is in the business of manufacturing equipment for defence sector and is in possession of arms licenses to undertake manufacturing of various firearms and defence products, and the licensing authorities in respect of the Arms Rules, 2016 are the Ministry of Home Affairs ("**MHA**") and the Department for Promotion of Industry and Internal Trade ("**DPIIT**") (collectively referred to as "**Licensing Authorities**"). In terms of the requirements under Rule 55(8) of the Arms Rules, 2016, prior approval of the Licensing Authorities is required to be taken for any change in directorship of the Company. In compliance with the said requirement, our Company sought approval of the Licensing Authorities for appointment of two (2) independent directors through our application dated September 3, 2024. While MHA has by way of its letter dated November 12, 2024, approved the appointment of the two (2) independent directors, we are yet to receive the approval from DPIIT. In the absence of requisite approval, our Company is unable to appoint the independent directors on the Board of Directors which has resulted in half of the Board not being independent since September 4, 2024. NSE and BSE by way of their emails dated November 21, 2024 imposed a fine of ₹159,300 each in relation to the aforesaid non-compliance of Regulation 17(1) of the SEBI Listing Regulations in the quarter ended September 30, 2024, and have specified that in the event of a second consecutive quarter of non-compliance, our Company could be liable for suspension of trading of its Equity Shares. For further details, see "*Risk Factors - We may incur penalties or liabilities for non-compliance with certain provisions of the SEBI Listing Regulations* " and "*Legal Proceedings and Other Information - Litigation involving our Company - Statutory/ Regulatory actions against our Company*" on pages 71 and 221, respectively.

Committees of our Board of Directors

Our Board presently consists of nine Directors including four Independent Directors of which one is a woman Independent Director.

Except as stated above, our Company is in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations, the Companies Act, 2013 and the SEBI ICDR Regulations, in respect of corporate governance, including constitution of our Board and committees thereof.

Our Board has constituted statutory committees, which function in accordance with the relevant provisions of the Companies Act, 2013 and the SEBI Listing Regulations and applicable circulars or directions issued by the RBI. The statutory committees and voluntary committee of our Board are: (i) Audit Committee; (ii) Nomination & Remuneration Committee; (iii) Stakeholders' Relationship Committee; (iv) Risk Management Committee; (v) CSR Committee and (vi) Environment, Social and Governance Committee.

The following table sets forth details of members of the aforesaid committees, as on the date of this Preliminary Placement Document:

Sr. No.	Committee	Name and designation of members
1.	Audit Committee	i. K. B. S. Anand- Chairperson ii. Sonia Singh - Member iii. Ashish Bharat Ram - Member
2.	Nomination & Remuneration Committee	i. Dipak Balasaheb Mane - Chairperson ii. Sonia Singh - Member iii. Ashish Bharat Ram - Member
3.	Stakeholders' Relationship Committee	i. Anand Swarup Pathak - Chairperson ii. Babasaheb Neelkanth Kalyani - Member iii. Amit Babasaheb Kalyani - Member
4.	Risk Management Committee	i. Babasaheb Neelkanth Kalyani - Chairperson ii. Amit Babasaheb Kalyani – Member iii. Kanwar Bir Singh Anand – Member
5.	CSR Committee	i. Babasaheb Neelkanth Kalyani - Chairperson ii. Anand Swarup Pathak - Member iii. Amit Babasaheb Kalyani - Member
6.	Environment, Social and Governance Committee	i. Amit Babasaheb Kalyani - Chairperson ii. Sonia Singh – Member iii. Dipak Balasaheb Mane - Member

Other confirmations

None of our Directors, Promoter or Key Managerial Personnel or members of Senior Management have any financial or other material interest in the Issue and there is no effect of such interest in so far as it is different from the interests of other persons.

Neither our Company, nor the Directors or Promoter are identified as wilful defaulters or fraudulent borrowers by any bank or financial institution or consortium thereof, in accordance with the guidelines on Wilful Defaulters or Fraudulent Borrowers issued by the RBI.

Neither our Promoter nor our Directors have been declared as a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018. None of our Directors, Promoter, Key Managerial Personnel or Senior Management of our Company intend to subscribe to the Issue.

Policy on disclosures and internal procedure for prevention of insider trading

Regulation 9(1) of the SEBI Insider Trading Regulations applies to our Company and our employees and requires our Company to implement a code of internal procedures and conduct for the fair disclosure of unpublished price sensitive information and the prevention of insider trading. In compliance with the same, our Company has adopted a code of conduct to regulate, monitor and report trading in securities of the Company by insiders, as approved by our Board on August 8, 2013 and most recently amended on August 8, 2024, which lays down the procedure for preserving the confidentiality of unpublished price sensitive information and preventing misuse of such information. Our Company Secretary acts as the Compliance Officer of our Company under the aforesaid code of conduct for the prevention of insider trading.

Related Party Transactions

For details in relation to the related party transactions entered into by our Company during Fiscal 2024, Fiscal 2023 and Fiscal 2022 and, see "*Related Party Transactions*" on page 51.

ORGANISATIONAL STRUCTURE OF OUR COMPANY

Corporate history

Our Company was originally incorporated on June 19, 1961 under the Companies Act, 1956 as '*Bharat Forge Company Limited*', pursuant to a certificate of incorporation issued by the Registrar of Companies, Maharashtra at Pune ("**RoC**"). The name of our Company was changed to '*Bharat Forge Limited*' pursuant to a fresh certificate of incorporation consequent to change of name issued by RoC on April 30, 1986. For further details regarding changes in the name and Registered and Corporate Office of our Company, please see "*General Information*" on page 229.

Our Company's CIN is L25209PN1961PLC012046.

Our Registered and Corporate Office is situated at Bharat Forge Limited, Mundhwa Pune Cantonment, Pune – 411 036, Maharashtra, India.

Our Equity Shares are listed on BSE since March 10, 1964 and NSE since April 4, 2003.

Subsidiaries

As of the date of this Preliminary Placement Document, we have 33 Subsidiaries including nine (9) wholly owned Subsidiaries, three (3) subsidiaries and 21 step down Subsidiaries, as set forth hereunder:

Sr. No.	Name of the Company	Country of Incorporation	Type of subsidiary
1.	Bharat Forge International Limited	United Kingdom	Wholly owned Subsidiary
2.	Kalyani Strategic Systems Limited	India	Wholly owned Subsidiary
3.	Kalyani Powertrain Limited	India	Wholly owned Subsidiary
4.	Kalyani Centre for Precision Technology Limited	India	Wholly owned Subsidiary
5.	Bharat Forge America Inc.	USA	Wholly owned Subsidiary
6.	BF Infrastructure Limited	India	Wholly owned Subsidiary
7.	BF Industrial Solutions Limited	India	Wholly owned Subsidiary
8.	Bharat Forge Global Holding GmbH	Germany	Wholly owned Subsidiary
9.	Kalyani Lightweighting Technology Solutions Limited	India	Wholly owned Subsidiary
10.	Eternus Performance Materials Private Limited	India	Subsidiary
11.	BF Elbit Advanced Systems Private Limited	India	Subsidiary
12.	Indigenous IL Limited	Israel	Subsidiary
13.	Bharat Forge CDP GmbH	Germany	Step down Subsidiary
14.	Bharat Forge Aluminiumtechnik GmbH	Germany	Step down Subsidiary
15.	Bharat Forge Kilsta AB	Sweden	Step down Subsidiary
16.	JS Auto Cast Foundry India Private Limited	India	Step down Subsidiary
17.	Bharat Forge Aluminum USA Inc	USA	Step down Subsidiary
18.	Bharat Forge PMT Technologie LLC	USA	Step down Subsidiary
19.	Kalyani Rafael Advanced Systems Private Limited	India	Step down Subsidiary
20.	Bharat Forge Daun GmbH	Germany	Step down Subsidiary
21.	BF Industrial Technology & Solutions Limited	India	Step down Subsidiary
22.	Mecanique Generale Langroise	France	Step down Subsidiary
23.	Tork Motors Private Limited	India	Step down Subsidiary
24.	Bharat Forge Tennessee Inc.	USA	Step down Subsidiary
25.	Zorya Mashproekt India Private Limited	India	Step down Subsidiary
26.	Kalyani Mobility Inc.	USA	Step down Subsidiary
27.	Bharat Forge Holding GmbH	Germany	Step down Subsidiary
28.	Sagar-Manas Technologies Limited	India	Step down Subsidiary
29.	Electroforge Limited	India	Step down Subsidiary
30.	BFIL-CEC JV#	India	Step down Subsidiary
31.	Ferrovia Transrail Solutions Private Limited	India	Step down Subsidiary
32.	Lycan Electric Private Limited	India	Step down Subsidiary
33.	Sanghvi Europe B.V.	Netherlands	Step down Subsidiary

BFIL-CEC JV an association of persons, is a subsidiary under IND AS 24 and is not identified as a subsidiary under Companies Act, 2013

Holding company

As on the date of this Preliminary Placement Document, we do not have any holding company.

Joint Venture and Associates

As of the date of this Preliminary Placement Document, we have following associates and , joint ventures as set forth hereunder:

Sr. No.	Name of the Company	Country of Incorporation	Type
1.	Avaada MHVidarbha Private Limited	India	Associate
2.	Talbahn GmBH	Germany	Associate
3.	Aeron Systems Private Limited	India	Associate
4.	Refu Drive GmbH	Germany	Joint Venture of Subsidiary
5.	Refu Drive India Private Limited	India	Subsidiary of Joint Venture of Subsidiary
6.	BF-NTPC Energy Systems Limited*	India	Joint Venture

**Under liquidation*

SHAREHOLDING PATTERN OF OUR COMPANY

Shareholding pattern of our Company as on September 30, 2024

The following table sets forth the details regarding the equity shareholding pattern of our Company as on September 30, 2024

Category	Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Total Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
								No of Voting Rights			Total as a % of Total Voting Rights (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class eg: X	Class eg: Y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)		(VIII)	(IX)				(X)	(XI)=(VII)+(X)	(XII)		(XIII)		(XIV)
(A)	Promoter & Promoter Group	27	210,690,874	-	-	210,690,874	45.25	210,690,874	-	210,690,874	45.25	-	45.25	-	-	-	-	199,335,394
(B)	Public	199,693	254,896,958	-	-	254,896,958	54.75	254,896,958	-	254,896,958	54.75	-	54.75	N.A.	N.A.	N.A.	N.A.	253,250,104
(C)	Non Promoter-Non Public	1	-	-	800	800	0.00	800	-	800	0.00	-	0.00	N.A.	N.A.	N.A.	N.A.	800
(C1)	Shares underlying DRs	1	-	-	800	800	0.00	800	-	800	0.00	-	0.00	N.A.	N.A.	N.A.	N.A.	800
(C2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	N.A.	N.A.	N.A.	N.A.	-
	Total	**199,721**	**465,587,832**	**-**	**800**	**465,588,632**	**100.00**	**465,588,632**	**-**	**465,588,632**	**100.00**	**-**	**100.00**	**N.A.**	**N.A.**	**-**	**-**	**452,586,298**

Statement showing shareholding pattern of our Promoter and Promoter Group

The following table sets forth the details regarding the equity shareholding pattern of our Promoter and Promoter Group as on September 30, 2024

	Category and name of shareholder	Entity type i.e. promoter or promoter group entity (except promoter)	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held (VII) = (IV)+(V) + (VI)	Total Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities: No of Voting Rights: Class eg: X	Class eg: Y	Total	Total as a % of Total Voting Rights	No. of Shares Underlying outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares: No. (a)	As a % of total Shares held (b)	Number of Shares pledged or otherwise encumbered: No. (a)	As a % of total Shares held (b)	Number of equity shares held in dematerialized form
	(I)	(II)	(III)	(IV)	(V)	(VI)		(VIII)	(IX)	(X)	(XI)	(XII)	(XIII)	(XIV)	(I)		(II)	(III)	(IV)
1	**Indian**																		
a	*Individuals/Hindu undivided Family*		*9*	*1,616,230*	-	-	*1,616,230*	*0.35*	*1,616,230*	-	*1,616,230*	*0.35*	-	*0.35*	-	-	-	-	*1,616,230*
	Amit Babasaheb Kalyani	Promoter Group	1	700,350	-	-	700,350	0.15	700,350	-	700,350	0.15	-	0.15	-	-	-	-	700,350
	Gaurishankar Neelkanth Kalyani	Promoter Group	1	690,440	-	-	690,440	0.15	690,440	-	690,440	0.15	-	0.15	-	-	-	-	690,440
	Rohini Gaurishankar Kalyani	Promoter Group	1	80,870	-	-	80,870	0.02	80,870	-	80,870	0.02	-	0.02	-	-	-	-	80,870
	Babasaheb Neelkanth Kalyani	Promoter	1	78,150	-	-	78,150	0.02	78,150	-	78,150	0.02	-	0.02	-	-	-	-	78,150
	Sheetal Gaurishankar Kalyani	Promoter Group	1	22,980	-	-	22,980	0.00	22,980	-	22,980	0.00	-	0.00	-	-	-	-	22,980
	Viraj Gaurishankar Kalyani	Promoter Group	1	22,800	-	-	22,800	0.00	22,800	-	22,800	0.00	-	0.00	-	-	-	-	22,800
	Deeksha Amit Kalyani	Promoter Group	1	50	-	-	50	0.00	50	-	50	0.00	-	0.00	-	-	-	-	50
	Rohini Gaurishankar Kalyani	Promoter Group	1	10,590	-	-	10,590	0.00	10,590	-	10,590	0.00	-	0.00	-	-	-	-	10,590
	Rohini Gaurishankar Kalyani	Promoter Group	1	10,000	-	-	10,000	0.00	10,000	-	10,000	0.00	-	0.00	-	-	-	-	10,000
b	*Central Government/ State Government(s)*		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
c	*Financial Institutions/ Banks*		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
d	*Any Other (specify)*		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other																		
	Babasaheb Kalyani Family Trust	Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Bodies Corporates		*18*	*209,074,644*	-	-	*209,074,644*	*44.91*	*209,074,644*	-	*209,074,644*	*44.91*	-	*44.91*	-	-	-	-	*197,719,164*
	KSL Holdings Private Limited	Promoter Group	1	46,285,740	-	-	46,285,740	9.94	46,285,740	-	46,285,740	9.94	-	9.94	-	-	-	-	46,285,740

	Category and name of shareholder	Entity type i.e. promoter or promoter group entity (except promoter)	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Total Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
									No of Voting Rights			Total as a % of Total Voting Rights							
									Class eg: X	Class eg: Y	Total				No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V) + (VI)	(VIII)	(IX)	(X)	(XI)	(XII)	(XIII)	(XIV)	(I)		(II)	(III)	(IV)
	Ajinkya Investment And Trading Company	Promoter Group	1	14,981,850	-	-	14,981,850	3.22	14,981,850	-	14,981,850	3.22	-	3.22	-	-	-	-	14,981,850
	Sundaram Trading And Investment Pvt Ltd	Promoter Group	1	55,240,174	-	-	55,240,174	11.86	55,240,174	-	55,240,174	11.86	-	11.86	-	-	-	-	55,240,174
	Kalyani Investment Company Limited	Promoter Group	1	63,312,190	-	-	63,312,190	13.60	63,312,190	-	63,312,190	13.60	-	13.60	-	-	-	-	63,312,190
	Bf Investment Limited	Promoter Group	1	15,614,676	-	-	15,614,676	3.35	15,614,676	-	15,614,676	3.35	-	3.35	-	-	-	-	15,614,676
	Rajgad Trading Company Pvt. Ltd.	Promoter Group	1	1,360,260	-	-	1,360,260	0.29	1,360,260	-	1,360,260	0.29	-	0.29	-	-	-	-	34,240
	Tangmarg Investment And Trading Pvt. Ltd.	Promoter Group	1	904,200	-	-	904,200	0.19	904,200	-	904,200	0.19	-	0.19	-	-	-	-	128,200
	Yusmarg Investment And Trading Pvt. Ltd.	Promoter Group	1	1,847,000	-	-	1,847,000	0.40	1,847,000	-	1,847,000	0.40	-	0.40	-	-	-	-	203,000
	Kalyani Consultants Private Limited	Promoter Group	1	936,472	-	-	936,472	0.20	936,472	-	936,472	0.20	-	0.20	-	-	-	-	279,472
	Jannhavi Investment Pvt. Ltd.	Promoter Group	1	4,686,640	-	-	4,686,640	1.01	4,686,640	-	4,686,640	1.01	-	1.01	-	-	-	-	251,500
	Dronacharya Investment and Trading Limited	Promoter Group	1	152,980	-	-	152,980	0.03	152,980	-	152,980	0.03	-	0.03	-	-	-	-	11,550
	Cornflower Investment & Finance Limited	Promoter Group	1	533,900	-	-	533,900	0.11	533,900	-	533,900	0.11	-	0.11	-	-	-	-	39,900
	Dandakaranya Investment & Trading Pvt Ltd	Promoter Group	1	1,107,350	-	-	1,107,350	0.24	1,107,350	-	1,107,350	0.24	-	0.24	-	-	-	-	82,350
	Campanula Investment & Finance Limited	Promoter Group	1	739,980	-	-	739,980	0.16	739,980	-	739,980	0.16	-	0.16	-	-	-	-	51,090
	Hastinapur Investment	Promoter	1	178,800	-	-	178,800	0.04	178,800	-	178,800	0.04	-	0.04	-	-	-	-	10,800

	Category and name of shareholder	Entity type i.e. promoter or promoter group entity (except promoter)	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held (VII) = (IV)+(V) + (VI)	Total Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities: No of Voting Rights: Class eg: X	Class eg: Y	Total	Total as a % of Total Voting Rights	No. of Shares Underlying outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) As a % of (A+B+C2)	Number of Locked in shares: No. (a)	As a % of total Shares held (b)	Number of Shares pledged or otherwise encumbered: No. (a)	As a % of total Shares held (b)	Number of equity shares held in dematerialized form
	(I)	**(II)**	**(III)**	**(IV)**	**(V)**	**(VI)**	**(VII)**	**(VIII)**	**(IX)**	**(X)**	**(XI)**	**(XII)**	**(XIII)**	**(XIV)**	**(I)**		**(II)**	**(III)**	**(IV)**
	& Trading Pvt Ltd	Group																	
	Kalyani Export & Investment Pvt. Ltd	Promoter Group	1	1,003,240	-	-	1,003,240	0.22	1,003,240		1,003,240	0.22	-	0.22	-	-	-	-	1,003,240
	Aboli Investment Pvt Ltd.	Promoter Group	1	127,872	-	-	127,872	0.03	127,872		127,872	0.03	-	0.03	-	-	-	-	127,872
	Wathar Investment & Trading Co. Pvt. Ltd	Promoter Group	1	61,320	-	-	61,320	0.01	61,320		61,320	0.01	-	0.01	-	-	-	-	61,320
	Sub-Total (A)(1)		**27**	**210,690,874**	**-**	**-**	**210,690,874**	**45.25**	**210,690,874**	**-**	**210,690,874**	45.25	-	**45.25**	-	-	-	-	**199,335,394**
2	Foreign																		-
a	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
b	Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
c	Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
d	FPI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
e	Any Other (specify)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)		**27**	**210,690,874**	**-**	**-**	**210,690,874**	**45.25**	**210,690,874**	**-**	**210,690,874**	**45.25**	-	**45.25**	-	-	-	-	**199,335,394**

Statement showing shareholding pattern of the Public Shareholders

The following table sets forth the details regarding the equity shareholding pattern of the Public Shareholders as on September 30, 2024

	Category and name of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Total Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
								No of Voting Rights			Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class eg: X	Class eg:y	Total								
	(I)	(III)	(IV)	(V)	(VI)		(VIII)	(IX)				(X)	(XI)=(VII)+(X)	(XII)		(XIII)		(XIV)
1	Institutions (Domestic)																	
(a)	**Mutual Funds**	**32**	**76,656,309**	**0**	-	**76,656,309**	**16.46**	**76,656,309**	-	**76,656,309**	**16.46**	-	**16.46**	-	**0**	**NA**	**NA**	**76,656,309**
	Kotak Flexicap Fund	1	21,278,946	0	-	21,278,946	4.57	21,278,946	-	21,278,946	4.57	-	4.57	-	0	NA	NA	21,278,946
	DSP Midcap Fund	1	8,092,481	0	-	8,092,481	1.74	8,092,481	-	8,092,481	1.74	-	1.74	-	0	NA	NA	8,092,481
	Nippon Life India Trustee Ltd-A/C Nippon India Growth Fund	1	6,687,748	0	-	6,687,748	1.44	6,687,748	-	6,687,748	1.44	-	1.44	-	0	NA	NA	6,687,748
	ICICI Prudential Manufacturing Fund	1	6,486,976	0	-	6,486,976	1.39	6,486,976		6,486,976	1.39	-	1.39		0	NA	NA	6,486,976
	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Flexi Cap Fund	1	5,010,856	0	-	5,010,856	1.08	5,010,856	-	5,010,856	1.08	-	1.08	-	0	NA	NA	5,010,856
	HDFC Trustee Company Ltd. A/C HDFC Balanced Advantage Fund	1	4,764,252	0	-	4,764,252	1.02	4,764,252	-	4,764,252	1.02	-	1.02	-	0	NA	NA	4,764,252
(b)	**Venture Capital Funds**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	**Alternate Investment Funds**	**20**	**1,253,822**	**0**	-	**1,253,822**	**0.27**	**1,253,822**	-	**1,253,822**	**0.27**	-	**0.27**	-	**0**	**NA**	**NA**	**1,253,822**
(d)	**Banks**	**10**	**183,098**	**0**	-	**183,098**	**0.04**	**183,098**	-	**183,098**	**0.04**	-	**0.04**	-	**0**	**NA**	**NA**	**160,448**
(e)	**Insurance Companies**	**23**	**33,364,315**	**0**	-	**33,364,315**	**7.17**	**33,364,315**	-	**33,364,315**	**7.17**	-	**7.17**	-	**0**	**NA**	**NA**	**33,364,315**
	Life Insurance Corporation Of India	1	16,544,039	0	-	16,544,039	3.55	16,544,039		16,544,039	3.55		3.55	-	0	NA	NA	16,544,039
	SBI Life Insurance Co. Ltd	1	5,036,840	0	-	5,036,840	1.08	5,036,840		5,036,840	1.08		1.08	-	0	NA	NA	5,036,840
(f)	**Provident Funds/ Pension Funds**	**1**	**11,068,978**	**0**	-	**11,068,978**	**2.38**	**11,068,978**	-	**11,068,978**	**2.38**	-	**2.38**	-	**0**	**NA**	**NA**	**11,068,978**
	NPS Trust- A/C	1	11,068,978	0	-	11,068,978	2.38	11,068,978	-	11,068,978	2.38	-	2.38	-	0	NA	NA	11,068,978

	Category and name of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held (VII) = (IV)+(V)+ (VI)	Total Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
								No of Voting Rights			Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class eg: X	Class eg:y	Total								
	(I)	(III)	(IV)	(V)	(VI)		(VIII)	(IX)				(X)	(XI)=(VII)+(X)	(XII)		(XIII)		(XIV)
	HDFC Pension Management Company Ltd Scheme E - Tier I																	
(g)	**Asset reconstruction companies**	**-**	**-**	**0**	-	**0**	**0.00**	**0**	-	**0**	**0.00**	-	**0.00**	-	**0**	**NA**	**NA**	**0**
(h)	**Sovereign Wealth Funds**	**2**	**725,436**	**0**	-	**725,436**	**0.16**	**725,436**	-	**725,436**	**0.16**	-	**0.16**	-	**0**	**NA**	**NA**	**725,436**
(i)	**NBFCs registered with RBI**	**3**	**4,225**	**0**	-	**4,225**	**0.00**	**4,225**	-	**4,225**	**0.00**	-	**0.00**	-	**0**	**NA**	**NA**	**4,225**
(j)	**Other Financial Institutions**	**2**	**740**	**0**	-	**740**	**0.00**	**740**	-	**740**	**0.00**	-	**0.00**	-	**0**	**NA**	**NA**	**0**
(k)	Any Other (Specify)	0	0	0	-	**0**	0.00	0	-	0	0.00	-	0.00	-	0	NA	NA	0
	Sub Total (B)(1)	**93**	**123,256,923**	**0**	-	**123,256,923**	**26.47**	**123,256,923**	-	**123,256,923**	**26.47**	-	**26.47**	-	**0**	**NA**	**NA**	**123,233,533**
2	**Institutions (Foreign)**				-									-				
(a)	Foreign Direct Investment	0	0	0	-	0	0.00	0	0	0	0.00	-	0.00	-	0	NA	NA	-
(b)	Foreign Venture Capital Investors	0	0	0	-	0	0.00	0	0	0	0.00	-	0.00	-	0	NA	NA	-
(c)	Sovereign Wealth Funds	0	0	0	-	0	0.00	0	0	0	0.00	-	0.00	-	0	NA	NA	-
(d)	**Foreign Portfolio Investors Category I**	**492**	**83,688,505**	**0**	-	**83,688,505**	**17.97**	**83,688,505**	-	**83,688,505**	**17.97**	-	**17.97**	-	**0**	**NA**	**NA**	**83,688,505**
	Amansa Holdings Private Limited	1	**9,593,125**	0	-	**9,593,125**	2.06	**9,593,125**	-	**9,593,125**	2.06	-	2.06	-	0	NA	NA	**9,593,125**
	Government of Singapore	1	**9,577,699**	0	-	**9,577,699**	2.06	**9,577,699**		**9,577,699**	2.06		2.06	-	0	NA	NA	**9,577,699**
(e)	**Foreign Portfolio Investors Category II**	**24**	**3,485,789**	**0**	-	**3,485,789**	0.75	**3,485,789**	-	**3,485,789**	0.75	-	0.75	-	0	**NA**	**NA**	**3,485,789**
(f)	Overseas Depositories (holding DRs) (balancing figure)	0	0	0	-	0	0.00	0	0	0	0.00	0	0.00	0	0	NA	NA	0
(g)	Any Other (Specify)	0	0	0	-	0	0	0	0	0	0.00	0	0.00	0	0	NA	NA	0
	Sub Total (B)(2)	**516**	**87,174,294**	**0**	-	**87,174,294**	**18.72**	**87,174,294**	-	**87,174,294**	**18.72**	-	**18.72**	-	**0**	**NA**	**NA**	**87,174,294**
3	Central Government/				-													

	Category and name of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Total Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
								No of Voting Rights			Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class eg: X	Class eg:y	Total								
	(I)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+ (VI)	(VIII)	(IX)				(X)	(XI)=(VII)+(X)	(XII)		(XIII)		(XIV)
	State Government(s)																	
(a)	**Central Government/ President of India**	**1**	**3,006**	0	-	**3,006**	0.00	**3,006**	0	**3,006**	0.00	0	**0.00**	0	0	NA	NA	**3,006**
(b)	State Government/ Governor	0	0	0	-	0	0.00	0	0	0	0.00	0	**0.00**	0	0	NA	NA	-
(c)	Shareholding by Companies or Bodies Corporate where Central / State Government is a promoter	0	0	0	-	0	0.00	0	0	0	0.00	0	**0.00**	0	0	NA	NA	-
	Sub Total (B)(3)	**1**	**3,006**	**0**	-	**3,006**	0.00	**3,006**	**0**	**3,006**	0.00	**0**	**0.00**	**0**	**0**	**NA**	**NA**	**3,006**
4	Non-Institutions																	
(a)	Associate companies / Subsidiaries	0	0	0	-	0	0.00	0	0	0	0.00	0	**0.00**	0	0	NA	NA	-
(b)	**Directors and their relatives (excluding Independent Directors and nominee Directors)**	**5**	**18,018**	**0**	-	**18,018**	**0.00**	**18,018**	**0**	**18,018**	**0.00**	0	**0.00**	0	**0**	**NA**	**NA**	**17,978**
(c)	**Key Managerial Personnel**	**1**	**20**	**0**	-	**20**	0.00	**20**	0	**20**	0.00	0	**0.00**	0	0	NA	NA	**20**
(d)	Relatives of promoters (other than 'immediate relatives' of promoters disclosed under 'Promoter and Promoter Group' category)	0	0	0	-	0	0.00	0	0	0	0.00	0	**0.00**	0	0	NA	NA	-
(e)	Trusts where any person belonging to 'Promoter and Promoter Group' category is 'trustee', 'beneficiary', or	0	0	0	-	0	0	0	0	0	0	0	0	0	0	0	0	-

	Category and name of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held (VII) = (IV)+(V)+(VI)	Total Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
								No of Voting Rights			Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class eg: X	Class eg:y	Total								
	(I)	(III)	(IV)	(V)	(VI)		(VIII)	(IX)				(X)	(XI)=(VII)+(X)	(XII)		(XIII)		(XIV)
	'author of the trust"																	
(f)	**Investor Education and Protection Fund (IEPF)**	**1**	**634,279**	0	-	**634,279**	**0.14**	**634,279**	**0**	**634,279**	**0.14**	-	**0.14**	-	**0**	**NA**	**NA**	**634,279**
(g)	**Resident Individual holding nominal share capital up to Rs. 2 lakhs.**	**190,581**	**33,444,954**	0	-	**33,444,954**	**7.18**	**33,444,954**	**0**	**33,444,954**	**7.18**	-	**7.18**	-	**0**	**NA**	**NA**	**31,934,930**
(h)	**Resident individual holding nominal share capital in excess of Rs. 2 lakhs.**	**9**	**1,471,710**	0	-	**1,471,710**	**0.32**	**1,471,710**	**0**	**1,471,710**	**0.32**	-	**0.32**	-	**0**	**NA**	**NA**	**1,366,110**
(i)	**Non Resident Indians (NRIs)**	**4,724**	**2,705,157**	0	-	**2,705,157**	**0.58**	**2,705,157**	**0**	**2,705,157**	**0.58**	-	**0.58**	-	**0**	**NA**	**NA**	**2,697,357**
(j)	**Foreign Nationals**	**1**	**1,760**	0	-	**1,760**	**0.00**	**1,760**	**0**	**1,760**	**0.00**	-	**0.00**	-	**0**	**NA**	**NA**	**1,760**
(k)	Foreign Companies	0	0	0	-	0	0	**0**	0	0	0	0	0	-	0	**NA**	**NA**	0
(l)	**Bodies Corporate**	**932**	**2,372,841**	0	-	**2,372,841**	**0.51**	**2,372,841**	**0**	**2,372,841**	**0.51**	-	**0.51**	-	**0**	**NA**	**NA**	**2,372,841**
(m)	**Any Other (Specify)**	**2,829**	**3,813,996**	0	-	**3,813,996**	**0.82**	**3,813,996**	**0**	**3,813,996**	**0.82**	-	**0.82**	-	**0**	**NA**	**NA**	**3,813,996**
	Trusts	**13**	**202,835**	0	-	**202,835**	**0.04**	**202,835**	**0**	**202,835**	**0.04**	-	**0.04**	-	**0**	**NA**	**NA**	**202,835**
	Hindu Undivided Family	**2,801**	**3,587,451**	0	-	**3,587,451**	**0.77**	**3,587,451**	**0**	**3,587,451**	**0.77**	-	**0.77**	-	**0**	**NA**	**NA**	**3,587,451**
	Clearing Member	**13**	**4,070**	0	-	**4,070**	**0.00**	**4,070**	**0**	**4,070**	**0.00**	-	**0.00**	-	**0**	**NA**	**NA**	**4,070**
	Others 1. Larsen And Toubro Gratuity Fund 2. L And T Officers And Supervisors Gratuity Fund	**2**	**19,640**	0	-	**19,640**	**0.00**	**19,640**	**0**	**19,640**	**0.00**		**0.00**	-	**0**	**NA**	**NA**	**19,640**
	Sub Total (B)(4)	**199,083**	**44,462,735**	0	-	**44,462,735**	**9.55**	**44,462,735**	**0**	**44,462,735**	**9.55**	-	**9.55**	-	**0**	**NA**	**NA**	**42,839,271**
	Total Public Shareholding (B)= (B)(1)+(B)(2)+ (B)(3)+B(4)	**199,693**	**254,896,958**	0	-	**254,896,958**	**54.75**	**254,896,958**	**0**	**254,896,958**	**54.75**	**0**	**54.75**	**0**	**0**	**NA**	**NA**	**253,250,104**

Statement showing shareholding pattern of the Non Promoter-Non Public Shareholder

The following table sets forth the details regarding the equity shareholding pattern of the Non Promoter -Non Public Shareholders as on September 30, 2024

	Category and name of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held (VII) = (IV)+(V)+(VI)	Total Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of Voting Rights held in each class of securities				No. of Shares Underlying outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								No of Voting Rights			Total as a % of Total Voting Rights			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
								Class eg: X	Class eg: y	Total								
	(II)	(III)	(IV)	(V)	(VI)		(VIII)	(IX)				(X)	(XI)=(VII)+(X)	(XII)		(XIII)		(XIV)
(a)	Custodian/ DR Holder	**1**	-	-	800	800	0.00	800.00	-	800	0.00	-	-	-	-	-	-	**800**
(b)	Employee Benefit Trust / Employee Welfare Trust under SEBI (Share Based Employee Benefits and Sweat Equity) Regulations,	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Non-Promoter- Non Publi Shareholding (C)= (C)(1)+(C)(2)	**1**	**-**	**-**	**800**	**800**	**0.00**	**800**	**-**	**800**	**0**	**-**	**-**	**-**	**-**	**-**	**-**	800

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the Bidding, application, payment of Bid Amount, Allocation and Allotment of the Equity Shares. The procedure followed in the Issue may differ from the one mentioned below and Bidders are assumed to have apprised themselves of the same from our Company or the BRLMs. Prospective Bidders are advised to inform themselves of any restrictions or limitations that may be applicable to them and are required to consult their respective advisers in this regard. Bidders that apply in the Issue will be required to confirm and will be deemed to have represented to our Company, the BRLMs and their respective directors, officers, agents, employees, counsels, shareholders, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Also see "Selling Restrictions" and "Purchaser Representations and Transfer Restrictions" on pages 188 and 194, respectively.

Our Company, the BRLMs and their respective directors, officers, agents, advisors, shareholders, employees, counsels, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Bidders are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations and shall be solely responsible for compliance with all the applicable provisions of the SEBI Takeover Regulations, the SEBI Insider Trading Regulations, and other applicable laws.

Qualified Institutions Placement

THE ISSUE IS MEANT ONLY FOR ELIGIBLE QIBS ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.

This Preliminary Placement Document and the Placement Document has not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

The Issue is being made to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations and Sections 42 and 62 and other applicable provisions of the Companies Act, 2013 and rules issued thereunder, through the mechanism of a QIP. Under Chapter VI of the SEBI ICDR Regulations and Sections 42 and 62 of the Companies Act, 2013 read with Rule 14 of the PAS Rules, our Company, being a listed company in India, may issue Equity Shares to Eligible QIBs, provided that certain conditions are met by us. Some of these conditions are set out below:

- the Shareholders have passed a special resolution approving the Issue;

- the explanatory statement to the notice to the shareholders for convening the general meeting must disclose, among other things, the particulars of the issue including the date of passing the board resolution, the kind of securities being offered and the price at which they are offered, amount which the company intends to raise by way of such securities and the material terms of raising such securities, proposed issue schedule, the purpose or objects of offer, the contribution made by the Promoter or Directors either as part of the offer or separately in furtherance of the objects, and the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;

- under Regulation 172(1)(b) of the SEBI ICDR Regulations, the Equity Shares of the same class of such issuer, which are proposed to be allotted through the Issue, are listed on the Stock Exchange, for a period of at least one year prior to the date of issuance of notice to our shareholders for convening the meeting to seek approval of the shareholders for the above-mentioned special resolution. This is not applicable to such companies who propose to undertake a QIP for complying with the minimum public shareholding requirements specified in the SCRR;

- invitation to apply in the Issue must be made through a private placement offer-cum-application (i.e., this Preliminary Placement Document) and an Application Form serially numbered and addressed specifically to the Eligible QIBs to whom the Issue is made either in writing or in electronic mode, within 30 days of recording the name of such person in accordance with applicable law;

- our Company shall have completed allotments with respect to any earlier offer or invitation made by our Company or has withdrawn or abandoned such invitation or offer made by our Company, except as permitted under the

Companies Act;

- our Company shall not make any subsequent QIP until the expiry of two weeks from the date of this Issue;

- an offer to Eligible QIBs will not be subject to a limit of 200 persons. Prior to circulating the private placement offer-cum-application (i.e., this Preliminary Placement Document and the Application Form), our Company must prepare and record a list of Eligible QIBs to whom the Issue will be made. The Issue must be made only to such Eligible QIBs whose names are recorded by the issuer prior to the invitation to subscribe;

- our Company acknowledges that the offering of securities by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about the Issue is prohibited. In accordance with the SEBI ICDR Regulations, securities will be issued and allotment shall be made only in dematerialized form to the allottees; and

- the Promoter and Directors of our Company are not Fugitive Economic Offenders.

At least 10% of the Equity Shares issued pursuant to this Issue to Eligible QIBs shall be available for Allocation to Mutual Funds, provided that, if this portion, or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other Eligible QIBs.

Bidders are not allowed to withdraw or revise downwards their Bids after the Bid/ Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price shall not be less than the average of the weekly high and low of the closing prices of the issuer's equity shares of the same class quoted on the stock exchanges during the two weeks preceding the Relevant Date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. However, a discount of not more than 5% of the Floor Price is permitted in accordance with the provisions of the SEBI ICDR Regulations. Our Board through its resolution dated August 8, 2024, and a special resolution passed by our Shareholders by way of Postal Ballot dated November 8, 2024, have authorised our Board to decide the quantum of discount up to 5% of the Floor Price at the time of determination of the Issue Price.

The "Relevant Date" mentioned above in case of allotment of Equity Shares, refers to the date of the meeting in which the committee of directors duly authorised by the board of the issuer decides to open the proposed issue and "stock exchange" means any of the recognised stock exchanges in India on which the Equity Shares of the same class are listed and on which the highest trading volume in such shares has been recorded during the two weeks immediately preceding the Relevant Date.

The Equity Shares must be Allotted within 365 days from the date of the shareholders' resolution approving the Issue and also within 60 days from the date of receipt of Bid Amount from the relevant Eligible QIBs failing which our Company shall refund the Bid Amount in accordance with applicable laws. For details of refund of Bid Amount, see "– *Pricing and Allocation – Designated Date and Allotment of Equity Shares*" on page 183.

The Equity Shares issued pursuant to the Issue must be issued on the basis of this Preliminary Placement Document and the Placement Document that shall contain all material information including the information specified in Schedule VII of the SEBI ICDR Regulations and the requirements prescribed under PAS Rules and Form PAS-4. This Preliminary Placement Document and the Placement Document are private documents provided to only select Eligible QIBs through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you do not receive a serially numbered copy of this Preliminary Placement Document addressed to you, you may not rely on this Preliminary Placement Document or Placement Document uploaded on the website of the Stock Exchanges or our Company for making an application to subscribe to Equity Shares pursuant to the Issue.

The minimum number of Allottees for each QIP shall not be less than:

- two, where the issue size is less than or equal to ₹ 2,500.00 million; and

- five, where the issue size is greater than ₹ 2,500.00 million.

No single Allottee shall be Allotted more than 50% of the Issue Size. Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee for the purpose of the Issue. For details of what constitutes “same group” or “common control”, see “*–Bid Process - Application Form*” on page 179.

Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of a recognised stock exchange.

Our Company has filed a draft of this Preliminary Placement Document with each of the Stock Exchanges and received the in-principle approval of the Stock Exchanges under Regulation 28(1)(a) of the SEBI Listing Regulations for listing of the Equity Shares to be issued pursuant to this Issue. We have filed a copy of this Preliminary Placement Document and will file a copy of the Placement Document with the Stock Exchanges.

We shall also make the requisite filings with the RoC within the stipulated period as required under the Companies Act and the PAS Rules.

The Issue has been authorised and approved by our Board on August 8, 2024 and a special resolution passed by our Shareholders by way of a postal ballot dated November 8, 2024.

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

The Equity Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, the Equity Shares are being offered and sold outside the United States, in “offshore transactions” as defined in and in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where those offers and sales occur. For a description of the restrictions applicable to the offer and sale of the Equity Shares in the Issue, see “*Selling Restrictions*” page 188. See “*Purchaser Representations and Transfer Restrictions*” on page 194 for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

Issue Procedure

1. On the Issue Opening Date, our Company and the BRLMs shall circulate serially numbered copies of this Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form to identified Eligible QIBs and the Application Form will be specifically addressed to each such Eligible QIBs. In terms of Section 42(3) of the Companies Act, 2013, our Company shall maintain complete records of such Eligible QIBs in the form and manner prescribed under the PAS Rules, to whom this Preliminary Placement Document and the serially numbered Application Form have been dispatched or circulated, as the case may be. Our Company will make the requisite filings with RoC within the stipulated time period as required under the Companies Act and PAS Rules.

2. The list of Eligible QIBs to whom this Preliminary Placement Document and the Application Form is delivered shall be determined by our Company in consultation with the BRLMs. Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which includes the details of the bank account wherein the Bid Amount is to be deposited, is addressed to a particular Eligible QIB, no invitation to make an offer to subscribe shall be deemed to have been made to such Eligible QIB. Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid. The Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Bid Amount is paid along with submission of the Application Form within the Bid/Issue Period. Once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid/Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so.

3. Eligible QIBs may submit an Application Form, including any revisions thereof, along with the Bid Amount transferred to the Escrow Account specified in the Application Form and a copy of the PAN card or PAN allotment letter and/or any other documents mentioned in the Application Form, during the Bid/ Issue Period to the BRLMs.

4. Bidders will be required to indicate the following in the Application Form:

   - full official name of the Eligible QIB to whom Equity Shares are to be Allotted, complete address, e-mail id, PAN details (if applicable), phone number and bank account details;

   - number of Equity Shares Bid for;

   - price at which they are agreeable to subscribe to the Equity Shares and the aggregate Bid Amount for the number of Equity Shares Bid for;

   - details of the beneficiary account maintained by the Depository Participant to which the Equity Shares should be credited pursuant to the Issue;

   - Equity Shares held by the Bidder in our Company prior to the Issue;

   - it has agreed to certain other representations set forth in the Application Form and this Preliminary Placement Document; and

   - A representation that it is outside the United States acquiring the Equity Shares in an "offshore transaction" as defined in, and in reliance on, Regulation S, and the applicable laws of the jurisdiction where those offers and sales are made, and it has agreed to certain other representations set forth in the section "*Representations by Investors*" on page 6 and "*Purchaser Representations and Transfer Restrictions*" on page 194 and certain other representations made in the Application Form.

   NOTE**:** *Eligible FPIs are required to indicate their SEBI FPI registration number in the Application Form. The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws.*

5. Eligible QIBs shall be required to make the entire payment of the Bid Amount for the Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Account opened in the name of *"Bharat Forge Limited – 2024 QIP Escrow Account* " with the Escrow Bank, within the Bid/Issue Period as specified in the Application Form sent to the respective Bidders. Please note that any payment of Bid Amount for the Equity Shares shall be made from the bank accounts of the relevant Bidders and our Company shall keep a record of the bank account from where such payment has been received. No payment shall be made in the Issue by the Bidders in cash. Bid Amount payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the Application Form. Until Allotment, and the filing of return of Allotment by our Company with the RoC, or receipt of final listing and trading approvals from the Stock Exchanges, whichever is later, Bid Amount received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act, 2013. Notwithstanding the above, in the event (a) any Bidder is not Allocated Equity Shares in the Issue, (b) the number of Equity Shares Allotted to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, (c) the Bid Amount has been arrived at using an indicative price higher than the Issue Price, or (d) any Eligible QIB lowers or withdraws their Bid after submission of the Application Form but on or prior to the Issue Closing Date, the excess Bid Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in "– *Refunds*" on page 183.

6. Once a duly completed Application Form is submitted by a Bidder, whether signed or not, and the Bid Amount is transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and the Bid cannot be withdrawn or revised downwards after the Bid/ Issue Closing Date. In case of an upward revision before the Bid/ Issue Closing Date, an additional amount shall be required to be deposited towards the Bid Amount in the Escrow Account along with the submission of such revised Bid. The Bid/ Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

7. Upon receipt of the duly completed Application Form and the Bid Amount in the Escrow Account, on or before the Bid/ Issue Closing Date, our Company shall, in consultation with BRLMs determine the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue and Allocation. Upon such determination, the BRLMs, on behalf of our Company, will send the serially numbered CAN and the Placement Document to the Successful Bidders. The dispatch of a CAN, and the Placement Document (when dispatched) to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent to the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. The CAN shall contain details such as the number of Equity Shares Allocated to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated. In case of Bids being made on behalf of the Eligible QIB where the Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so. The Bid/Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form. **Please note that the Allocation will be at the absolute discretion of our Company and shall be in consultation with the BRLMs.**

8. The Bidder acknowledges that in terms of the requirements of the Companies Act, 2013, upon Allocation, our Company will be required to disclose the names of proposed allottees and the percentage of their post-Issue shareholding in the Placement Document and any other regulatory filing or consents to such disclosure, if any Equity Shares are allocated to it.

9. Upon determination of the Issue Price and the issuance of CAN and before Allotment of Equity Shares to the Successful Bidders, the BRLMs, shall, on our behalf, send a serially numbered Placement Document either in electronic form or through physical delivery to each of the Successful Bidders who have been Allocated Equity Shares pursuant to dispatch of a serially numbered CAN.

10. Upon dispatch of the serially numbered Placement Document, our Company shall Allot Equity Shares as per the details in the CANs sent to the Successful Bidders. Our Company will inform the Stock Exchanges of the details of the Allotment.

11. After passing the resolution passed by the Board or capital issue committee approving the Allotment and prior to crediting the Equity Shares into the beneficiary account of the Successful Bidders maintained by the Depository Participant, as specified in the records of the depositories or as indicated in their respective Application Form, our Company shall apply to the Stock Exchanges for listing approvals in respect of the Equity Shares Allotted pursuant to the Issue.

12. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.

13. Our Company will then apply for the final trading approvals from the Stock Exchanges.

14. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Successful Bidders shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

15. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Company may communicate the receipt of the listing and trading approvals to those Eligible QIBs to whom the Equity Shares have been Allotted. Our Company and the BRLMs shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Bidders are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

Eligible QIBs

Only Eligible QIBs as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, and not otherwise restricted from participating in the Issue under the applicable law, will be considered as Eligible QIBs. However, with respect to FPIs, only Eligible FPIs applying under Schedule II of the FEMA Rules will be considered as Eligible QIBs. FVCIs are not permitted to participate in the Issue. Currently, QIBs, who are eligible to participate in the Issue and also as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, are set forth below:

- Eligible FPIs;
- insurance companies registered with the Insurance Regulatory and Development Authority of India;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India.
- multilateral and bilateral development financial institutions eligible to invest in India;
- Mutual Funds, VCFs, AIFs, each registered with SEBI;
- pension funds with minimum corpus of ₹ 25.00 million registered with the Pension Fund Regulatory and Development Authority (PFRDA) under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013;
- provident funds with minimum corpus of ₹ 25.00 million ;
- public financial institutions as defined under Section 2(72) of the Companies Act;
- scheduled commercial banks;
- state industrial development corporations;
- systemically important non-banking financial companies;
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India; and
- subject to such QIB not being excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations.

ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE IN THE ISSUE THROUGH THE PORTFOLIO INVESTMENT SCHEME UNDER SCHEDULE II OF FEMA RULES. ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE IN THE ISSUE SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND CONDITIONS AND RESTRICTIONS WHICH MAY BE SPECIFIED BY THE GOVERNMENT FROM TIME TO TIME, AND SUCH THAT THE SHAREHOLDING OF THE FPIs DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. FVCI'S ARE NOT PERMITTED TO PARTICIPATE IN THIS ISSUE.

Other eligible non-resident QIBs shall participate in the Issue under Schedule II of the FEMA Rules.

In terms of the SEBI FPI Regulations, the Equity Shares issued to a single Eligible FPI or an investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than fifty per cent or common control) should not exceed 10% of post-Issue Equity Share capital of our Company. Further, in terms of the FEMA Rules, the total holding of each FPI or its investor group shall be below 10% of the total post issue paid-up Equity Share capital of our Company on a fully diluted basis. With effect from April 1, 2020, the aggregate limit for FPI investments is the sectoral cap applicable to our Company i.e. 100% on a fully diluted basis. Hence, Eligible FPIs may invest in such number of Equity Shares in the Issue such that the individual investment of the FPI in our Company does not exceed 10% of the post -Issue paid-up capital of our Company on a fully diluted basis.

In case the holding of an FPI including its investor group increases to 10% or more of the total post-Issue paid-up equity capital, on a fully diluted basis, the FPI including its investor group is required to divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach. In the event that such divestment of excess holding is not done within the above prescribed time, the total investment made by such FPI together with its investor group will be re-classified as FDI as per procedure specified by SEBI and the FPI and its investor group will be prohibited from making any further portfolio investment in our Company under the SEBI FPI Regulations. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (i) appropriately regulated public retail funds; (b) public retail funds where the majority is owned by appropriately regulated public retail fund on look through basis; or (c) public retail funds and investment managers of such foreign portfolio investors are appropriately regulated, the aggregation of the investment limits of such FPIs having common control, shall not be applicable. Further, the aggregate permissible limit of all FPIs investments, with effect from April 1, 2020, is the sectoral cap applicable to the sector in which our Company operates.

As per the circular issued by SEBI on November 24, 2014, these investment restrictions shall also apply to subscribers of P- Notes. Two or more subscribers of P-Notes having a common beneficial owner shall be considered together as a single subscriber of the P-Note. In the event an investor has investments as an FPI and as a subscriber of P-Notes, these investment restrictions shall apply on the aggregate of the FPI and P-Note investments held in the underlying company.

Pursuant to the SEBI Circular dated April 5, 2018 (Circular No: IMD/FPIC/CIR/P/2018/61), our Company has appointed National Securities Depository Limited as the designated depository to monitor the level of FPI / NRI shareholding in our Company on a daily basis and once the aggregate foreign investment of a company reaches a cut-off point, which is 3% below the overall limit a red flag shall be activated. SEBI however, pursuant to its Circular dated May 17, 2018 (Circular No: SEBI/HO/IMD/FPIC/CIR/P/2018/81), directed that this system of monitoring foreign investment limits in Indian listed companies be made operational with effect from June 1, 2018. The depository is then required to inform the Stock Exchanges about the activation of the red flag. The stock exchanges are then required to issue the necessary circulars/ public notifications on their respective websites. Once a red flag is activated, the FPIs must trade cautiously, because in the event that there is a breach of the sectoral cap, the FPIs will be under an obligation to disinvest the excess holding within five trading days from the date of settlement of the trades.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. For a description of the restrictions applicable to the offer and sale of the Equity Shares in the Issue in certain jurisdictions, see "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 188 and 194, respectively.

Restriction on Allotment

Pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any Eligible QIB being a promoter, or any person related to, the Promoter. QIBs, which have all or any of the following rights, shall be deemed to be persons related to the Promoter:

- rights under a shareholders' agreement or voting agreement entered into with the Promoter or members of the Promoter group;
- veto rights; or
- a right to appoint any nominee director on the board of the issuer.

Provided, however, that an Eligible QIB which does not hold any Equity Shares in our Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoter.

Our Company, the BRLMS and any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, advisors or affiliates shall not be liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Preliminary Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Preliminary Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations.

A minimum of 10% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. In case of undersubscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.

Note: *Affiliates or associates of the BRLMs who are Eligible QIBs may participate in the Issue in compliance with applicable laws.*

Bid Process

Application Form

Eligible QIBs shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Company and the BRLMs in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of this Preliminary Placement Document and the Placement Document. The Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Bid Amount is paid along with submission of the Application Form within the Issue Period.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of this Preliminary Placement Document, a Bidder will be deemed to have made all the representations, warranties, acknowledgements and agreements made under "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" *and "Purchaser Representations and Transfer Restrictions"* on pages 3, 6, 188 and 194, respectively, including as follows:

1. The Eligible QIB confirms that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

2. The Eligible QIB confirms that it is not a Promoter and is not a person related to the Promoter(s), either directly or indirectly and its Application Form does not directly or indirectly represent the Promoter(s) or members of the Promoter Group or persons related to the Promoter(s);

3. The Eligible QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoter or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender not holding any Equity Shares which shall not be deemed to be a person related to the Promoter;

4. The Bidder confirms that in the event it is resident outside India, it is an Eligible FPI, having a valid and existing registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution, and is eligible to invest in India under applicable law, including the FEMA Rules, as amended, and any notifications, circulars or clarifications issued thereunder, and has not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets and is not an FVCI;

5. The Eligible QIB acknowledges that it has no right to withdraw or revise its Bid downwards after the Bid / Issue Closing Date;

6. The Eligible QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than the floor of a recognised Stock Exchange;

7. The Eligible QIB confirms that the Bidder is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to the Issue, if any. The Bidder further confirms that the holding of the Bidder, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Bidder;

8. The Eligible QIB confirms that its Bids would not eventually result in triggering an open offer under the SEBI Takeover Regulations;

9. The Eligible QIB agrees that it will make payment of its Bid Amount along with submission of the Application Form within the Issue Period. The Bidder agrees that once a duly filled Application Form is submitted by a Bidder, whether signed or not, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid/Issue Closing Date;

10. The Eligible QIB agrees that although the Bid Amount is required to be paid by it along with the Application Form within the Issue Period in terms of provisions of the Companies Act, our Company reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the BRLMs. The Eligible QIB further acknowledges and agrees that the payment of Bid Amount does not guarantee Allocation and/or

Allotment of Equity Shares Bid for in full or in part;

11. The Eligible QIB acknowledges that in terms of the requirements of the Companies Act, upon Allocation, our Company will be required to disclose names as "proposed Allottees" and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document and such QIB consents of such disclosure, if any Equity Shares are Allocated to it. However, the Eligible QIB further acknowledges and agrees that, disclosure of such details as "proposed Allottees" in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the BRLMs;

12. The Eligible QIB confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation:

    a. QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and Independent Directors, amongst a Bidder, its subsidiary(ies) or holding company and any other Bidder; and

    b. 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the SEBI Takeover Regulations;

13. The Eligible QIB acknowledge that no Allocation shall be made to them if the price at which they have Bid for in the Issue is lower than the Issue Price;

14. The Eligible QIB confirms that it shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges;

15. Each Eligible FPI, confirms that it will participate in the Issue only under and in conformity with Schedule II of FEMA Rules. Further, each Eligible FPI acknowledges that Eligible FPIs may invest in such number of Equity Shares such that the individual investment of the Eligible FPI or its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than fifty per cent or common control) in our Company does not exceed 10% of the post-Issue paid-up capital of our Company on a fully diluted basis. The Bidder confirms that it, individually or together with its investor group, is not restricted from making further investments in our Company through the portfolio investment route, in terms of Regulation 22(3) of the SEBI FPI Regulations;

16. The Eligible QIB confirms that if it is outside the United States, it is purchasing the Equity Shares in an "offshore transaction" as defined in and in reliance on Regulation S and the applicable laws of the jurisdictions where those offers and sales are made, and is not an affiliate of the Company or a person acting on behalf of such an affiliate and it has agreed to certain other representations set forth in the Application Form; and

17. An Eligible QIB confirms that it has agreed to certain other representations set forth in the sections titled "*Representations by Investors*" and "*Purchaser Representations and Transfer Restrictions*" on pages 6 and 194, respectively.

ELIGIBLE QIB MUST PROVIDE THEIR NAME, COMPLETE ADDRESS, PHONE NUMBER, EMAIL ID, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN OR PAN ALLOTMENT LETTER, DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBs MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.

IF SO REQUIRED BY THE BRLMs, THE ELIGIBLE QIBs SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE BRLMs TO EVIDENCE THEIR STATUS AS A "QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE BRLMs, ESCROW BANK OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER BID/ISSUE CLOSING DATE, THE ELIGIBLE QIBs SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE

TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details provided in the Application Form. However, for the purposes of refund of all or part of the Bid Amount submitted by the Bidder, the bank details as mentioned in the Application Form from which the Bid Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

The submission of an Application Form and payment of the Bid Amount pursuant to the Application Form by a Bidder shall be deemed a valid, binding and irrevocable offer for such Bidder and becomes a binding contract on a Successful Bidder upon issuance of the CAN and the Placement Document (when dispatched) by our Company (by itself or through the BRLMs) in favour of the Successful Bidder.

Submission of Application Form

All Application Forms must be duly completed with information including the number of Equity Shares applied for along with proof of payment and a copy of the PAN card or PAN allotment letter (as applicable). The Bid Amount shall be deposited in the Escrow Account as is specified in the Application Form and the Application Form shall be submitted to the BRLMs either through electronic form or through physical delivery at the following address:

Name of the BRLMs	Address and Website	Contact person	E-mail and contact number
Kotak Mahindra Capital Company Limited	27 BKC, 1st Floor Plot No. C – 27, "G" Block Bandra Kurla Complex, Bandra (East), Mumbai – 400 051, Maharashtra, India https://investmentbank.kotak.com	Ganesh Rane	Email: bharatforge.qip@kotak.com Tel: +91 22 4336 0000
Morgan Stanley India Company Private Limited	18F, Tower 2, One World Center Plot 841, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, Maharashtra, India https://www.morganstanley.com/about-us/global-offices/asia-pacific/india	Sumit Kumar Agarwal	Email: bharatforgeqip@morganstanley.com Tel: +91 22 6118 1000

The BRLMs shall not be required to provide any written acknowledgement of the receipt of the Application Form and the Bid Amount.

All Application Forms shall be duly completed, and Bidders Bidding in the Issue shall pay the entire Bid Amount along with the submission of the Application Form, within the Issue Period.

Bank account for Payment of Bid Amount

Our Company has opened the Escrow Account in the name of "*Bharat Forge Limited – 2024 QIP Escrow Account*" with the Escrow Bank, in terms of the Escrow Agreement. Each Bidder will be required to deposit the Bid Amount payable for the Equity Shares Bid by it along with the submission of the Application Form and during the Bidding Period. Bidders can make payment of the Bid Amount only through electronic transfer of funds from their own bank account.

Note: Payments are to be made only through electronic fund transfer. Payments made through cash, demand draft or cheques are liable to be rejected. Further, if the payment is not made favouring the Escrow Account, the Application Form is liable to be rejected.

Pending Allotment, our Company undertakes to utilise the amount deposited in "*Bharat Forge Limited – 2024 QIP Escrow Account*" only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of Bid Amount if our Company is not able to Allot Equity Shares in the Issue. Notwithstanding the above, in the event a Bidder is not Allocated Equity Shares in the Issue, or the number of Equity Shares Allocated to a Bidder, is lower than the number of Equity Shares applied for through the Application Form and towards which Application

Amount has been paid by such Bidder, the excess Application Amount will be refunded to the same bank account from which Application Amount was remitted, in the form and manner set out in "– *Refunds*" on page 183.

Pricing and Allocation

There is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares quoted on the Stock Exchanges during the two weeks preceding the Relevant Date. However, our Company may offer a discount of not more than 5% of the Floor Price in accordance with the approval of our Shareholders by way of a special resolution passed by way of a postal ballot dated November 8, 2024 in terms of Regulation 176(1) of the SEBI ICDR Regulations.

Our Company, in consultation with the BRLMs, shall determine the Issue Price, which shall be at or above the Floor Price.

The "Relevant Date" referred to above will be the date of the meeting in which the Investment Committee - Strategic Business decides to open the Issue and "stock exchange" means any of the recognized stock exchanges in India on which the Equity Shares are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. After finalisation of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file the Placement Document with the Stock Exchanges.

Build-up of the Book

The Bidders shall submit their Bids (including any revision thereof) through the Application Forms within the Issue Period to the BRLMs. Such Bids cannot be withdrawn or revised downwards after the Bid/ Issue Closing Date. The book shall be maintained by the BRLMs.

Method of Allocation

Our Company shall determine the Allocation in consultation with the BRLMs on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations.

Bids received from the Eligible QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Eligible QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

In case of cancellations or default by the Bidders, our Company in consultation with BRLMs has the right to reallocate the Equity Shares at the Issue Price among existing or new Bidders at their sole and absolute discretion subject to the applicable laws.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE BRLMs IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL ELIGIBLE QIBs. ELIGIBLE QIBs MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY IN CONSULTATION WITH THE BRLMs AND ELIGIBLE QIBs MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE BID AMOUNT AT OR ABOVE THE ISSUE PRICE WITHIN THE ISSUE PERIOD. NEITHER OUR COMPANY NOR THE BRLMs ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

Confirmation of Allocation Note ("CAN")

Based on receipt of the serially numbered Application Forms and Bid Amount, our Company, in consultation with the BRLMs, in their sole and absolute discretion, shall decide the Successful Bidders. Our Company will dispatch a serially numbered CAN to all the Bidders pursuant to which the details of the Equity Shares Allocated to them (if any), the Issue Price and the Bid Amount for the Equity Shares Allocated to them shall be notified to such Successful Bidders. The CAN shall also include details of amount to be refunded, if any, to such Bidders. Additionally, the CAN will include the probable Designated Date, being the date of credit of the Equity Shares to the Bidders' account, as applicable to the respective Bidder.

The Successful Bidders would also be sent a serially numbered Placement Document (which will include the names of the proposed Allottees along with the percentage of their post-Issue Shareholding in our Company) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and the Placement Document (when dispatched), to the Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIBs to subscribe to the Equity Shares Allocated to such Successful Bidders. Subsequently, our Board / its committee will approve the Allotment of the Equity Shares to the Allottees in consultation with the BRLMs.

Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

By submitting the Application Form, an Eligible QIB would have deemed to have made the representations and warranties as specified in section "*Notice to Investors*" on page 3 and further that such Eligible QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by Stock Exchanges.

Designated Date and Allotment of Equity Shares

1. Subject to the satisfaction of the terms and conditions of the Placement Agreement, our Company will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the CAN.

2. In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act. However, transfer of securities of listed companies in physical form is not permitted pursuant to Regulation 40 of the SEBI Listing Regulations.

3. Our Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.

4. Following the Allotment of the Equity Shares pursuant to the Issue, our Company shall apply to the Stock Exchanges for listing approvals and post receipt of the listing approvals from the Stock Exchanges, our Company shall credit the Equity Shares into the beneficiary accounts of the Eligible QIBs.

5. Following the credit of Equity Shares into the Successful Bidders' beneficiary accounts with the Depository Participants, our Company will apply for the final listing and trading approvals from the Stock Exchanges.

6. The monies lying to the credit of the Escrow Account shall not be released until the final listing and trading approvals for the listing and trading of the Equity Shares issued pursuant to this Issue are received by our Company from the Stock Exchanges and our Company files the return of Allotment in connection with the Issue with the RoC within the prescribed timelines under the Companies Act, 2013.

7. After finalization of the Issue Price, our Company shall update this Preliminary Placement Document with the Issue details and file it with the Stock Exchanges as the Placement Document, which will include names of the proposed Allottees and the percentage of their post-Issue shareholding in the Company. Pursuant to a circular dated March 5, 2010 issued by the SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been allotted more than 5% of the Equity Shares offered in the Issue, namely, names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post Issue shareholding pattern of our Company along with the Placement Document.

8. Our Company shall make the requisite filings with the RoC within the stipulated period as required under the Companies Act, 2013 and the PAS Rules. Further, as required in terms of the PAS Rules, names of the proposed Allottees, and the percentage of their post-Issue shareholding in our Company is required to be disclosed in the Placement Document.

Refunds

In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Bid Amount has been paid by such Bidder, or the Bidder has deposited the Bid Amount arrived at using a price higher than the Issue Price or Equity Shares are not Allocated to a

Bidder for any reasons or the Issue is cancelled prior to Allocation, or a Bidder lowers or withdraws the Bid prior to the Bid/ Issue Closing Date, any excess Bid Amount paid by such Bidder will be refunded to the same bank account from which Bid Amount was remitted. The Refund Amount will be transferred to the relevant Bidders within two Working Days from the issuance of the CAN in the manner set out in the refund intimation which will be dispatched to the Bidder.

In the event that we are unable to issue and Allot the Equity Shares offered in the Issue or if the Issue is cancelled within 60 days from the date of receipt of Bid Amount, our Company shall repay the Bid Amount within 15 days from the expiry of 60 days, failing which our Company shall repay that monies with interest at the rate of 12% p.a. from expiry of the sixtieth day. The Bid Amount to be refunded by us shall be refunded to the same bank account from which Bid Amount was remitted by the Bidders, as mentioned in the Application Form.

In accordance with the SEBI ICDR Regulations, Equity Shares will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, 2013, the Depositories Act and other applicable laws.
We, at our sole discretion, reserve the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the Allotment and credit of Equity Shares into the Eligible QIBs' Depository Participant accounts, we will apply for final trading and listing approvals from the Stock Exchanges. In the event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by us.

Release of Funds to our Company

The monies lying to the credit of the Escrow Account shall not be released until receipt of notice from the BRLMs the final listing and trading approvals of the Stock Exchanges and our Company files the return of Allotment in connection with the Issue with the RoC, whichever is later.

Provided that upon receipt of the listing and trading approval from Stock Exchanges, our Company files the return of Allotment in connection with the Issue with the RoC, upon which, the Net Proceeds deposited in the Escrow Bank Account, shall be transferred to a separate bank account with a scheduled bank or any other account as may be mutually agreed between our Company and the Monitoring Agency.

Other Instructions

Submission of Documents

A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted with the Company/BRLMs as soon as practicable.

Permanent Account Number or PAN

Each Bidder should mention its PAN allotted under the IT Act. A copy of PAN card is required to be submitted with the Application Form. However, this requirement may not apply to certain Bidders who are exempted from the requirement of obtaining a PAN under the IT Act. Further, the Application Forms without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that applicants should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Bank account details

Each Bidder shall mention the details of the bank account from which the payment of Bid Amount has been made along with confirmation that such payment has been made from such account.

Right to Reject Applications

Our Company, in consultation with the BRLMs, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company in consultation with the BRLMs in relation to the rejection of Bids shall be final and binding. In the event the Bid is rejected by our Company, the Bid Amount paid by the Bidder shall be refunded to the same bank account from which the Bid Amount was remitted by such Bidder as set out in the Application Form. For details, see "- *Bid Process*" and "- *Refunds*" on pages 179 and 183, respectively.

Equity Shares in dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a Successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Successful Bidder, as indicated in the Application Form.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the BRLMs shall not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the Bidders.

PLACEMENT

Placement Agreement

The Book Running Lead Managers have entered into the Placement Agreement dated December 4, 2024 with our Company, pursuant to which the Book Running Lead Managers has agreed, subject to certain conditions, to manage the Issue and to act as placement agents in connection with the proposed Issue and procure subscription to Equity Shares to be placed with the Eligible QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations, Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules, to the extent applicable, as amended and other applicable provisions of the Companies Act and the rules made thereunder.

The Placement Agreement contains customary representations, warranties and indemnities from our Company, and it is subject to satisfaction of certain conditions and subject to termination in accordance with the terms contained therein.

This Preliminary Placement Document and the Placement Document has not been, and will not be, registered as a prospectus with the RoC and, no Equity Shares offered pursuant to the Issue, will be offered in India or overseas to the public or any members of the public or any other class of prospective investors, other than Eligible QIBs.

Applications shall be made to list the Equity Shares issued pursuant to the Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

In connection with the Issue, the BRLMs (or their affiliates) may, for their own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be offered pursuant to the Issue at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the BRLMs (or their affiliates) may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. The Affiliates of the BRLMs may purchase Equity Shares and be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes. For further details, see "*Offshore Derivative Instruments*" on page 12.

From time to time, the BRLMs, and its affiliates have been engaged in or may in the future engage in transactions with and perform services, including but not limited to investment banking, advisory, banking, trading services for our Company, its Subsidiaries, its group companies, affiliates and the Shareholders of our Company, as well as to their respective affiliates, pursuant to which fees and commissions have been paid or will be paid to the BRLMs and its affiliates.

Lock-up

Under the Placement Agreement, our Company agrees, subject to the exceptions set out below, not to: (a) issue, offer, lend, pledge, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any equity shares, or any securities convertible into or exercisable or exchangeable for Equity Shares or any securities convertible into, or exercisable for Equity Shares (including, without limitation, securities convertible into, or exercisable or exchangeable for Equity Shares), or file any registration statement under the U.S. Securities Act with respect to any of the foregoing; (b) enter into any swap or other agreement or transaction that transfers, directly or indirectly, in whole or in part, any of the economic consequences of ownership of the Equity Shares or such other securities, in cash or otherwise); (c) deposit Equity Shares with any other depositary in connection with a depositary receipt facility; or (d) publicly announce any intention to enter into any transaction described in (a) to (c) above, whether any such transaction described in (a) to (c) above is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise, for a period from the date hereof up to 60 days after the Closing Date without the prior written consent of the BRLM, however, the foregoing restriction shall not be applicable to the (i) the issuance of the Issue Shares pursuant to the Issue; (ii) any employee stock option scheme of the Company in force as of the date of this Agreement, as amended, in accordance with Applicable Law. and (iii) any transaction required by Applicable Law or an order of a court of law or a statutory authority.

Promoter's lock-up

Under the Placement Agreement, the Promoter and BNK Promoter Group holding 196,213,180 Equity Shares aggregating 42.14% of the Equity Share capital of our Company as of the date of this undertaking (the "**Lock-up Shares**" which definition shall include all Equity Shares that the undersigned may acquire during the Lock-up Period), agree that, without the prior written consent of the BRLM, they shall not, publicly announce any intention to, enter into any transaction whether any such transaction which is to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise, during the period commencing on the date hereof and ending 60 days after the Closing Date (both dates inclusive) ("**Lock-up Period**") directly or indirectly:

a. offer, issue, sell, encumber, contract to sell, lend, purchase any option, grant or sell any option, right, contract or warrant to purchase, make any short sale or otherwise transfer or dispose of any Lock-up Shares or any other securities of the Company substantially similar to the Equity Shares, including, but not limited to options, warrants or other securities that are convertible into, exercisable or exchangeable for, or that represent the right to receive Lock-up Shares, whether now owned or hereinafter acquired or file any registration statement under the Securities Act with respect to any of the foregoing (regardless of whether any of the transactions described in this clause (a) is to be settled by the delivery of the Lock-up Shares or such other securities, in cash or otherwise); or

b. enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of the Lock-up Shares or any securities that are convertible into, exercisable or exchangeable for the Lock-up Shares, whether now owned or hereinafter acquired (regardless of whether any of the transactions described in this clause (b) is to be settled by the delivery of the Lock-up Shares or such other securities, in cash or otherwise); or

c. deposit any of the Lock-up Shares, or any securities convertible into, exercisable or exchangeable for the Lock-up Shares or which carry the rights to subscribe for or purchase the Lock-up Shares, with any depository in connection with a depository receipt facility; or

d. publicly announce any intention to enter into any transaction falling within (a) to (c) above or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue, offer, sale or deposit of the Lock-up Shares in any depository receipt facility.

Provided, however, that none of the foregoing or below restrictions shall apply to:

a. any sale, transfer or disposition of any of the Lock-up Shares by the undersigned with prior written consent of the BRLMs to the extent such sale, transfer or disposition is required by Applicable Law; and

b. any bona fide pledge or non-disposal undertaking of any of the Lock-up Shares held by the undersigned as collateral for loans on normal commercial terms entered or to be entered into in the ordinary course of business of the undersigned, the Company or transfer of any of the Lock-up Shares to any third party pursuant to the invocation of any pledge in relation to the Lock-up Shares.

SELLING RESTRICTIONS

The distribution of this Preliminary Placement Document or any offering material and the offering, sale or delivery of Equity Shares in this Issue is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Preliminary Placement Document or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restriction. This Preliminary Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

General

The Issue is being made only to Eligible QIBs. The distribution of this Preliminary Placement Document or any offering material and the offer and sale of the Equity Shares offered in the Issue is restricted by law in certain jurisdictions. This Preliminary Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised. No action has been taken or will be taken that would permit the offer and sale of the Equity Shares offered in the Issue to occur in any jurisdiction other than India, or the possession, circulation or distribution of this Preliminary Placement Document or any other material relating to the Issue in any jurisdiction where action for such purpose is required, except in India. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. Therefore, persons who may come into possession of this Preliminary Placement Document are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions.

Each purchaser of the Equity Shares in this Issue will be deemed to have made the representations, warranties, acknowledgments and agreements as described in this section and under "*Notice to Investors*", "*Representations by Investors*" and "*Purchaser Representations and Transfer Restrictions*" on pages 3, 6 and 194, respectively.

Republic of India

This Preliminary Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to Eligible QIBs and is not an offer to the public. This Preliminary Placement Document has not been and will not be filed as a prospectus with the RoC and will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction.

Australia

This Preliminary Placement Document:

a. does not constitute a product disclosure document or a prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth) (the "**Corporations Act**");

b. has not been, and will not be, lodged with the Australian Securities and Investments Commission ("**ASIC**"), as a disclosure document for the purposes of the Corporations Act and does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act;

c. does not constitute or involve a recommendation to acquire, an offer or invitation for issue or sale, an offer or invitation to arrange the issue or sale, or an issue or sale, of interests to a "retail client" (as defined in section 761G of the Corporations Act and applicable regulations) in Australia; and

d. may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors ("**Exempt Investors**"), available under section 708 of the Corporations Act.

The Equity Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the Equity Shares may be issued, and no draft or definitive Preliminary Placement Document, advertisement or other offering material relating to any Equity Shares may be distributed in Australia, except where disclosure to investors is not required under Chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Equity Shares, you represent and warrant to us that you are an Exempt Investor.

As any offer of Equity Shares under this Preliminary Placement Document will be made without disclosure in Australia under Chapter 6D.2 of the Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Corporations Act, require disclosure to investors under Chapter 6D.2 if none of the exemptions in section 708 applies to that resale. By applying for the Equity Shares you undertake to us that you will not, for a period of 12 months from the date of issue of the Equity Shares, offer, transfer, assign or otherwise alienate those securities to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Bahrain

All applications for investment should be received, and any allotments should be made, in each case from outside Bahrain. This Preliminary Placement Document has been prepared for private information purposes of intended investors only who will be high net worth individuals and institutions. The Company has not made and will not make any invitation to the public in the Kingdom of Bahrain and this Preliminary Placement Document will not be issued, passed to, or made available to the public generally. The Bahrain Monetary Agency ("**BMA**") has not reviewed, nor has it approved, this Preliminary Placement Document or the marketing of Equity Shares in the Kingdom of Bahrain. Accordingly, Equity Shares may not be offered or sold in Bahrain or to residents thereof except as permitted by Bahrain law.

European Economic Area

In relation to each Member State of the European Economic Area (each a "**Relevant State**"), no Equity Shares have been offered or will be offered pursuant to the Issue to the public in that Relevant State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that it may make an offer to the public in that Relevant State of any Shares at any time under the following exemptions under the Prospectus Regulation:

a. to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

b. to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the Book Running Lead Managers for any such offer; or

c. in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the Equity Shares shall require the Company or any Book Running Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to the Equity Shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

Hong Kong

The Equity Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the Equity Shares has been or may be issued or has been or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Japan

The Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law. No. 25 of 1948 as amended) (the "**FIEA**") and disclosure under the FIEA has not been and will not be made with respect to the Equity Shares. No Equity Shares have, directly or indirectly, been offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan as defined in the first sentence of Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Law of Japan ("**Japanese Resident**") or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any Japanese Resident except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

If an offeree is not a "qualified institutional investor" (*tekikaku kikan toshika*), as defined in Article 10, Paragraph 1 of the Cabinet Office Ordinance Concerning Definition Provided in Article 2 of the Financial Instruments and Exchange Act (the "**Qualified Institutional Investor**"), the Securities will be offered in Japan by a private placement to small number of investors (*shoninzu muke kanyu*), as provided under Article 23- 13, Paragraph 4 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA will not be made.

Kingdom of Saudi Arabia

This Preliminary Placement Document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia (the "**Capital Market Authority**").

The Capital Market Authority does not make any representation as to the accuracy or completeness of the Preliminary Placement Document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Preliminary Placement Document.

Prospective purchasers of the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating thereto. If you do not understand the contents of the Preliminary Placement Document, you should consult an authorized financial adviser.

Mauritius

The Equity Shares may not be offered, distributed or sold, directly or indirectly, in Mauritius or to any resident of Mauritius, except as permitted by applicable Mauritius law, including but not limited to the Mauritius Securities Act. No offer or distribution of securities will be made to the public in Mauritius.

New Zealand

This Preliminary Placement Document is not a prospectus. It has not been prepared or registered in accordance with the Securities Act 1978 of New Zealand (the "**New Zealand Securities Act**"). This Preliminary Placement Document is being distributed in New Zealand only to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money, within the meaning of section 3(2)(a)(ii) of the New Zealand Securities Act ("**Habitual Investors**"). By accepting this Preliminary Placement Document, each investor represents and warrants that if they receive this Preliminary Placement Document in New Zealand they are a Habitual Investor and they will not disclose this Preliminary Placement Document to any person who is not also a Habitual Investor.

Sultanate of Oman

This Preliminary Placement Document and the Equity Shares to which it relates may not be advertised, marketed, distributed or otherwise made available to any person in Oman without the prior consent of the Capital Market Authority ("**CMA**") and then only in accordance with any terms and conditions of such consent. In connection with the offering of the Equity Shares, no prospectus has been filed with the CMA. The offering and sale of the Equity Shares described in this Preliminary Placement Document will not take place inside Oman. This Preliminary Placement Document is strictly private and confidential and is being issued to a limited number of sophisticated investors, and may neither be reproduced, used for any other purpose, nor provided to any other person than the intended recipient hereof.

Qatar (excluding the Qatar Financial Centre)

The Equity Shares have not been offered, sold or delivered, and will not be offered, sold or delivered at any time, directly or indirectly, in the State of Qatar in a manner that would constitute as public offering. This Preliminary Placement Document has not been reviewed or registered with Qatari Government Authorities, whether under Law No. 25 (2002) concerning investment funds, Central Bank resolution No. 15 (1997), as amended, or any associated regulations. Therefore, this Preliminary Placement Document is strictly private and confidential and is being issued to a limited number of sophisticated investors and may not be reproduced or used for any other purposes, nor provided to any person other than the recipient thereof.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this Preliminary Placement Document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Preliminary Placement Document. Prospective purchasers of the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of this Preliminary Placement Document, you should consult an authorized financial adviser.

Qatar Financial Centre

This Preliminary Placement Document does not, and is not intended to, constitute an invitation or offer of securities from or within the Qatar Financial Center ("**QFC**"), and accordingly should not be construed a s such. This Preliminary Placement Document has not been reviewed or approved by or registered with the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority or any other competent legal body in the QFC. This Preliminary Placement Document is strictly private and confidential and may not be reproduced or used for any other purpose, nor provided to any person other than the recipient thereof. The Company has not been approved or licensed by or registered with any licensing authorities within the QFC.

Singapore

This Preliminary Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Preliminary Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Equity Shares, may not be circulated or distributed, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001, of Singapore as modified and amended from time to time (the "**SFA**")) or (b) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

South Korea

The Equity Shares have not been and will not be registered with the Financial Services Commission of Korea for public offering in Korea under the Financial Investment Services and Capital Markets Act (the "**FSCMA**"), and none of the Equity Shares may be offered, sold or delivered, or offered or sold to any person for re-offering or resale, directly or indirectly in Korea or to any resident of Korea except pursuant to applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law (the "**FETL**") and the decrees and regulations thereunder. Furthermore, the Equity Shares may not be re-sold to Korean residents unless the purchaser of the Equity Shares complies with all applicable regulatory requirements (including, but not limited to, governmental approval requirements under the FETL and its subordinate decrees and regulations) in connection with the purchase of the Equity Shares.

State of Kuwait

The Equity Shares have not been registered, authorized or approved for offering, marketing or sale in the State of Kuwait pursuant to Securities and Investment Funds Law of Kuwait No. 31/1990, as amended, and its executive bylaw, and as such the Equity Shares shall not be offered or sold in the State of Kuwait. Interested investors from the State of Kuwait who approach us or any of the Book Running Lead Managers acknowledge this restriction and that this Preliminary Placement Document and any related materials shall be subject to all applicable foreign laws and rules; therefore, such investors must not disclose or distribute such materials to any other person.

Switzerland

The Equity Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. This Preliminary Placement Document does not constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Preliminary Placement Document nor any other offering or marketing material relating to the Equity Shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Preliminary Placement Document nor any other offering or marketing material relating to the offering, the Company, the Equity Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Preliminary Placement Document will not be filed with, and the offer of the Equity Shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and the offer of the Equity Shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the Equity Shares.

United Arab Emirates (excluding the Dubai International Financial Centre)

This Preliminary Placement Document does not constitute or contain an offer of securities to the general public in the UAE. No offering, marketing, promotion, advertising or distribution (together, "**Promotion**") of this document or the Equity Shares may be made to the general public in the United Arab Emirates (the "**UAE**") unless: (a) such Promotion has been approved by the UAE Securities and Commodities Authority (the "**SCA**") and is made in accordance with the laws and regulations of the UAE, including SCA Board of Directors' Chairman Decision no. (3/R.M.) of 2017 (the "**Promotion and Introduction Regulations**"), and is made by an entity duly licensed to conduct such Promotion activities in the UAE; or (b) such Promotion is conducted by way of private placement made: (i) only to "Qualified Investors" (excluding "High Net Worth Individuals") (as such terms are defined in the Promotion and Introduction Regulations); or (ii) otherwise in accordance with the laws and regulations of the UAE; or (c) such Promotion is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE. None of the SCA, the UAE Central Bank, the UAE Ministry of Economy or any other regulatory authority in the UAE has reviewed or approved the contents of this document nor does any such entity accept any liability for the contents of this document.

Dubai International Financial Centre

This Preliminary Placement Document relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority ("**DFSA**"). This Preliminary Placement Document is intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Preliminary Placement Document nor taken steps to verify the information set forth herein and has no responsibility for this Preliminary Placement Document. The securities to which this Preliminary Placement Document relates may be illiquid and/ or subject to restrictions on their resale. Investors of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this Preliminary Placement Document you should consult an authorized financial advisor. In relation to its use in the DIFC, this Preliminary Placement Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

United Kingdom

In addition to what is provided for under the heading "European Economic Area", in the United Kingdom, this Preliminary Placement Document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons").

Other Jurisdictions

The Equity Shares may not be offered or sold, directly or indirectly, and neither this Preliminary Placement Document nor any other offering material or advertisement in connection with the Equity Shares may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

PURCHASER REPRESENTATIONS AND TRANSFER RESTRICTIONS

Due to the following restrictions, investors are advised to consult their legal counsel prior to subscribing for Equity Shares or making any resale, pledge or transfer of the Equity Shares.

Pursuant to Chapter VI of the SEBI ICDR Regulations, the Equity Shares allotted in the Issue are not permitted to be sold for a period of one year from the date of Allotment, except on the floor of the BSE or the NSE. Due to the following restrictions, investors are advised to consult their respective legal counsel prior to making any offer, resale, pledge or transfer of our Equity Shares. In addition to the above, allotments made to Eligible QIBs, including VCFs and AIFs, in the Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. For more information, see "*Selling Restrictions*" on page 188.

Purchaser Representations and Transfer Restrictions

By purchasing Equity Shares offered in the Issue you will be deemed to have represented, agreed and acknowledged to and agreed with our Company and the Book Running Lead Managers as follows:

- You will comply with all laws, regulations and restrictions (including the selling restrictions contained in this Preliminary Placement Document) which may be applicable in your jurisdiction and you have obtained or will obtain any consent, approval or authorization required for you to purchase and accept delivery of Securities, and you acknowledge and agree that none of us or the Book Running Lead Managers and our respective affiliates shall have any responsibility in this regard;

- You certify that you are, or at the time the Equity Shares are purchased will be, (a) the beneficial owner of the Equity Shares, you are located outside the United States of America (within the meaning of Regulation S), and you have not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Securities or an economic interest therein to any person in the United States; or (b) you are a broker-dealer acting on behalf of a customer and you customer has confirmed to you that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, (ii) such customer is located outside the United States of America (within the meaning of Regulation S), and (iii) such customer has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States;

- You understand and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer understands and agrees) that the Equity Shares are being offered in a transaction not involving any public offering within the meaning of the U.S. Securities Act, have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be reoffered, resold, pledged or otherwise transferred except (A)(i) in an "offshore transaction", as defined in, and in compliance with Rule 903 or Rule 904 of Regulation S, as applicable, (ii) pursuant to another available exemption from the registration requirements of the U.S. Securities Act, or (iii) pursuant to an effective registration statement under the U.S. Securities Act, and (B) in each case, in accordance with all applicable securities laws of the states of the United States and any other jurisdiction;

- You agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer agrees) that neither you, nor any of your affiliates, nor any person acting on your behalf, will make any "directed selling efforts" as defined in Regulation S. You acknowledge and agree that you are not purchasing any Equity Shares as a result of any directed selling efforts.

- You will base your investment decision on a copy of the Preliminary Placement Document. You acknowledge that neither our Company nor any of its affiliates nor any other person (including the Book Running Lead Managers) or any of its respective affiliates has made or will make any representations, express or implied, to you with respect to our Company, the Issue, the Equity Shares or the accuracy, completeness or adequacy of any financial or other information concerning our Company, the Issue or the Equity Shares, other than (in the case of our Company) the information contained in the Preliminary Placement Document, as may be supplemented.

- You acknowledge and agree (or if you are a broker-dealer acting on behalf of a customer, your customer has confirmed to you that such customer acknowledges and agreed) that we, the Book Running Lead Managers, your affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agree that, if any of such acknowledgments, representations or agreements are no longer accurate, you will promptly notify us; and if you are acquiring any of the Securities as a fiduciary or agent for one or more accounts, you represent that you have sole investment discretion with respect to each such account and that you have full power to make, and do make, the foregoing acknowledgments, representations and agreements on behalf of each such account.

Our Company, our representatives and our agents will not be obligated to recognize any offer, acquisition, pledge, transfer or resale of the Equity Shares made other than in compliance with the restrictions set forth herein.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the respective websites of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company or the BRLMs or any of its respective affiliates or advisors.

The Indian Securities Market

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai. BSE and NSE are the significant stock exchanges in India in terms of the number of listed companies, market capitalisation and trading activity.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. On October 3, 2018, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (the "**SCR (SECC) Regulations**"), which regulate *inter alia* the recognition, ownership and governance of stock exchanges and clearing corporations in India together with providing for minimum net-worth requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Regulations along with various rules, byelaws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations and guidelines concerning minimum disclosure requirements by listed companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign portfolio investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005 of SEBI, with effect from August 19, 2005, BSE was incorporated as a company under the Companies Act, 1956. BSE was listed on NSE with effect from February 3, 2017.

NSE

NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000.

Listing and delisting of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, 2013 the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by SEBI including the SEBI ICDR Regulations and the SEBI Listing Regulations, as well as pursuant to the Listing Agreements. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of company's obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and byelaws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognized stock exchange.

Delisting of equity shares from the stock exchanges, whether by way of a compulsory or a voluntary delisting, is governed by the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, as amended (the "**Delisting Regulations**"). Following a compulsory delisting of equity shares, a company, its whole-time directors, its promoters, person(s) responsible for ensuring compliance with the securities laws and the companies promoted by any of them cannot directly or indirectly access the securities market or seek listing of any equity shares for a period of 10 years from the date of such delisting. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Minimum Level of Public Shareholding

All listed companies (except exempted public sector undertakings) are required to maintain a minimum public shareholding of 25%. In this regard, SEBI has provided several mechanisms to comply with this requirement. Where the public shareholding in a listed company falls below 25% at any time, such company shall bring the public shareholding to 25% within a maximum period of 12 months from the date of such the public shareholding having fallen below the 25% threshold. Consequently, a listed company may be delisted from the Stock Exchanges for not complying with the above-mentioned requirements. Our Company is in compliance with this minimum public shareholding requirement.

Disclosures under the Companies Act and securities regulations

Under the Companies Act, a public offering of securities in India must be made by means of a prospectus, which must contain information specified in the Companies Act, 2013, the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the SEBI ICDR Regulations. The prospectus must be filed with the relevant registrar of companies having jurisdiction over the place where a company's registered office is situated. A company's directors and promoters shall be subject to civil and criminal liability for misrepresentation in a prospectus. The Companies Act also sets forth procedures for the acceptance of subscriptions and payment of commission rates for the sale of securities. Pursuant to the provisions of the SEBI Act, SEBI has issued detailed guidelines concerning disclosures by public companies and to further investor protection. The SEBI ICDR Regulations permit companies to price their domestic issues of securities in consultation with the lead merchant banker or through the book building process.

Public limited companies are required under the Companies Act, and other applicable guidelines to prepare, file with the RoC and circulate to their shareholders audited annual accounts which comply with the Companies Act's disclosure requirements and regulations governing their manner of presentation and which include sections pertaining to corporate governance, related party transactions and the management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations. Accordingly, companies are required to publish unaudited financial results (subject to a limited review by the company's auditors) on a quarterly basis and are required to inform stock exchanges immediately regarding any unpublished price sensitive information.

Insider Trading Regulations

Insider Trading Regulations have been notified on January 15, 2015 and came into effect on May 15, 2015, by SEBI to amongst other things, prohibit and penalize insider trading in India and prohibit dealing in the securities of a listed company when in possession of unpublished price sensitive information ("**UPSI**").

The Insider Trading Regulations also impose certain restrictions on the communication of UPSI relating to a company or securities listed or proposed to be listed. In terms of the Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any UPSI relating to such companies and securities to any person including other insiders; and (ii) no person shall procure or cause the communication by any insider of UPSI relating to such companies and securities, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. It also provides disclosure obligations for promoters, employees and directors, with regard to their shareholding in the company, and the changes therein. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the Insider Trading Regulations.

The Insider Trading Regulations define the term "unpublished price sensitive information" to mean any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of its securities and ordinarily includes but not restricted to information relating to the following: (a) financial results; (b) dividends; (c) change in capital structure; (d) mergers, de-mergers, acquisitions, de-listings, disposals and expansion of business and such other transactions; and (e) changes in key managerial personnel. Further, in terms of the Insider Trading Regulations, "generally available information" is defined as information that is accessible to the public on a non-discriminatory basis. An "insider" means any person who is i) a connected person; or ii) in possession of or having access to unpublished price sensitive information. The term "connected person" means any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity, including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or holding any position, including a professional or business relationship between himself and the company, whether temporary or permanent, that allows such person, directly or indirectly, to have access to unpublished price sensitive information or is reasonably expected to allow such access.

The Insider Trading Regulations make it compulsory for listed companies and certain other entities (including fiduciaries and intermediaries) that are required to handle UPSI in the course of business operations to establish (i) an internal code of practices and procedures for fair disclosure of UPSI; (ii) an internal code to regulate, monitor and report trading by designated persons and immediate relatives of designated persons; and (iii) a policy for procedures to be adopted by a company in case of any leak of UPSI. There are also initial and continuing shareholding disclosure obligations under the Insider Trading Regulations.

SEBI Listing Regulations

Public listed companies are required under the SEBI Listing Regulations to prepare and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance, related party transactions and management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. The Stock Exchanges on a daily basis translate the circuit breaker limits based on previous day's closing level of the index. These circuit breakers, when triggered, bring about a coordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of BSE or the NIFTY 50 of NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20% movements either up or down, for all scrips in the compulsory rolling settlement. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

Settlement

The stock exchanges in India operate on a trading day plus two, or T+2 rolling settlement system. At the end of the T+2 period, obligations are settled with buyers of securities paying for and receiving securities, while sellers transfer and receive payment for securities. For example, trades executed on a Monday would typically be settled on a Wednesday.

Further, in accordance with the circular dated September 7, 2021, issued by SEBI, at any time on or after January 1, 2022, Stock Exchanges may choose to offer T+1 settlement cycle after giving an advance notice of at least one month.

Trading Hours

Trading on both BSE and NSE normally occurs from Monday through Friday between 9:15 a.m. IST and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9.00 a.m. IST to 9.15 a.m. IST that has been introduced). BSE and NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Internet-Based Securities Trading and Security Trading using Wireless Technology Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. This permits clients throughout the country to trade using brokers' internet trading systems. Stock brokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated under applicable law. NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of NSE.

Trading Procedure

In order to facilitate smooth transactions, BSE replaced its open outcry system with BSE online trading facility in 1995. This 100% automated screen-based trading in securities was put into practice nationwide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. In the year 2014, BSE introduced its new generation trading platform ("**BOLT +**") through which all trades on the equity cash, equity derivatives and currency segments of the exchange are executed. NSE has a fully automated trading system called NEAT, which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Depositories

The Depositories Act, 1996 provides a legal framework for the establishment of depositories to record ownership details and effect transfers in electronic book-entry form. Further, SEBI has framed the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 in relation to, among other things, the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the specific regulations in relation to substantial acquisition of shares and takeover. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (the "**Takeover Regulations**") provide specific regulations in relation to substantial acquisition of shares and takeovers. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The Takeover Regulations prescribes certain thresholds or trigger points in the shareholding that a person or entity (along with persons acting in concert with such person or entity) has in the listed Indian company, which give rise to certain obligations on the part of the acquirer. Acquisition of shares or voting rights up to a certain threshold prescribed under the Takeover Regulations mandate specific disclosure requirements, while acquisitions (direct or indirect, along with persons acting in concert with such acquirer) crossing particular thresholds may result in the acquirer having to make an open offer for the shares of the target company. The SEBI Takeover Regulations also provide for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition. The SEBI Takeover Regulations also provides certain general exemptions which exempt certain acquisitions from the obligation to make an open offer.

The SEBI Takeover Regulations were further amended on June 22, 2020 to exempt any acquisitions by way of preferential issue from the obligation to make an open offer. Subsequently, the SEBI Takeover Regulations were amended on August 13, 2021 exempting (a) persons, together with persons acting in concert with him, holding shares or voting rights entitling him to exercise twenty-five per cent or more of the voting rights in a target company; and (b) promoter of the target company, together with persons acting in concert with him, from making continual disclosures in relation to aggregate shareholding and voting rights in the target company. Further, the amendment has also removed certain disclosure obligations for acquirers/promoters, pertaining to acquisition or disposal of shares aggregating to 5% and any change of 2% thereafter, annual shareholding disclosure and creation/invocation/release of encumbrance registered in depository systems under the SEBI Takeover Regulations. These relaxations have been given on account of implementation of the System Driven Disclosures.

Buy-back

A company may buy-back its shares subject to compliance with the requirements of Section 68 of the Companies Act, 2013, as amended and the SEBI (Buy-back of Securities) Regulations 2018, as amended. Under Section 68 of the Companies Act, 2013, as amended, a company may buy-back its shares out of its free reserves or securities premium account or the proceeds of the issue of any shares or other specified securities, other than proceeds of an earlier issue of the same kind of shares or same kind of other specified securities.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

DESCRIPTION OF THE EQUITY SHARES

The following is the information relating to the Equity Shares including a brief summary of the Memorandum of Association and Articles of Association and the Companies Act, 2013. The prospective investors are urged to read the Memorandum of Association and Articles of Association carefully, and consult with their advisers, as the Memorandum of Association and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

Share Capital

The authorised share capital of our Company comprises of 975,000,000 Equity shares amounting to ₹ 1,950,000,000, 43,000,000 cumulative Non-Convertible Preference Shares amounting to ₹ 430,000,000 and 2,000,000 Unclassified Shares amounting to ₹ 20,000,000. As on the date of this Preliminary Placement Document, the issued and subscribed capital of our Company is ₹ 931,536,984 comprising 465,768,492 Equity Shares (of face value of ₹ 2 each) and the subscribed and fully paid up capital is ₹ 931,177,264 comprising 465,588,632 Equity Shares (of face value of ₹ 2 each). As on the date of this Preliminary Placement Document, the issued and paid-up capital of our Company is ₹931,271,189, which includes subscribed and fully paid-up equity share capital prior to the Issue along with 172,840 forfeited equity shares comprising of 15,010 Equity Shares of ₹ 2 each (amount partly paid ₹ 1 each) and 157,830 Equity Shares of ₹ 2 each (amount partly paid ₹ 0.50 each).

Dividends and Reserve

Under Indian law, a company pays dividends upon a recommendation by its board of directors and approval by a majority of its shareholders at the annual general meeting of its shareholders. The shareholders have the right to decrease but not increase the dividend amount recommended by the board of directors. Dividends are generally declared as a percentage of par value (on per share basis) and distributed and paid to shareholders. The Companies Act, 2013 provides that shares of the same class of a company must receive equal dividend treatment. These distributions and payments are required to be paid to or claimed by shareholders within 30 days of the date of declaration of dividend. The Companies Act, 2013 states that any dividends that remain unpaid or unclaimed after that period are to be transferred to a special bank account within seven days from the date of expiry of the period of 30 days. Any dividend amount that remains unclaimed for seven years from the date of such transfer is to be transferred by the company to a fund, called the Investor Education and Protection Fund, created by the Government of India.

According to the Articles of Association, the Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board. In addition, subject to the provisions of Section 123 of Companies Act, the Board may from time to time pay to the members such interim dividends as appear to it to be justified as in their judgement the position of the Company justifies.

Capitalisation of profits

In addition to permitting dividends to be paid as described above, the Companies Act, 2013 permits the board of directors of a company, subject to the approval of the shareholders of the company, to capitalise the profits or reserves of the company to *inter alia* distribute to the shareholders, in the form of fully paid-up bonus shares, an amount transferred from the company's free reserves, securities premium account or the capital redemption reserve account. These bonus equity shares must be distributed to the shareholders in proportion to the number of equity shares owned by them.

As per the Articles of Association, the Company in a general meeting may, resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of the reserve fund, or any capital redemption reserve account, or in the hands of Company and available for dividend (or representing premium received on the issue of shares and standing to the credit of the share premium account) be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend ad in the same proportions and on the footing that they become entitled thereto as capital and on that all or any part of such capitalized fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued shares or debentures or debenture-stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares or debentures or debenture-stock and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum. Provided that a share premium account and a capital redemption reserve account may, for the purposes of the article, only be applied in the paying of any unissued shares to be issued to members of the Company as fully paid bonus shares.

Alteration of share capital

Under the provisions of the Companies Act, 2013, a company may increase its share capital by issuing new shares on such terms and with such rights as it, by action of its shareholders in a general meeting may determine. The board of directors of a company is entitled to make private placement and preferential issue of equity shares, debentures, preference shares or any other instruments to such class of persons as the board of directors may deem fit.

According to Section 62(1)(a) of the Companies Act 2013, such new shares shall be offered to existing shareholders in proportion to the amount paid-up on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer or as may be permitted by applicable law) within which the offer, if not accepted, will be deemed to have been declined. After such date, the board may dispose of the shares offered in respect of which no acceptance has been received which shall not be disadvantageous to the Shareholders. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person. Under the provisions of Section 62(1)(c) of the Companies Act, 2013, new shares may be offered to any persons whether or not those persons include existing shareholders, either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed, if a special resolution to that effect is passed by our shareholders in a general meeting. Further, the Companies (Share Capital and Debentures) Rules, 2014 prescribe that price of shares to be issued on preferential basis by a listed company need not be determined by the valuation report of the registered valuer.

In accordance with the Articles of Association and the provisions of the Companies Act, 2013, the Company may, from time to time, increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the general meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the directors shall determine and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company, and with a right of voting at general meetings of the Company. Any capital raised by the creation of new shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

General Meetings

There are two types of general meetings of shareholders: (i) AGM; and (ii) EGM. A company must hold its AGM within six months after the expiry of each Fiscal provided that not more than 15 months shall elapse between the AGM and next one, unless extended by the RoC at its request for any special reason for a period not exceeding three months. The board of directors of the company may convene an EGM when necessary or at the request of shareholders in accordance with the Companies Act, 2013. Written notice or notice via electronic mode means setting out the business to be transacted at the meeting must be given at least 21 days prior to the date set for the general meeting to the shareholders. Shorter notice is permitted if consent is received from 95% of the shareholders entitled to vote at such meeting. Such number of shareholders as required under the Companies Act, 2013 or applicable law personally present shall constitute quorum for a general meeting.

As per the provisions of the Companies Act, 2013 and the Articles of Association, all general meetings other than annual general meeting shall be called extraordinary general meeting. The Board may, whenever it thinks fit, call an extraordinary general meeting. If at any time Directors capable of acting who are sufficient in number to form a quorum are not within India, any Director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. The quorum for a general meeting shall be as provided in section 103 of the Companies Act, 2013. The Chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the Company.

Voting rights

Subject to provisions of the Companies Act, 2013 and in accordance with the Articles of Association, subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands, every member present in personal shall have one vote and on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the Company. A member may exercise his vote at a meeting by electronic means in accordance with section 108 of the Companies Act, 2013 and shall vote only once. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

Transfer of shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are subject to securities transaction tax (levied on and collected by the stock exchanges on which such equity shares are sold), however, are exempt from stamp duty. Our Company has entered into an agreement for such depository services with the Depositories. SEBI requires that the shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. The registrar and transfer agent shall maintain a register in which every transfer or transmission of shares will be entered. In addition to complying with the Companies Act, 2013 and the other applicable laws, the Company is also required to comply with the provisions of the SEBI Listing Regulations for effecting the transfer of shares. In terms of the SEBI Listing Regulations, except in case of transmission or transposition of Equity Shares, requests for effecting transfer of shares shall not be processed unless the shares are held in dematerialized form with a depository and that transmission or transposition of securities held in physical or dematerialised form shall be effected only in dematerialised form. The Equity Shares shall be freely transferable, subject to applicable laws.

Our Articles of Association provide that the Company shall maintain a 'Register of Transfers' and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any share, debenture or other security held in a material form.

Winding up

Our Articles of Association provide that subject to the provisions of the Companies Act, 2013 and the Rules made thereunder, if the Company shall be wound up, the liquidator on any winding-up (whether voluntary, under supervision or compulsory) may, with the sanction of a special resolution, but subject to the rights attached to any preference share capital, divide among the contributories in specie any of the assets of the Company and may with the like sanction, vest any part of the assets of the Company in Trustees upon such trusts for the benefit of the contributories as the liquidator with the like sanction shall think fit.

TAXATION

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO BHARAT FORGE LIMITED ("THE COMPANY") AND THE SHAREHOLDERS OF THE COMPANY UNDER THE DIRECT AND INDIRECT TAX LAWS IN INDIA

REPORT ON STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

The Board of Directors

Bharat Forge Limited

Mundhwa, Pune Cantonment
Pune – 411036

Date: 3 December 2024

Subject: Statement of possible special tax benefits ("the Statement") available to Bharat Forge Limited ("the Company") and its shareholders prepared in connection with the Proposed Qualified Institutions Placement ("QIP") of equity shares of face value of INR 2 each (the "Equity Shares") of Bharat Forge Limited, (comprising a fresh issue of the Equity Shares by the Company (hereinafter referred to as the "Proposed Issue")

This report is issued in accordance with the Engagement Letter dated 26 August 2022 and subsequent addendum dated 06 November 2024.

We hereby report that the enclosed Annexure II prepared by the Company, initialed by us for identification purpose, states the possible special tax benefits available to the Company and its shareholders, which is defined in Annexure I, under direct and indirect taxes (together "**the Tax Laws**"), presently in force in India as on the signing date, which are defined in Annexure I. These possible special tax benefits are dependent on the Company and its shareholders, fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and its shareholders to derive these possible special tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company and its shareholders may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure II cover the possible special tax benefits available to the Company and its shareholders and do not cover any general tax benefits available to the Company and its shareholders. Further, the preparation of the enclosed Annexure II and its contents is the responsibility of the management of the Company. We were informed that the Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Proposed Issue particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the possible special tax benefits, which an investor can avail. Neither we are suggesting nor advising the investors to invest money based on the Statement.

We conducted our examination in accordance with the "Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)" (the "**Guidance Note**") issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial information, and Other Assurance and Related Services Engagements.

We do not express any opinion or provide any assurance as to whether:

i. the Company and its shareholders will continue to obtain these possible special tax benefits in future; or

ii. the conditions prescribed for availing the possible special tax benefits where applicable, have been/would be met with.

The contents of the enclosed Annexures are based on the information, explanation and representations obtained from the Company, and on the basis of our understanding of the business activities and operations of the Company.

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of the Tax Laws and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to the Company and any other person in respect of this report, except as per applicable law.

We hereby give consent to include this report in the Preliminary Placement Document ("PPD") and Placement Document ("PD") in connection with the Proposed Issue, and it is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022

Shiraz Vastani

Partner

Place: Pune

Membership No.: 103334

Date: 3 December 2024

UDIN: 101248W/W-100022

ANNEXURE I

LIST OF DIRECT AND INDIRECT TAX LAWS (‘TAX LAWS’)

Sr. No.	Details of tax laws
1.	Income-tax Act, 1961 and Income-tax Rules, 1962 (read with applicable circulars and notifications) as amended by the Finance Act 2024, presently in force in India
2.	Central Goods and Services Tax Act, 2017
3.	Integrated Goods and Services Tax Act, 2017
4.	State Goods and Services Tax Act, 2017
5.	Customs Act, 1962 and Customs Tariff Act, 1975 read with respective rules, circulars and notifications issued thereunder
6.	Foreign Trade Policy 2023 read with Handbook of Procedures

ANNEXURE II

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO Bharat Forge Limited **("THE COMPANY") AND ITS SHAREHOLDERS UNDER THE APPLICABLE DIRECT AND INDIRECT TAXES ("TAX LAWS")**

Outlined below are the Possible Special Tax Benefits available to the Company and its shareholders under the Tax Laws. These Possible Special Tax Benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the Tax Laws. Hence, the ability of the Company and its shareholders to derive the Possible Special Tax Benefits is dependent upon fulfilling such conditions, which are based on business imperatives it faces in the future, it may or may not choose to fulfill.

UNDER THE DIRECT TAX LAWS

Special tax benefits available to the Company

Lower corporate tax rate under Section 115BAA of the Income Tax Act, 1961 (`the Act')

Section 115BAA has been inserted in the Act w.e.f. 1 April 2020 (A.Y. 2020 - 21). Section 115BAA of the Act grants an option to a domestic company to be governed by the section from a particular assessment year. If a company opts for section 115BAA of the Act, it can pay corporate tax at a reduced rate of 25.168% (22% plus surcharge of 10% and education cess of 4%). Section 115BAA of the Act further provides that domestic companies availing the said option will not be required to pay Minimum Alternate Tax (`MAT') on their 'book profits' under Section 115JB of the Act.

However, such a company will no longer be eligible to avail specified exemptions / incentives/deductions under the Act and will also need to comply with the other conditions specified in section 115BAA of the Act. Further, it shall not be allowed to claim set-off of any brought forward loss arising to it on account of additional depreciation and other specified incentives.

The Company has opted to apply section 115BAA of the Act.

Section 80M - Deduction in respect of inter-corporate dividends

Section 80M provides for deduction from gross total income of a domestic company, of an amount equal to dividends received by such company from another domestic company or a foreign company or a business trust as does not exceed the amount of dividend distributed by it on or before one month prior to the due date of filing its tax return as prescribed under Section 139(1) of the Act.

Where the Company receives any such dividend during a Financial Year and also, distributes dividend to its shareholders before the aforesaid date, as may be relevant to the said Financial Year, it shall be entitled to the deduction under Section 80M of the Act.

Section 80JJAA - Deduction in respect of employment of new employees

As per the section 80JJAA of the Act, the Company is entitled to claim deduction of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided. The eligibility to claim the deduction is subject to fulfilment of prescribed conditions specified in sub-section (2) of section 80JJAA of the Act.

Special tax benefits available to Shareholders

1. Dividend income earned by the domestic shareholders

Dividend income received by domestic shareholders will be taxed according to their applicable rates. However, domestic corporate shareholders may qualify for a deduction under Section 80M of the Act if certain conditions are met. Additionally, for individual shareholders, HUFs, AOPs, and BOIs, the surcharge on dividends will be capped at 15%, irrespective of the dividend amount.

2. Capital gains arising in the hands of the shareholders

As per Section 112A of the Act, amended by the Finance Act 2024 effective from July 23, 2024, long-term capital gains exceeding Rs. 1, 25,000 from the sale of equity shares, equity-oriented fund units, or business trust units will be taxed at a rate of 12.5% (plus applicable surcharge and cess) without the benefit of indexation under the first and second provisos to Section 48 of the Act.

Similarly, Section 111A of the Act, as amended by the Finance Act 2024 effective from July 23, 2024, prescribes a concessional tax rate of 20% (plus applicable surcharge and cess) on short-term capital gains exceeding the basic exemption limit, provided the transfer occurs on or after July 23, 2024. This rate applies to short-term capital assets, such as equity shares or units of equity-oriented funds held for less than 12 months.

3. **Tax benefits for non-resident shareholders**

For non-residents, tax rates and subsequent taxation may be adjusted based on the benefits available under the applicable Double Taxation Avoidance Agreement (DTAA) between India and the non-resident's country of fiscal domicile. Additionally, any capital gains or dividends earned by non-residents may be subject to withholding tax under the provisions of the Act or the relevant DTAA, whichever is more favourable. If the non-resident has obtained a lower withholding tax certificate from the tax authorities, the withholding tax will be applied at the rate specified in the certificate. Non-residents shareholders may also claim credit for taxes paid, subject to the local laws of their country of residence

UNDER THE INDIRECT TAX LAWS

The Company is availing the following benefits under certain Indian indirect Tax Laws

A. Export rebate on payment of IGST

In accordance with provisions under Rule 96 of the Central Goods and Services Tax (CGST) Rules, 2017 relating to "Refund of IGST on Export Goods/services", the Company is entitled for refund on GST paid on export of goods.

B. Export under Letter of Undertaking without payment of IGST

As per rule 96A of the CGST Rules, 2017 and *vide* CBEC Circular No. 8-08-2017- GST dated October 4, 2017, the Company is entitled to avail input tax credit on exports made under Letter of Undertaking without payment of output tax.

C. Export to SEZ unit

As per Section 16 of IGST Act, the Company is eligible to claim input tax credit on sale of goods to units in Special Economic Zones SEZ even though such sales are not taxable.

D. Remission of Duties and Taxes on Exported Products (RoDTEP)

The Company is entitled for RoDTEP under Foreign Trade Policy towards export of goods and services, respectively. These scrips can either be used towards payment of customs duty on import or be sold in the market.

E. Export Promotion Capital Goods (EPCG)

This scheme allows the Company to import capital goods at zero rates of customs duty. The scheme is subject to an export value equivalent to 6 times of duty saved on the importation of such capital goods within six years from the date of issuance of the authorization.

F. Duty Drawback

The Company avails Duty Drawback which are made to grant rebate of duty or tax chargeable on any imported / excisable materials and input services used in the manufacture of export goods. The duties and taxes neutralized under the scheme are (i) Customs and Union Excise Duties in respect of inputs and (ii) Service Tax in respect of input services. Duty Drawback is of two types: (i) All Industry Rate and (ii) Brand Rate. The legal framework is provided under Section 75 and Section 76 of the Customs Act, 1962 and the Customs and Central Excise Duties and Service Tax Drawback Rules, 1995 (Drawback Rules, 1995) issued under the provisions of Section 75 of the Customs Act, 1962, Section 37 of the Central Excise Act, 1944 and Section 93A read with section 94 of the Finance Act, 1994.

G. Advance Authorisation

The company is availing the benefit of duty-free import of inputs against Advance Authorisation which are consumed / utilized in the process of production of export product, subject to fulfilment of conditions mentioned in the Chapter 4 of Foreign Trade Policy read with Handbook of Procedures.

H. Free Trade Agreements

The company is availing the benefit of duty-free import or import of goods at concessional rate under the Free Trade Agreement between the Republic of India and The Democratic Socialist Republic of Sri Lanka, Comprehensive Economic Partnership Agreement (CEPA) between the Republic of India and Japan and CEPA between the Republic of India and South Korea.

NOTES:

i. The above is as per the current Tax Laws.

   The above Statement of possible special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis or listing of all the existing and potential tax consequences of the purchase, ownership and disposal of equity shares of the Company.

   This Statement does not discuss any tax consequences in any country outside India of an investment in the equity shares of the Company. The shareholders / investors in any country outside India are advised to consult their own professional advisors regarding possible income tax consequences that apply to them under the laws of such jurisdiction.

For Bharat Forge Limited

Kedar Dixit

Chief Financial Officer

Place: Pune

Date: 3 December 2024

Bharat Forge CDP GmbH

Special Tax Benefits according to German tax law

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO BHARAT FORGE CDP GMBH ("THE COMPANY") INCLUDING ITS GERMAN SUBSIDIARY BHARAT FORGE DAUN GMBH (BOTH PART OF GERMAN TAX GROUP)AND ITS SHAREHOLDER UNDER THE APPLICABLE DIRECT AND INDIRECT TAXES ("TAX LAWS")

Outlined below are the Possible Special Tax Benefits available to the company and its shareholders under the Tax Laws. These Possible Special Tax Benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the Tax Laws. Hence, the ability of the Company and its shareholders to derive the Possible Special Tax Benefits is dependent upon fulfilling such conditions, which are based on business imperatives it faces in the future, it may or may not choose to fulfil.

A. Special tax benefits available to the Company

1. Tax group accounting

German tax law provides for a t**ax consolidation of a German group of companies** (Organschaft), which **allows losses of group companies to be offset against profits of other group companies**. Only German resident companies in which the parent company has held directly or indirectly the majority of the voting rights since the beginning of the fiscal year of the subsidiary may be included (this requirement is known as financial integration).

A tax consolidation may cover corporate income tax, trade tax and (with different requirements) VAT. To make the tax group effective for corporate income tax and trade tax purposes, the parent company and the German subsidiaries must enter into a profit-and- loss absorption agreement (Gewinnabfuehrungsvertrag) for a minimum period of five years. A tax group must have its place of management in Germany and must be domiciled in Germany or an EU/European Economic Area Member State.

Bharat Forge CDP GmbH is **part of a tax group**, a profit and loss transfer agreement with Bharat Forge Global Holding GmbH has been concluded. Furthermore Bharat Forge GmbH has entered into a profit and loss transfer agreement with its subsidiary Bharat Forge Daun GmbH. Thus both entities are part of German tax group. The German tax group is treated as **one taxable entity** for corporation and trade tax purpose. Members of this tax group are:

- Bharat Forge Global Holding GmbH as controlling company (Organtrager)
- Bharat Forge Holding GmbH
- Bharat Forge Aluminiumtechnik GmbH
- Bharat Forge CDP GmbH
- Bharat Forge Daun GmbH

Only **Bharat Forge Global Holding GmbH** as the final "parent company" is liable for tax.

The German tax group is subject to corporate income tax plus solidarity surcharge and trade tax. The average combined tax rate for Bharat Forge Global Holding GmbH, Germany, is about 32%.

There are some special regulations according to determination of taxable income, that are available at the level of Bharat Forge CDP GmbH, because taxable income is in the first step determined on a stand- alone-basis. In the second step, there is a consolidation with income of other companies within the tax group.:

1.1. Capital gains

Capital gains derived by corporations from **sales of shares in corporations** are generally **exempt from corporate income tax and trade tax**. Five percent of the capital gain is deemed to be a non-deductible expense.

As a result, the exemption is effectively limited to 95% of the capital gain.

Consequently, capital losses from sales of shares or write-downs on shares are generally not tax-deductible.

1.2. Dividends

Dividends received by German corporations from their German and foreign corporate subsidiaries are **exempt from tax.** However, a minimum shareholding requirement of 10% applies for this participation exemption for corporate income tax purposes.

In addition to this domestic rule, an applicable tax treaty may provide for an exemption for foreign dividends. The tax exemption for dividends is granted only if the dividend payment is not tax-deductible as a business expense at the level of the distributing entity (linking rule).

Five percent of the tax-exempt dividend income is treated as a non-deductible expense, while the expenses actually incurred are deductible. Consequently, only 95% of the dividends received by a corporation is effectively exempt from tax.

The participation exemption applies for **trade tax purposes** if the dividends are received from corporations in which the parent holds at least **15%** as of 1st January of the calendar year in which the taxpayer's fiscal year ends.

1.3. Foreign tax relief

Under German domestic tax law, income from foreign sources is usually taxable, with a credit for the foreign income taxes paid, up to the amount of German tax payable on the foreign-source income, subject to per-country limitations. The foreign tax relief does not apply for foreign tax-exempt income.

1.4. Depreciation

In general, tax depreciation must be calculated using the straight-line method.

For movable fixed assets the declining-balance method can be applied, limited to 20% per year. Declining-balance method is actually limited to movable assets purchased or manufactured between 1st April 2024 and 31st December 2024.

- There is an option for immediate depreciation of digital assets (e.g. personal hardware and software). Movable assets with acquisition costs that do not exceed EUR 800 can be fully depreciated in the year of acquisition, regardless of their useful lives.

- There are special tax depreciation rules for new rental apartments and buildings. In addition to the regular straight-line depreciation for buildings, a special depreciation of 5% of acquisition or production costs in the year of acquisition or production and the following three years can be claimed by a taxpayer under certain conditions provided by law (for example, the new apartment or building will be rented out for residential purposes against payment for the following 10 years).

- A tax deduction for extraordinary impairment in value is allowed only if the value is permanently impaired.

The use of tax depreciation options does not result in tax savings over the entire useful life of the asset, but it does allow for claiming depreciation at an earlier stage.

1.5. Tax losses - applicable for German tax group

Tax losses may be **carried forward without time limitation.** Under the restrictions of the so-called minimum taxation, only 70% of annual taxable profits in excess of EUR 1 million can be offset by loss carry forwards. As a result, 30% of the portion of profit exceeding EUR 1 million is subject to tax (assessment periods 2024 to 2027).

This tax loss carry forward rule applies for both corporate income tax purposes and trade tax purposes. For corporate income tax (not trade tax) purposes, an optional loss **carry back** is permitted for two years (as of 2022) up to a maximum amount of EUR10 million for the 2020 to 2023 tax years. From 2024 onward, the usual maximum amount of loss carryback of EUR 1 million will apply.

As far as possible, the tax losses of **German Bharat Forge tax group** have already been carried back. There are tax losses left to be carried forward.

2. Value-added tax (VAT)

In general, VAT (19%) is charged for all supplies of goods or services made in Germany by a taxable person. Businesses (taxable persons) can deduct the VAT incurred on their purchases, in so far as the goods and services they purchased are used for the purposes of their own taxed transactions. For a right of deduction to exist, the input transactions must have a direct and immediate link with the output transactions giving rise to a right of deduction. As a result, not businesses but only consumers should be burdened with VAT.

2.1. Group registration

Germany allows group registration for subsidiaries that are "financially, eco-nomically and organizationally integrated" into the business of a parent entity. If the integration conditions are met, the subsidiaries and the parent are automatically treated as a group for VAT purposes.

The effect of grouping is that the subsidiary is no longer considered to be an entrepreneur or separate taxable person. As a result, intragroup transactions are outside the scope of VAT and accordingly, no VAT is charged. The subsidiary is no longer required to file separate VAT returns and its transactions are reported through the parent's VAT return. These effects apply only to domestic supplies between the group entities (that is, supplies within the scope of German VAT). In addition, the effects of the VAT grouping are limited to Germany.

Bharat Forge CDP GmbH is part of a VAT tax group, that includes Bharat Forge Global Holding and all German subsidies and second-tier-subsidies as Bharat Forge Daun GmbH and Bhart Forge Aluminiumtechnik GmbH. Bharat Forge Global Holding GmbH as the final parent company is liable for tax.

2.2. Cross-border supplies

Cross-border supplies like intra-community supplies or export supplies from Germany are VAT free under certain conditions (in particular documentation of cross-border transport). According to the "destination-principle" in the EU, intra-community supplies are subject to VAT in the member state of arrival.

3. Tax Reduction for electricity tax under§§ 9a, 9b StromStG

In Germany, electricity is subject to special electricity tax. A tax relief can be claimed upon application and verification of eligibility by the relevant tax authorities. Bharat Forge CDP GmbH is in the scope of possible tax reduction.

3.1. Tax Relief for Manufacturing Companies and Agricultural/Horticultural Businesses

The electricity must be used by companies operating in the manufacturing sector or in agricultural and horticultural activities.

- The company must be properly registered and recognized as a manufacturing or agricultural/horticultural business.

- The electricity must be consumed in connection with these specific activities (e.g., manufacturing processes or agricultural operations).

Companies must apply for the tax relief and provide evidence of their eligibility, such as proof of operational activities in the designated sectors.

3.2. Additional Tax Relief for Energy-Intensive Processes and Procedures

- This relief applies to companies using electricity in certain energy-intensive processes.

Eligible processes include electrolysis, production of metals and chemicals, and other energy-intensive industrial processes as specified in the law.

Companies must demonstrate that the electricity consumption meets the minimum threshold for energy intensity as required by the law.

An application and proper documentation, showing that the electricity is used in qualified energy-intensive activities, are necessary to qualify for this tax relief.

4. Research Allowance (Forschungszulage)

Since 1 January 2020 the German federal government has been using the research allowance to support companies that either conduct basic, applied or experimental research themselves or commission it from another company based within the EU. The allowance is based on the salaries of the research staff participating in the respective research and development (R&D) project and their share of working hours on the project.

Bharat Forge CDP would be entitled to claim research allowance independent from tax group members.

Eligibility

Eligibility for the research allowance extends to both unlimited and limited taxpayers, as long as they are not exempt from taxation. This allowance can be claimed by any taxpayer who generates income from agriculture and forestry, commercial business, or self-employment, regardless of their profit situation.

Research and Development Projects (R&D Projects)

The research allowance is granted only for eligible R&D projects as defined by the law, provided that the projects started after January 1, 2020 (i.e., from January 2, 2020, onward). The projects must fall under one or more of the categories of basic research, industrial research, or experimental research. Projects primarily aimed at market development or the functioning of a production system are not eligible. Eligible R&D projects include in-house research, contract research within the EU/EEA, and collaborations with other companies or research institutions.

Amount of the Research Allowance/Assessment Basis

The research allowance amounts up to 25% of eligible expenses. The cap for eligible expenses for the research allowance is 1O million euros for expenses incurred after March 27, 2024. Maximum funding amount is 2,5 million euros.

The tax incentives for R&D are determined in a separate notice and are fully offset against the tax assessed in the next first corporation tax assessment of a year. If the tax incentives for R&D exceed the assessed tax, a refund is made so that companies with a low tax burden as well as companies in loss-making phases also receive direct support.

Application

In order to receive the allowance, an annual application must be made to the German Certification Office for the Research Allowance [Bescheinigungsstelle Forschungszulage, BSFZ] and the certificate submitted to the tax office. The research activities and time spent must be documented as evidence.

5. Tax Advantages for Electric Vehicles and E-Bikes

Exemption from vehicle tax for a maximum of 1O years, but no longer than December 31, 2030; thereafter, a 50%-reduction (§ 9 para. 2 KraftStG)

Reduction of the taxable benefit in kind for company cars under income tax law(§ 6 para. 1 no. 4 (2) or (3) EStG)

Exemption of the taxable benefit in kind for charging private vehicles at the workplace (§ 3 no. 46 EStG)

Exemption of the taxable benefit in kind for company bicycles provided for private use (§ 3 no. 37 EStG)

Flat-rate taxation of 25% for company bicycles transferred to employees (§ 40 para. 2(1) no. 7 EStG)

B. Special tax benefits available to the shareholders

Bharat Forge CDP GmbH has entered into a profit and loss transfer agreement with Bharat Forge Global Holding GmbH. Because profit is completely transferred to Bharat Forge Global Holding GmbH, the company itself does not distribute any dividends.

C. Terms and Conditions

The benefits discussed cover the possible special tax benefits available to the Company and its shareholders under relevant German tax law and do not cover any general tax benefits available to the Company & its shareholders and is not exhaustive in nature.

These possible special tax benefits are dependent on the Company and its shareholders, fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and its shareholders to derive these possible special tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company and its shareholders may or may not choose to fulfill.

We hereby give consent to include this Statement of Possible Special Tax Benefits in the Preliminary Placement Document and Placement Document in connection with the proposed qualified institutions placement of equity shares of face value of Rs. 2 each of Bharat Forge Limited. It is not to be used, referred to or distributed for any other purpose without our prior written consent.

For WUP Treuhand GmbH
Chartered Accountants

Prof. Dr. Ahmet Tilmaz

(chartered accountant, tax accountant)

Place: Hagen
Date: 29 November 2024

i.V. Stefanie Floren

(tax accountant)

REPORT ON STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

The Board of Directors

Bharat Forge International Ltd
Boston House Business Centre
69-75 Boston Manor Road
Brentford
Middlesex TW8 9JJ

The Board of Directors
Bharat Forge Limited
Mundhwa, Pune Cantonment Pune – 411036

Date: 28 November 2024

Statement of possible special tax benefits ("the Statement") available to Bharat Forge International Limited ("the Company") and its shareholders prepared in connection with the proposed Qualified Institutions Placement ('QIP') of equity shares of face value of Rs. XX each of its holding company, Bharat Forge Limited, (the "Proposed Issue")

We hereby report that the enclosed Appendix II, prepared for the Company, states possible special tax benefits available to the Company and its shareholders, as defined in Appendix I, under direct and indirect taxes (together "**the Tax Acts**"), presently in force in the United Kingdom as on the signing date. These tax reliefs are dependent on the Company and its shareholders, fulfilling the conditions prescribed under the relevant provisions of The Tax Acts. Hence, the ability of the Company and its shareholders to derive these tax benefits is dependent upon their fulfilling such conditions, which is based on qualifying conditions the Company may meet in the future and may or may not choose to fulfil.

The benefits discussed in the enclosed Appendix II cover the possible special tax benefits available to the Company and its shareholders and do not cover any general tax benefits available to the Company & its shareholders and is not exhaustive in nature. Further, the preparation of the enclosed Appendix II and its contents is the responsibility of the Management of the Company. We were informed that the Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Proposed Issue particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the possible special tax benefits, which an investor can avail. We are neither suggesting nor advising the investors to invest money based on the Statement.

We do not express any opinion or provide any assurance as to whether:

i. the Company and its shareholders will continue to benefit from these tax reliefs in future; or

ii. the conditions prescribed for availing the possible special tax benefits where applicable, have been or will be met.

The contents of the enclosed Appendices are based on the information, explanation and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of The Taxes Acts and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to the Company and any other person in respect of this Statement, except as per applicable law.

We hereby give consent to include this Report in the Preliminary Placement Document ("**PPD**") and Placement Document ("PD") in connection with the Proposed Issue, and it is not to be used, referred to or distributed for any other purpose without our prior written consent.
Mr. Jeffrey Smith BSc, FCA, CTA, Dip PFS

Director

For and on behalf of

Eacotts International Limited Reg No:

C003947373

Main Office:

Grenville Court Britwell Road Burnham SLOUGH
BUCKINGHAMSHIRE SL1 8DF

Registered By:

The Institute of Chartered Accountants in England & Wales

Appendix I

"The Taxes Acts" refers to the direct and indirect tax legislation applicable to the company, including but not limited to:

1. The Taxes Management Act 1970;

2. Taxation of Chargeable Gains Act 1992;

3. Value Added Tax Act 1994;

4. Capital Allowances Act 2001;

5. Income Tax Act 2007;

6. Corporation Tax Act 2010;

7. Taxation (International and Other Provisions) Act 2010.

As amended by the Finance Bill 2024 which will become upon Royal Assent the Finance Act 2024, in combination with the associated Statutes, Statutory Instruments, EU legislation, and the UK-India Double Taxation Convention.

Appendix II

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO BHARAT FORGE INTERNATIONAL LIMITED ("THE COMPANY") AND ITS SHAREHOLDERS UNDER THE APPLICABLE DIRECT AND INDIRECT TAXES ("TAX ACTS")

This statement provides an overview of potential special tax benefits available to Bharat Forge International Limited ("**the Company**") and its shareholder(s). BFIL, a 100% subsidiary of Bharat Forge Limited ("the Shareholder"), an Indian company, is based in the United Kingdom. The statements below are based on existing tax laws and may vary if there are changes in relevant regulations, judicial rulings, or tax policy in either India or the United Kingdom.

Special Tax Benefits in the UK for Direct Taxes

1. Reduced Withholding Tax on Dividends

Under UK domestic tax legislation, UK companies are not presently required to apply withholding tax on the payment of dividends, except in respect of property income dividends.

Under the India-UK Double Taxation Avoidance Agreement (DTAA), dividends paid by the UK subsidiary to the Indian holding company may benefit from an exemption from UK taxation on dividends.

However, if the Indian resident company is entitled to claim a tax credit in respect of dividends from the UK subsidiary, withholding tax may apply at a maximum rate of 15% of the aggregate value of the dividend and the tax credit available.

2. Reduced Withholding Tax on Interest payments

Under the India-UK Double Taxation Avoidance Agreement (DTAA), interest paid by the UK subsidiary to the Indian holding company may benefit from a reduced 15% withholding tax rate, 5% lower than the domestic withholding tax rate applied to non-treaty residents (20%).

3. Tax Exemption on Capital Gains

The capital gains derived from the sale of shares of a UK trading subsidiary by a holding company may be exempt from tax in the UK under Section 179 of the Corporation Tax Act 2009 (CTA 2009). The sale of shares by a non-UK resident company will also generally be outside the scope of UK taxation.

4. Exemption from Controlled Foreign Company (CFC) Rules in the UK

The CFC rules in the UK are designed to prevent tax base erosion but generally do not apply to UK-resident entities, as long as the main shareholder (i.e., the Indian holding company) complies with all relevant requirements. Thus, the CFC rules typically will not result in additional tax burdens on the UK subsidiary's profits.

5. Foreign Tax Credit (FTC) relief

The Indian holding company should be able to claim a foreign tax credit (FTC) in India for taxes paid in the UK on dividends or other income, subject to treaty conditions being met. This credit mechanism mitigates double taxation suffered by the Indian holding company on UK-sourced income.

Likewise, the UK subsidiary company would be entitled to claim foreign tax credit relief in the UK for Indian withholding taxes suffered on any Indian-sourced income.

Special Tax Benefits in the UK for Indirect Taxes

1. Customs Duty Reliefs

Businesses involved in certain types of manufacturing or processing may be eligible for the deferment of payments of customs duties and import VAT on goods imported to the UK.

Goods imported temporarily may qualify for temporary admission relief, which allows importation without paying duties for a specific period.

2. **Customs Duty Rebate Schemes**

Some goods imported into the UK and subsequently exported may qualify for duty rebate, where the customs duty paid on imported goods is refunded upon exportation.

3. **Customs and Excise Duty on Exported Goods**

In the UK, exported goods are typically zero-rated for VAT and are exempt from customs duties. This is designed to encourage international trade and support UK exporters.

Exporters of goods to countries outside the UK can benefit from zero-rated VAT on exports, provided the proper documentation is maintained.

LEGAL PROCEEDINGS AND OTHER INFORMATION

We are involved in various legal proceedings from time to time, mostly arising in the ordinary course of business. These legal proceedings are primarily in the nature of civil proceedings, criminal proceedings, regulatory proceedings and tax disputes, which are pending before various adjudicating forums.

Except as disclosed in this section, there are no outstanding legal proceedings which have been considered material in accordance with the "Policy for Determination of Materiality of Information or Events" last revised on July 14, 2023, as amended.

Additionally, solely for the purpose of the Issue, the following outstanding legal proceedings have been disclosed in this section involving our Company and our Subsidiaries in accordance with the materiality policy approved by our Investment Committee-Strategic Business in their meeting held on November 14, 2024:

- *all outstanding criminal proceedings filed by and against the Company and/or our Subsidiaries;*
- *all outstanding actions (including penalties and show-cause notices) initiated by any regulatory and/or statutory authorities such as Securities and Exchange Board of India, Reserve Bank of India or such similar authorities or stock exchanges, involving our Company and/ or our Subsidiaries will be disclosed individually;*
- *all outstanding civil proceedings including arbitration proceedings involving (which includes cases filed by and against) our Company and/ or our Subsidiaries, wherein the amount involved in proceedings is equal to or exceeds 5% of the average value of absolute consolidated profit after tax for the last three fiscals (i.e., Fiscals 2024, 2023 and 2022), which is equivalent to ₹ 415.93 million or above ("**Materiality Threshold**");*
- *all outstanding claims related to direct and indirect tax matters (including show cause notices) involving our Company and our Subsidiaries (disclosed in a consolidated manner);*
- *all litigation proceedings involving the directors and Promoter of our Company, where an adverse outcome could materially and adversely affect the reputation, operations or financial position of our Company on a consolidated basis;*
- *outstanding litigation involving the Company, and/or our Subsidiaries, wherein the amount involved cannot be determined or is below the Materiality Threshold (defined above), but an adverse outcome of which could, individually or in the aggregate, materially and adversely affect the reputation, operations or financial position of our Company on a consolidated basis.*

Further, except as disclosed in this section, there are no:

- *inquiries, inspections or investigations initiated or conducted (for which notices have been issued) under the Companies Act or any previous companies law, in the last three years immediately preceding the year of issue of this Preliminary Placement Document against our Company and our Subsidiaries; and any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of issue of this Preliminary Placement Document, involving our Company and our Subsidiaries;*
- *material frauds committed against our Company in the last three years, and if so, the action taken by our Company;*
- *significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations;*
- *defaults by our Company including the amount involved, duration of default and present status in repayment of: (a) statutory dues; (b) debentures and interest thereon; (c) deposits and interest thereon; or (d) loan from any bank or financial institution and interest thereon;*
- *defaults in annual filings of our Company under the Companies Act or the rules made thereunder;*
- *litigation or legal actions, pending or taken, by any ministry or department of the government or a statutory authority against the Promoter of our Company during the last three years immediately preceding the year of this Preliminary Placement Document, and any direction issued by such ministry or department or statutory authority upon conclusion of such litigation or legal action, if any; and*

- *reservations, qualifications or adverse remarks of auditors in the last five Fiscals immediately preceding the year of this issue and their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remarks*

It is clarified that for the purposes of the above, pre-litigation notices received by any of the parties specified above from third parties (excluding statutory/ regulatory/ governmental authorities or notices threatening criminal action) shall, not be considered as litigation proceedings till such time that any of the parties, are impleaded as defendant or respondent in litigation proceedings before any judicial or quasi-judicial forum including court, tribunal or governmental authority, or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced.

Capitalised terms used herein shall, unless otherwise specified, have the meanings ascribed to such terms in that particular litigation only.

LITIGATION INVOLVING OUR COMPANY

Litigation against our Company

Criminal proceedings

Nil

Civil proceedings above the Materiality Threshold

BF Infrastructure Limited ("**BFIL**") entered into a Share Purchase Agreement dated December 18, 2010 ("**Share Purchase Agreement**") with Mr. Tarsem Jain ("**Respondent**") to purchase certain iron ore and bauxite mines from companies owned by the Respondent. In relation to alleged failure of the Respondent to abide by his obligations under the Share Purchase Agreement, BFIL terminated the Share Purchase Agreement. The Respondent subsequently initiated arbitration proceedings against our Company and our subsidiary, BFIL for alleged breach of provisions of the Share Purchase Agreement- seeking recovery of ₹2015.31 million. Pursuant to an order dated May 10, 2019 ("**Award**"), the arbitration tribunal passed an order directing BFIL to make payment of ₹ 770.00 million as compensation/damages to the Respondent. While the Respondent has sought for execution of the Award, our Company and BFIL have filed applications under Section 34 of the Arbitration and Conciliation Act, 1996, before the High Court of Delhi, challenging the Award on grounds, amongst others, that the appointment of the arbitrator and the unilateral reference of disputes to him is *void ab initio* and is contrary to the express terms of the arbitration agreement between the parties as per the provisions of the Arbitration and Conciliation Act, 1996. The matter is currently pending before the High Court of Delhi.

Statutory/ Regulatory actions against our Company

Four of our independent directors i.e. Prataprao G Pawar, Lalita D. Gupte, P.H Ravikumar and Vimal Bhandari ceased to be the Independent Directors of our Company upon completion of their second term of 5 (five) consecutive years with the Company with effect from the closure of business hours on September 3, 2024. As a result, in order to have board composition of the Board of Directors of the Company in compliance with Regulation 17(1) of the SEBI Listing Regulations (*i.e.* 50% of our Board is not composed of independent directors), the Nomination & Remuneration Committee screened and recommended two candidates for appointment as independent directors, subject to receipt of the prior approval from the Department for Promotion of Industry and Internal Trade ("**DPIIT**") under the Arms Rules, 2016 for change in directorship. We have been unable to comply with the requirements of Regulation 17(1) of the SEBI Listing Regulations pending receipt of approvals as stated above. For details, please see "*Board of Directors and Senior Management - Corporate Governance*" on page 158.

NSE and BSE by way of their emails dated November 21, 2024 imposed a fine of ₹159,300 each in relation to the aforesaid non-compliance of Regulation 17(1) of the SEBI Listing Regulations in the quarter ended September 30, 2024. Our Company has by way of its letter dated November 22, 2024 intimated the Stock Exchanges under Regulation 30 of the SEBI Listing Regulations read with Clause 20 of Para A of Part A of Schedule III that since Company is in possession of arms and defence licenses, the Company is required to comply with the provisions of the Arms Rules, 2016, and obtain prior approval of the licensing authorities thereunder (i.e. the Ministry of Home Affairs ("**MHA**") and the Department for Promotion of Industry and Internal Trade ("**DPIIT**")) for any change in directorship of the Company. In this regard, while the Company has obtained approval of the MHA, it awaits approval from the DPIIT in order to induct new independent director(s) on its Board. Further, the Company has by way of its letter dated November 25, 2024 applied to the Stock Exchanges seeking a waiver of the fine levied on the grounds under paragraph 3(a) 'Impossibility of Compliance' of the 'Policy for exemption of fines levied under SEBI SOP Circular' since it has taken the necessary steps for compliance and the delay is procedural.

Litigation by our Company

Criminal proceedings

Nil

Civil proceedings above the Materiality Threshold

1. The Company filed a writ petition before the High Court of Bombay in 2023, challenging a notice dated November 30, 2022 ("**Notice**") and subsequent property tax due statement bill dated June 1, 2023 ("**Bill**"), issued by the chief executive officer of the Pune Cantonment Board ("**PCB**") on the grounds of it being issued without inquiring into and investigating and without giving any effective hearing to our Company. The Notice revised the annual ratable value ("**ARV**") of the Company's property from ₹ 109.391 million to ₹ 273.50 million and accordingly PCB issued a Bill demanding property tax of ₹ 229.74 million for a period from April 1, 2023 to March 31, 2024. The High Court of Bombay by way of an order dated September 6, 2024, disposed off the writ petition with instructions to avail an alternate remedy under the Cantonments Act, 2006 by filing an appeal before the Pune District Court and depositing the balance disputed amount under protest to PCB. In view of above direction from the High Court of Bombay, our Company has filed an appeal before the Pune District Court on October 9, 2024 against the Bill and additional bill dated May 7, 2024 issued by PCB through its chief executive officer, for a payment of ₹272.26 million, and distress warrant attaching movable and immovable properties of our Company for non-payment of ₹241.11 million ("**Warrant Amount**"). Our Company paid the Warrant Amount under protest. The matter is currently pending before the Pune District Court.

2. Our Company has filed a writ petition ("**Writ Petition**") before the Bombay High Court ("**Court**") against the Pune Cantonment Board and its chief executive officer ("**Respondents**") challenging the common judgement and order dated February 18, 2010 ("**Judgment**") passed by the District Court, upholding the legality of the bill dated February 14, 2008 ("**Bill**"). Our Company has by way of the Writ Petition sought for the Judgment to be set aside, for calculation of the annual rateable value ("**ARV**") in accordance with resolution no. 44 of the Pune Cantonment Board dated May 6, 2004 and that the Respondents be restrained from initiating any further triennial revisions in property tax. The amount in dispute is ₹ 29.70 million. The Court passed an interim order dated June 24, 2016 directing our Company to continue the payment of property tax as per the directions of the Respondents until the final disposal of the writ petition. The matter is currently pending before the High Court of Bombay.

3. Our Company has filed civil appeals ("**Pune Court Appeals**") before the Pune District Court and a civil appeal before the Bombay High Court ("**BHC Appeal**") against the Pune Cantonment Board ("**PCB**"). The BHC Appeal challenges the revision of annual rateable value ("**ARV**") and the consequential increase in property tax based on the revised ARV for the Triennial period of 2011-2014. The BHC Appeal was disposed off by the Bombay High Court on April 9, 2014 with instructions to avail an alternate remedy before the Pune District Court and deposit the balance disputed amount under protest to PCB. Further, the Principal District and Sessions Judge, Pune by way of an order dated September 23, 2024, transferred the pending Pune Court Appeals to the District Judge & Assistant Sessions Judge, Pune. The Pune Court Appeals are currently pending.

LITIGATION INVOLVING OUR SUBSIDIARIES

Litigation against our Subsidiaries

Criminal proceedings

Nil

Civil proceedings above the Materiality Threshold

Except for the civil proceedings pertaining to BF Infrastructure Limited and Mr. Tarsem Jain above in "*Legal Proceedings and Other Information – Litigations involving our Company*", there are no material civil proceedings against our Subsidiaries.

Statutory/ Regulatory actions against our Subsidiaries

1. BF Industrial Technology & Solutions Limited (BFITSL) (earlier known as Sanghvi Forging and Engineering Limited), its erstwhile promoters and a whole-time director, received a show cause notice dated July 21, 2023 from the Additional Director, Directorate of Enforcement, Ahmedabad ("**ED**"), in relation to alleged violations

committed under the Foreign Exchange Management Act, 1999 ("**FEMA**") in relation to its failure to realize payments against shipping bills for export of forged components amounting to USD 0.42 million and EUR 0.18 million, respectively, for periods prior to commencement of Corporate Insolvency Resolution Process ("**CIRP**") under the provisions of Insolvency & Bankruptcy Code, 2016 ("**IBC**") and also for the period post the CIRP period i.e. acquisition of BFITSL by our Company pursuant to the order of the National Company Law Tribunal by way of which BFITSL took over the management and operations from a resolution professional appointed under the IBC.

Subsequently, pursuant to direction of ED, BFITSL and the whole-time director filed compounding applications before the Reserve Bank of India ("**RBI**") for compounding of all contraventions allegedly committed in this regard, under the FEMA, on March 6, 2024. RBI, by way of its email dated September 23, 2024, returned the compounding application informing BFITSL that (i) for offences committed prior to the commencement of the corporate insolvency resolution process the compounding is not feasible since the IBC provides immunity to a corporate debtor (and the new management); and (ii) in relation to transactions post approval of the resolution plan, BFITSL and the whole-time director were advised to submit separate compounding applications, in consultation with authorised dealer bank. Accordingly, fresh compounding applications have been filed by BFITSL and the whole-time director, on November 18, 2024 in respect of shipping bills amounting to USD 0.14 million post-acquisition, on certain grounds including that the purchase orders against the shipping bills were placed before the acquisition and the new management should not be made liable for their fulfilment.

Litigation by our Subsidiaries

Criminal proceedings

1. Tork Motors Private Limited ("**Tork**") during its quarterly audit discovered that one of the employees of its subsidiary company, Lycan Electric Private Limited ("**Lycan**"), a cashier at the showroom ("**Employee**") was involved in theft amounting to ₹ 0.97 million for a period from April 2023 to July June 2023. The Employee was terminated from his services of Lycan and a first information report dated August 17, 2023 was registered with the Deccan Gymkhana Police Station, Pune against the Employee. The case is currently pending before the joint civil judge J.D. and Judicial Magistrate First Class, Pune.

Civil proceedings above the Materiality Threshold

Nil

Any other outstanding litigation involving our Company and our Subsidiaries, wherein the amount involved cannot be determined or is below the Materiality Threshold, but an adverse outcome of which could, individually or in the aggregate, materially and adversely affect the reputation, operations or financial position of our Company on a consolidated basis

Nil

Any litigation proceedings involving the Directors and Promoters of our Company, where an adverse outcome could materially and adversely affect the reputation, operations or financial position of our Company on a consolidated basis

Nil

Inquiries, inspections or investigations initiated or conducted (for which notices have been issued) under the Companies Act or any previous companies law, in the last three years immediately preceding the year of issue of this Preliminary Placement Document against our Company and our Subsidiaries; and any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of issue of this Preliminary Placement Document, involving our Company and our Subsidiaries

Nil

Material frauds committed against our Company in the last three years, and if so, the action taken by our Company

Nil

Significant and material order passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations

Nil

Default by our Company including the amount involved, duration of default and present status, in repayment of: (a) statutory dues; (b) debentures and interest thereon; (c) deposits and interest thereon; or (d) loan from any bank or financial institution and interest thereon

Nil

Further, there have not been any default by our Company in repayment of debentures or interest thereon.

Default in annual filings of our Company under the Companies Act or the rules made thereunder

Nil

All litigation or legal actions, pending or taken, by any ministry or department of the government or a statutory authority against the Promoters of our Company during the last three years immediately preceding the year of this Preliminary Placement Document, and any direction issued by such ministry or department or statutory authority upon conclusion of such litigation or legal action, if any

Nil

Reservations, qualifications or adverse remarks of auditors in the last five Fiscals immediately preceding the year of this issue and their impact on the financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or qualifications or adverse remarks

There have not been any reservations, qualifications or adverse remarks of auditors in the last five Fiscals immediately preceding the year of this Issue except below:

- The audit report for Fiscal 2024 states that certain instances were observed with respect to features of a recording audit trail (edit log) facility which were not enabled for certain accounting software, pursuant to the requirements of Rule 11(g) of Companies (Audit and Auditors) Rules, 2014.

- For Fiscal 2024 and 2023, our Statutory Auditors made certain observations pursuant to the Companies (Auditor's Report) Order, 2020 relating to the deeds of immovable properties not being in the name of the company, certain loans extended without any stipulation of repayment terms, non-demand for repayments of loans, delays in the repayment of undisputed statutory dues and the Investors Education and Protection fund.

- Our previous auditors have drawn attention to a note of the consolidated Ind AS financial statement which describes the impact of change in accounting year of certain foreign components from December 31 to March 31, resulting in consolidation of financial information of those components for 15 months period ended March 31, 2022. Their opinion is not modified in respect of this matter.

  For further details of this emphasis of matter, please see "*Management's Discussion and Analysis of Financial Condition and Result of Operations"* on page 109.

Tax proceedings

We have set out below all claims relating to direct and indirect taxes involving our Company and our Subsidiaries in a consolidated manner, as on the date of this Preliminary Placement Document, giving details of total number of cases and total amount involved in such claims:

(₹ in million)

Nature of the case	Number of cases	Amount involved *
Company		
Direct Tax	3	64.29^
Indirect Tax	11	355.72^

(₹ in million)

Nature of the case	Number of cases	Amount involved *
Total	**14**	**420.01**
Subsidiaries		
Direct Tax	6	246.74
Indirect tax	10	52.15
Total	**16**	**298.89**

**To the extent ascertainable.*

^Interest and penalty included wherever quantifiable.

STATUTORY AUDITORS

Our Company's current Statutory Auditors, B S R & Co. LLP, Chartered Accountants, are independent auditors with respect to our Company as required by the Companies Act, 2013 and in accordance with the guidelines prescribed by ICAI and have been appointed as the statutory auditors of our Company, pursuant to the approval of the shareholders of our Company at the AGM held on August 12, 2022. The Fiscal 2024 Audited Financial Statements and Fiscal 2023 Audited Financial Statements included in this Preliminary Placement Document, have been audited by the Statutory Auditors, as stated in their reports appearing herein.

The audit reports for Fiscal 2024 Audited Financial Statements and Fiscal 2023 Audited Financial Statements contains an "other matter" paragraphs, which states that,

1. For Fiscal 2023, the consolidated financial statements of the Group, its associates and joint ventures for the year ended 31 March 2022 were audited by the predecessor auditor who had expressed an unmodified opinion.

2. For Fiscal 2024 and Fiscal 2023, 28 and 30 subsidiaries were audited by other auditor respectively. Also, for Fiscal 2023, one associate was audited by other auditor. Our opinion so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, is based solely on the report of the other auditors.

3. For Fiscal 2024 and Fiscal 2023, one subsidiary was audited by other auditor located outside India and we have audited only the conversion adjustments.

4. For Fiscal 2024 and Fiscal 2023, 5 and 3 subsidiaries were unaudited respectively. Further, 3 associates and 3 joint ventures for Fiscal 2024 and two associates and 4 joint ventures for Fiscal 2023 were unaudited respectively.

The audit report for Fiscal 2024 Audited Financial Statements contains an observation relating to certain instances with respect to feature of recording audit trail (edit log) facility which was not enabled for certain accounting softwares, pursuant to the requirements of Rule 11(g) of Companies (Audit and Auditors) Rules, 2014.

The audit reports for Fiscal 2024 Audited Financial Statements and Fiscal 2023 Audited Financial Statements, contains unfavorable remarks, qualification or adverse remarks in Companies (Auditor's Report) Order, 2020 relating to non-filing of quarterly returns or mismatch between books of accounts for returns filed, certain loans given without stipulation of repayment terms, non-demand for repayments of loans, delays in payments of undisputed statutory dues, funds raised on short terms basis being used for long term purposes, fraud reported in one subsidiary, cash losses incurred during the year, deeds of immovable properties not being in the name of Holding Company, delays in repayment of undisputed statutory dues and Investors Education and Protection fund.

With respect to the unaudited financial results of the Group for the quarter and half year ended September 30, 2024 and September 30, 2023, included herein, the independent auditors reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their reports included herein states that they did not audit, and they do not express an opinion on such interim financial information. Accordingly, the degree of reliance on their reports on such information should be restricted in light of the limited nature of the review procedures applied.

The review reports with respect to the unaudited consolidated financial information of the Group as of and for the quarter and half year ended September 30, 2024 and September 30, 2023 contain other matter paragraphs which state that,

1. 14 and 14 subsidiaries were reviewed by other auditor respectively. Our conclusion so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors and the procedures performed by us.

2. 18 and 18 subsidiaries were unreviewed respectively. Further, three (3) associates and three (3) joint ventures for quarter and half year ended September 30, 2024 and three (3) associates and four (4) joint ventures for quarter and half year ended September 30, 2023 were unreviewed respectively.

The September 2024 Unaudited Financial results, the September 2023 Unaudited Financial results, the Fiscal 2024 Audited Financial Statements and the Fiscal 2023 Audited Financial Statements, together with the respective reports thereon issued by our Statutory Auditors, B S R & Co. LLP, Chartered Accountants, have been included in this Preliminary Placement Document in the section titled "*Financial Information*" on page 228.

The peer review certificate of our current Statutory Auditor, B S R & Co. LLP, Chartered Accountants is valid till July 31, 2025.

The Fiscal 2022 Audited Financial Statements which are included in this Preliminary Placement Document in "*Financial Information*" on page 228 have been audited by our Previous Statutory Auditor, S R B C & CO LLP, Chartered Accountants, as stated in their reports appearing therein.

The audit report for Fiscal 2022 Audited Financial Statements contains an "Emphasis of Matter" paragraph, which stated that:

The impact of change in accounting year of certain foreign components from December 31 to March 31, resulting in consolidation of financial information of those components for 15 months period ended March 31, 2022.

The audit report for Fiscal 2022 Audited Financial Statements contains an "other matter" paragraph, which states that,

1. 21 subsidiaries, six (6) associates and four (4) joint ventures were audited by other auditors. Our previous statutory auditor's opinion, in so far as it relates to the amounts included for such subsidiaries, associate and joint ventures, is based solely on the report of the other auditors.

2. 2 subsidiaries were unaudited. Our previous statutory auditor's opinion in, so far as it relates to the amounts included for such subsidiaries is based solely on the financial statements certified by the management of the Company.

FINANCIAL INFORMATION

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Chartered Accountants

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Limited Review Report on unaudited consolidated financial results of Bharat Forge Limited for the quarter ended 30 September 2024 and year to date results for the period from 1 April 2024 to 30 September 2024 pursuant to Regulation 33 and Regulation 52(4) read with Regulation 63 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To the Board of Directors of Bharat Forge Limited

1. We have reviewed the accompanying Statement of unaudited consolidated financial results of Bharat Forge Limited (hereinafter referred to as "the Parent"), and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") and its share of the net (loss) / profit after tax (net) and total comprehensive (loss) / income (net) of its associates and joint ventures for the quarter ended 30 September 2024 and year to date results for the period from 1 April 2024 to 30 September 2024 ("the Statement"), being submitted by the Parent pursuant to the requirements of Regulation 33 and Regulation 52(4) read with Regulation 63 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

2. This Statement, which is the responsibility of the Parent's management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "*Interim Financial Reporting*" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 and Regulation 52(4) read with Regulation 63 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the circular issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.

4. The Statement includes the results of the entities mentioned in Annexure I to the Statement.

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 and Regulation 52(4) read with Regulation 63 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

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6. We did not review the interim financial results of 14 Subsidiaries included in the Statement, whose interim financial results reflect total assets (before consolidation adjustments) of Rs. 68,987 million as at 30 September 2024 and total revenues (before consolidation adjustments) of Rs. 16,798 million and Rs. 35,352 million, total net (loss) after tax (net) (before consolidation adjustments) of Rs. (808) million and Rs. (2,665) million and total comprehensive (loss) (net) (before consolidation adjustments) of Rs. (869) million and Rs. (2,715) million, for the quarter ended 30 September 2024 and for the period from 1 April 2024 to 30 September 2024 respectively, and cash outflows (net) (before consolidation adjustments) of Rs. 388 million for the period from 1 April 2024 to 30 September 2024. as considered in the Statement. These interim financial results have been reviewed by other auditors whose reports have been furnished to us by the Parent's management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

   Our conclusion is not modified in respect of this matter.

7. The Statement includes the interim financial results of 18 Subsidiaries which have not been reviewed, whose interim financial results reflect total assets (before consolidation adjustments) of Rs. 13,987 million as at 30 September 2024 and total revenues (before consolidation adjustments) of Rs. 1,412 million and Rs. 3,118 million, total net (loss) after tax (net) (before consolidation adjustments) of Rs. (90) million and Rs. (617) million and total comprehensive income / (loss) (net) (before consolidation adjustments) of Rs. 187 million and Rs. (337) million, for the quarter ended 30 September 2024 and for the period from 1 April 2024 to 30 September 2024 respectively, and cash inflows (net) (before consolidation adjustments) of Rs. 40 million for the period from 1 April 2024 to 30 September 2024 as considered in the Statement. The Statement also includes the Group's share of net (loss) / profit after tax (net) of Rs. (17) million and Rs. 1 million and total comprehensive (loss) / income (net) of Rs. (18) million and Rs. 1 million, for the quarter ended 30 September 2024 and for the period from 1 April 2024 to 30 September 2024 respectively as considered in the Statement, in respect of three associates and three joint ventures, based on their interim financial results which have not been reviewed. According to the information and explanations given to us by the Parent's management, these interim financial results are not material to the Group.

   Our conclusion is not modified in respect of this matter.

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

Shiraz Vastani
Partner
Membership No.: 103334
UDIN:24103334BKGEPY8045

Pune
14 November 2024

Annexure I

List of entities included in unaudited consolidated financial results of Bharat Forge Limited ('BFL').

Sr. No	Name of component	Relationship
1	Bharat Forge Global Holding GmbH ('BFGH')	Subsidiary of BFL
2	Bharat Forge Holding GmbH ('BFH')	Subsidiary of BFGH
3	Bharat Forge Aluminiumtechnik GmbH	Subsidiary of BFH
4	Bharat Forge Kilsta AB	Subsidiary of BFGH
5	Bharat Forge CDP GmbH ('CDP')	Subsidiary of BFGH
6	Bharat Forge Daun GmbH	Subsidiary of CDP
7	Mecanique Generale Langroise	Subsidiary of BFGH
8	Bharat Forge International Limited	Subsidiary of BFL
9	Bharat Forge America Inc. ('BFA')	Subsidiary of BFL
10	Bharat Forge PMT Technologie LLC	Subsidiary of BFA
11	Bharat Forge Tennessee Inc.	Subsidiary of BFA
12	Bharat Forge Aluminium USA, Inc.	Subsidiary of BFA
13	BF Infrastructure Limited ('BF Infra')	Subsidiary of BFL
14	BFIL - CEC JV	Subsidiary of BF Infra
15	Ferrovia Transrail Solutions Private Limited	Subsidiary of BF Infra
16	Kalyani Centre for Precision Technology Limited	Subsidiary of BFL
17	Kalyani Strategic Systems Limited ('KSSL')	Subsidiary of BFL
18	Kalyani Rafael Advanced Systems Private Limited	Subsidiary of KSSL
19	Sagar Manas Technologies Limited	Subsidiary of KSSL
20	Zorya Mashproekt India Private Limited	Subsidiary of KSSL

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21	BF Elbit Advanced Systems Private Limited	Subsidiary of BFL
22	Kalyani Powertrain Limited ('KPTL')	Subsidiary of BFL
23	Kalyani Mobility Inc.	Subsidiary of KPTL
24	Tork Motors Private Limited ('Tork')	Subsidiary of KPTL
25	Lycan Electric Private Limited	Subsidiary of Tork
26	Electroforge Limited	Subsidiary of KPTL
27	Eternus Performance Materials Private Limited	Subsidiary of BFL
28	BF Industrial Solutions Limited ('BFISL')	Subsidiary of BFL
29	BF Industrial Technology & Solutions Limited ('BFITSL')	Subsidiary of BFISL
30	Sanghvi Europe B.V.	Subsidiary of BFITSL
31	JS Auto Cast Foundry India Private Limited	Subsidiary of BFISL
32	Kalyani Lightweighting Technology Solutions Limited	Subsidiary of BFL
33	Indigenous IL Limited	Subsidiary of BFL
34	Talbahn GmbH	Associate
35	Aeron Systems Private Limited	Associate
36	Avaada MHVidarbha Private Limited	Associate
37	BF NTPC Energy Systems Limited	Joint Venture
38	Refu Drive GmbH ('Refu')	Joint Venture
39	Refu Drive India Private Limited	Subsidiary of Refu

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Maharashtra, India.
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BHARAT FORGE

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2024

(₹ in Million)

Sr. No.	Particulars	Quarter ended			Half year ended		Year ended
		September 30, 2024 (Unaudited)	June 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)	March 31, 2024 (Audited)
1	Income						
	a) Revenue from operations	36,885.08	41,061.46	37,741.87	77,946.54	76,514.56	156,820.71
	b) Other income	616.48	516.46	524.85	1,132.94	1,166.41	2,274.24
	Total income (a to b)	37,501.56	41,577.92	38,266.72	79,079.48	77,680.97	159,094.95
2	Expenses						
	a) Cost of raw materials and components consumed	16,846.81	16,810.56	18,197.06	33,657.37	36,046.25	71,383.81
	b) Purchase of traded goods	715.42	848.07	515.67	1,563.49	868.32	2,450.17
	c) Changes in inventories of finished goods, traded goods work-in-progress, dies and scrap	(1,919.72)	709.96	(1,070.58)	(1,209.76)	(491.93)	(42.07)
	d) Employee benefits expense	4,672.39	4,987.35	4,627.23	9,659.74	9,353.18	18,599.97
	e) Finance costs	1,098.12	1,237.14	1,243.31	2,335.26	2,388.30	4,911.67
	f) Depreciation, amortisation and impairment expense	2,133.47	2,182.68	2,113.33	4,316.15	4,174.23	8,481.96
	g) Other expenses	10,097.44	10,295.93	9,258.24	20,393.37	18,570.74	38,849.44
	Total expenses (a to g)	33,643.93	37,071.69	34,884.26	70,715.62	70,909.09	144,634.95
3	Profit before share of profit/ (loss) of associates, joint ventures, exceptional items and tax (1-2)	3,857.63	4,506.23	3,382.46	8,363.86	6,771.88	14,460.00
4	Share of profit/ (loss) of associates and joint ventures	(2.80)	8.27	7.83	5.47	38.42	65.71
	Income tax expense	3.06	1.41	2.77	4.47	7.97	12.56
	Share of profit/ (loss) of associates and joint ventures after tax	(5.86)	6.86	5.06	1.00	30.45	53.15
5	Profit before exceptional items and tax (3+4)	3,851.77	4,513.09	3,387.52	8,364.86	6,802.33	14,513.15
6	Exceptional items (loss) (see note 5 and 6(b))	-	(1,517.65)	(20.97)	(1,517.65)	(20.97)	(123.23)
7	Profit before tax (5+6)	3,851.77	2,995.44	3,366.55	6,847.21	6,781.36	14,389.92
8	Income tax expense						
	a) Current tax	1,582.78	1,261.74	1,346.61	2,844.52	2,599.52	5,690.69
	b) Deferred tax	(163.97)	(12.05)	(128.71)	(176.02)	(104.11)	(402.36)
	Income tax expense (a to b)	1,418.81	1,249.69	1,217.90	2,668.50	2,495.41	5,288.33
9	Profit for the period/year (7-8)	2,432.96	1,745.75	2,148.65	4,178.71	4,285.95	9,101.59
10	Other comprehensive income						
	a) Other comprehensive income/(loss) not to be reclassified to profit and loss in subsequent period (see note 6 (a))	216.04	63.47	566.65	279.51	681.19	(1,730.04)
	- Tax effect	(56.40)	1.10	(27.85)	(55.30)	(4.27)	283.88
	b) Other comprehensive income/(loss) to be reclassified to profit and loss in subsequent period	(1,217.64)	382.57	(322.81)	(835.07)	484.15	253.74
	- Tax effect	334.91	(96.42)	112.61	238.49	(90.75)	(38.81)
	Other comprehensive income/(loss) (Net of tax)	(723.09)	350.72	328.60	(372.37)	1,070.32	(1,231.23)
11	Total comprehensive income (9+10)	1,709.87	2,096.47	2,477.25	3,806.34	5,356.27	7,870.36
12	Total comprehensive income/ (loss) above attributable to:						
	- Owners of the parent	1,712.77	2,378.79	2,600.88	4,091.56	5,576.69	8,281.33
	- Non-controlling interest	(2.90)	(282.32)	(123.63)	(285.22)	(220.42)	(410.97)
13	Of the total comprehensive income/(loss) above, profit for the period/year attributable to:						
	- Owners of the parent	2,435.86	2,028.07	2,272.25	4,463.93	4,506.29	9,511.28
	- Non-controlling interest	(2.90)	(282.32)	(123.60)	(285.22)	(220.34)	(409.69)
14	Of the total comprehensive income/(loss) above, Other comprehensive income/(loss) for the period/year attributable to:						
	- Owners of the parent	(723.09)	350.72	328.63	(372.37)	1,070.40	(1,229.95)
	- Non-controlling interest	-	-	(0.03)	-	(0.08)	(1.28)
15	Earnings per share						
	- Basic and diluted (in ₹) (not annualised for quarters and half year period)	5.23	4.36	4.88	9.59	9.68	20.43
16	Equity share capital (Face value ₹ 2/- each)	931.27	931.27	931.27	931.27	931.27	931.27
17	Other equity						70,770.57

Annexure 1

KALYANI

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BHARAT FORGE

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2024

(₹ in Million)

Sr. No.	Particulars	Quarter ended			Half year ended		Year ended
		September 30, 2024 (Unaudited)	June 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)	March 31, 2024 (Audited)
1	Income						
	a) Revenue from operations	22,466.67	23,380.95	22,493.86	45,847.62	43,766.71	89,686.34
	b) Other income	348.03	445.87	423.75	793.90	896.04	1,623.41
	Total income	22,814.70	23,826.82	22,917.61	46,641.52	44,662.75	91,309.75
2	Expenses						
	a) Cost of raw materials and components consumed	9,321.43	9,272.39	10,499.92	18,593.82	19,864.91	38,810.70
	b) Changes in inventories of finished goods, work-in-progress, dies and scrap	(153.95)	505.03	(755.89)	351.08	(701.38)	(509.71)
	c) Employee benefits expense	1,617.26	1,626.08	1,506.37	3,243.34	3,000.19	6,014.47
	d) Finance costs	635.10	701.80	726.30	1,336.90	1,431.48	2,874.12
	e) Depreciation and amortisation expense	1,083.43	1,094.26	1,128.45	2,177.69	2,217.17	4,420.42
	f) Other expenses	5,427.66	5,462.80	5,175.49	10,890.46	10,048.34	20,593.11
	Total expenses (a to f)	17,930.93	18,662.36	18,280.64	36,593.29	35,860.71	72,203.11
3	Profit before exceptional items and tax (1-2)	4,883.77	5,164.46	4,636.97	10,048.23	8,802.04	19,106.64
4	Exceptional items profit/(loss) (see note 5 and 6[b])	135.35	(1,456.63)	(20.97)	(1,321.28)	(20.97)	(154.33)
5	Profit before tax (3+4)	5,019.12	3,707.83	4,616.00	8,726.95	8,781.07	18,952.31
6	Income tax expense						
	a) Current tax	1,465.32	1,059.00	1,215.01	2,524.32	2,329.83	4,960.90
	b) Deferred tax	(57.83)	(45.40)	(58.88)	(103.23)	(123.67)	(258.16)
	Income tax expense	1,407.49	1,013.60	1,156.13	2,421.09	2,206.16	4,702.74
7	Profit for the period/year (5-6)	3,611.63	2,694.23	3,459.87	6,305.86	6,574.91	14,249.57
8	Other comprehensive income						
	a) Other comprehensive income/(loss) not to be reclassified to profit and loss in subsequent period (see note 6 [a])	(53.32)	64.24	134.81	10.92	306.37	(2,192.25)
	- Tax effect	(57.34)	0.73	(18.19)	(56.61)	(12.97)	252.86
	b) Other comprehensive income/(loss) to be reclassified to profit and loss in subsequent period	(1,258.33)	351.61	(447.45)	(906.72)	360.57	136.79
	- Tax effect	316.69	(88.49)	112.61	228.20	(90.75)	(34.43)
	Other comprehensive income/(loss) (Net of tax)	(1,052.30)	328.09	(218.22)	(724.21)	563.22	(1,837.03)
9	Total comprehensive income (7+8)	2,559.33	3,022.32	3,241.65	5,581.65	7,138.13	12,412.54
10	Earnings per share						
	- Basic and diluted (in ₹) (not annualised for quarters and half year period)	7.75	5.79	7.43	13.54	14.12	30.60
11	Equity share capital (Face value ₹ 2/- each)	931.27	931.27	931.27	931.27	931.27	931.27
12	Other equity						84,756.55

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BHARAT FORGE

STATEMENT OF UNAUDITED STANDALONE AND CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2024

NOTES TO FINANCIAL RESULTS :

1 Balance sheet as at

(₹in Million)

Particulars	Standalone		Consolidated	
	September 30, 2024 (unaudited)	March 31, 2024 (Audited)	September 30, 2024 (unaudited)	March 31, 2024 (Audited)
A. ASSETS				
1 Non-current assets				
(a) Property, plant and equipment	27,507.70	28,453.43	53,282.12	54,682.72
(b) Capital work-in-progress	6,373.36	3,760.42	18,055.97	9,768.61
(c) Investment property	2.89	2.89	2.89	2.89
(d) Goodwill	-	-	2,684.48	2,959.85
(e) Other intangible assets	36.81	46.55	182.16	707.89
(f) Intangible assets under development	-	-	205.31	143.82
(g) Right of use assets	2,932.12	3,064.09	4,647.87	4,740.45
(h) Investment in associates and joint ventures	-	-	639.93	639.27
(i) Financial assets				
Investment in subsidiaries, associates and joint ventures	31,558.02	28,668.90	-	-
Investments	6,032.21	5,892.26	8,017.02	7,595.74
Loans	329.43	438.34	53.50	60.26
Trade receivables	-	82.19	14.35	97.91
Derivative instruments	356.30	696.82	416.51	827.40
Other financial assets	893.83	371.77	1,211.89	671.67
(j) Deferred tax assets (net)	-	-	1,725.37	1,651.64
(k) Income tax assets (net)	209.20	254.57	508.41	419.81
(l) Other assets	3,529.10	4,115.55	4,740.21	8,366.13
Sub total - Non-current assets	79,760.97	75,847.78	96,387.99	93,336.06
2 Current assets				
(a) Inventories	14,063.37	13,294.85	35,108.57	32,160.82
(b) Financial assets				
Investments	7,708.73	10,089.79	8,328.60	10,254.78
Trade receivables	37,308.74	36,181.75	28,047.68	31,671.51
Cash and cash equivalents	5,992.18	10,412.87	8,384.79	13,153.10
Other bank balances	371.96	126.29	3,192.58	3,746.12
Loans	1,194.53	1,036.86	210.70	201.33
Derivative instruments	821.92	1,139.55	821.94	1,148.23
Other financial assets	274.55	332.10	721.50	416.21
(c) Other assets	4,062.55	3,414.65	8,722.62	7,403.02
Sub total - Current assets	71,798.53	76,028.71	93,538.98	100,155.12
TOTAL - ASSETS	151,559.50	151,876.49	189,926.97	193,491.18
B EQUITY AND LIABILITIES				
1 Equity				
(a) Equity share capital	931.27	931.27	931.27	931.27
(b) Other equity	87,311.87	84,756.55	71,835.37	70,770.57
Equity attributable to equity holders of the parent	88,243.14	85,687.82	72,766.64	71,701.84
(c) Non controlling interest	-	-	(333.96)	(48.75)
Total Equity	88,243.14	85,687.82	72,432.68	71,653.09
2 Liabilities				
Non-current liabilities				
(a) Financial liabilities				
Borrowings	7,931.71	12,820.60	17,647.53	18,589.80
Lease liabilities	3,047.30	3,139.56	3,865.42	3,792.56
Derivative instruments	411.45	7.79	411.45	7.79
Other financial liabilities	23.07	117.69	158.47	253.09
(b) Provisions	555.16	537.85	1,821.98	1,806.84
(c) Deferred tax liabilities (net)	1,248.71	1,523.53	1,393.52	1,690.49
(d) Other liabilities	-	-	1,942.25	2,896.43
Sub total - Non-current liabilities	13,217.40	18,147.02	27,240.62	29,037.00
Current liabilities				
(a) Financial liabilities				
Borrowings	32,605.52	31,425.02	55,473.74	56,630.95
Lease liabilities	179.18	169.91	415.64	461.99
Trade payables				
Dues to micro enterprises and small enterprises	49.78	66.34	556.78	530.22
Dues to other than micro enterprises and small enterprises	13,636.20	12,804.82	21,809.88	22,091.00
Derivative Instruments	117.23	9.32	158.24	9.32
Other financial liabilities	635.21	834.26	1,743.81	1,814.41
(b) Other liabilities	1,015.77	1,378.30	7,629.59	9,154.05
(c) Provisions	1,309.94	982.11	1,783.45	1,500.11
(d) Current tax liabilities (net)	550.13	371.57	682.54	609.04
Sub total - Current liabilities	50,098.96	48,041.65	90,253.67	92,801.09
Total liabilities	63,316.36	66,188.67	117,494.29	121,838.09
TOTAL- EQUITY AND LIABILITIES	151,559.50	151,876.49	189,926.97	193,491.18

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BHARAT FORGE

STATEMENT OF UNAUDITED STANDALONE AND CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2024

NOTES TO FINANCIAL RESULTS (Contd..) :

2 Cash flow statements

(₹ in Million)

	Particulars	Standalone		Consolidated	
		Half year ended September 30, 2024 (Unaudited)	Half year ended September 30, 2023 (Unaudited)	Half year ended September 30, 2024 (Unaudited)	Half year ended September 30, 2023 (Unaudited)
I	**Operating activities**				
	Profit before tax (after exceptional items)	8,726.95	8,781.07	6,847.21	6,781.36
	Add/(Less): Share of profit of associates and joint ventures (net of tax)	-	-	1.00	30.45
		8,726.95	8,781.07	6,846.21	6,750.91
	Adjustments to reconcile profit before tax to net cash flows				
	Depreciation and amortisation expense	2,177.69	2,217.17	4,316.15	4,174.23
	Unrealised foreign exchange (gain)/loss MTM (net) etc.	477.95	(218.34)	203.69	(106.64)
	Interest income	(200.39)	(207.72)	(276.26)	(318.09)
	Liabilities/provisions no longer required written back	(24.07)	(0.74)	(41.96)	(39.87)
	Provision for doubtful debts and advances (includes expected credit loss) (net)	46.67	25.00	133.38	18.95
	Bad debts/advances written off	-	-	-	2.03
	Finance cost	1,336.90	1,431.48	2,335.26	2,388.30
	(Gain)/Loss on sale of property, plant and equipment (net)	16.29	(14.48)	30.04	(14.48)
	Dividend income from investments	(5.27)	(2.85)	(5.27)	(2.85)
	Net (gain) on sale of financial investments	(1,241.59)	(290.17)	(1,261.35)	(373.58)
	Net loss/ (gain) on fair valuation of financial instruments (FVTPL)	899.71	(172.90)	899.68	(171.84)
	(Gain) on sale of investment in joint venture	(135.35)	-	-	-
	Non cash exceptional items	1,456.64	-	1,517.65	-
	Share based payment expense	-	-	-	52.94
	Operating profit before working capital changes	13,532.13	11,547.52	14,697.22	12,360.01
	Working capital adjustments				
	(Increase) / decrease in trade receivables	(1,021.95)	(4,204.02)	3,635.80	(1,276.41)
	(Increase)/decrease in inventories	(768.52)	(1,371.15)	(3,161.87)	(1,976.35)
	(Increase)/decrease in other financial assets	166.77	874.48	(225.83)	493.59
	(Increase)/ decrease in other assets	(649.97)	481.80	(1,038.55)	(3,387.48)
	Increase/(decrease) in provisions	339.01	155.08	288.92	84.97
	Increase/(decrease) in trade payables	824.90	1,672.03	(228.68)	2,106.18
	Increase /(decrease) in other financial liabilities	(300.45)	(257.32)	114.36	(124.14)
	Increase/ (decrease) in other liabilities	(363.16)	205.69	(2,479.28)	(578.97)
	Cash generated from operations	11,758.76	9,104.11	11,602.09	7,701.40
	Income taxes paid (net of refunds)	(2,300.39)	(1,644.30)	(2,859.62)	(1,794.83)
	Net cash flow from operating activities	9,458.37	7,459.81	8,742.47	5,906.57
II	**Investing activities**				
	Purchase of property, plant and equipment and intangible assets (including capital work-in-progress, capital creditors and capital advances)	(3,105.21)	(1,189.44)	(8,194.03)	(4,446.38)
	Proceeds from sale of property, plant and equipment and intangible assets	4.25	33.34	416.71	564.00
	Investment in subsidiaries, associates and joint ventures	(5,264.90)	(1,332.50)	-	-
	Proceeds from sale of investment in joint ventures	1,054.50	-	-	-
	Payment made for acquisition of business	-	-	-	(533.08)
	Purchase of other investments	-	-	-	(630.92)
	Loans given to subsidiaries, associates and joint ventures		(25.80)	-	(169.70)
	Investments in mutual funds, bonds, fixed deposits and other deposits	(61,341.69)	(52,543.30)	(64,354.25)	(54,287.12)
	Proceeds from sale of financial instruments including fixed deposits	63,220.31	54,427.63	66,606.84	58,103.96
	Interest received	43.59	82.60	160.25	227.99
	Dividend received	5.27	2.85	5.27	2.85
	Net cash flows (used in) investing activities	(5,383.88)	(544.62)	(5,359.21)	(1,168.40)
III	**Financing activities**				
	Dividend paid on equity shares	(2,994.91)	(2,560.75)	(2,994.91)	(2,560.75)
	Interest paid on lease liabilities	(147.49)	(154.48)	(187.18)	(164.67)
	Interest paid on borrowing and other liabilities	(1,405.48)	(1,513.43)	(2,451.35)	(2,274.85)
	Payment of principal portion of lease liabilities	(83.21)	(73.88)	(245.32)	(363.73)
	Proceeds from borrowings including bill discounting (net of expenses)	42,548.16	35,909.86	49,966.77	40,521.81
	Repayment of borrowings including bill discounting	(46,500.25)	(37,115.78)	(52,448.90)	(37,794.60)
	Net cash flows (used in) financing activities	(8,583.18)	(5,508.46)	(8,360.89)	(2,636.79)
IV	**Net increase/(decrease) in cash and cash equivalents (I+II+III)**	(4,508.69)	1,406.73	(4,977.63)	2,101.38
V	**Net foreign exchange difference**	88.00	10.85	88.00	10.85
VI	**Cash and cash equivalents at the beginning of the year/period ***	10,412.87	3,977.16	13,153.10	5,087.13
VII	**Cash and cash equivalents at the end of the year/period (IV+V+VI) ***	5,992.18	5,394.74	8,263.47	7,199.36
VIII	**Foreign currency translation reserve movement**	-	-	121.32	111.68
IX	**Cash and cash equivalents at the end of the year/period * (VII+VIII+IX)**	5,992.18	5,394.74	8,384.79	7,311.04
	***Excluding earmarked balances (on unclaimed dividend and unspent CSR accounts)**				
	Cash and Cash equivalents for the purpose of cash flow statement				
	Bank balances				
	In cash credit and current accounts	5,991.72	2,493.86	8,252.21	4,309.31
	Deposits with original maturity of less than three months	-	2,900.00	130.17	2,999.28
	Cash on hand	0.46	0.88	2.41	2.45
	Total cash and cash equivalents	5,992.18	5,394.74	8,384.79	7,311.04

NOTES TO FINANCIAL RESULTS (Contd.):

3 **Consolidated segment wise revenue, results and capital employed for the quarter and half year ended September 30, 2024**

The Group's business is divided into three reporting segments which comprises of "Forgings", "Defence" and "Others", which represents the Group's businesses not covered in Forgings and Defence segment.

The "Forgings" segment produces and sells forged products comprising of forgings and machined components for automotive and industrial sectors and the "Defence" segment produces and sells products which have an application in defence related activities. Forged components used in Defence related activities are included as a part of the Forgings segment. "Others " primarily includes various initiatives which the Group is carrying out other than forging and defence related activities.

The Chief Operating Decision Maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment based on an analysis of various performance indicators. With the increased revenue of the group in defence related activities, the group now has defence as a separate segment and the information with respect to the same is provided to and reviewed by the CODM.

Consolidated Segment Revenue and Results (₹ in Million)

Sr. No.	Particulars	Quarter ended			Half year ended		Year ended
		September 30, 2024 (unaudited)	June 30, 2024 (unaudited)	September 30, 2023 (unaudited)	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)	March 31, 2024 (Audited)
1	**Segment revenue**						
	Revenues from external customers						
a	Forgings	30,864.73	33,779.01	34,023.38	64,643.74	68,938.12	137,178.98
b	Defence	5,089.32	6,417.00	3,056.20	11,506.32	5,651.72	15,605.54
c	Others	2,338.89	2,127.42	1,851.63	4,466.31	3,850.14	8,183.37
		38,292.94	**42,323.43**	**38,931.21**	**80,616.37**	**78,439.98**	**160,967.89**
	Less: Inter-segment revenue	1,407.86	1,261.97	1,189.34	2,669.83	1,925.42	4,147.18
	Revenue from operations	**36,885.08**	**41,061.46**	**37,741.87**	**77,946.54**	**76,514.56**	**156,820.71**
2	**Segment results**						
a	Forgings	4,318.02	5,099.37	4,596.71	9,417.39	9,007.95	18,426.17
b	Defence	628.82	859.76	207.26	1,488.58	529.17	1,824.64
c	Others	153.30	(22.34)	(151.37)	130.96	(317.95)	(716.04)
	Total segment profit before interest, tax and exceptional items from each reportable segment	**5,100.14**	**5,936.79**	**4,652.60**	**11,036.93**	**9,219.17**	**19,534.77**
	Less: Finance cost	1,098.12	1,237.14	1,243.31	2,335.26	2,388.30	4,911.67
	Less: Unallocable expenditure (net)	150.25	186.56	21.77	336.81	28.54	109.95
	Total profit before tax and exceptional items	**3,851.77**	**4,513.09**	**3,387.52**	**8,364.86**	**6,802.33**	**14,513.15**
	Add: Exceptional items (loss)/ gain						
a	Forgings	-	-	(20.97)	-	(20.97)	(20.97)
b	Defence	-	-	-	-	-	-
c	Others	-	(1,517.65)	-	(1,517.65)	-	(102.26)
		-	(1,517.65)	(20.97)	(1,517.65)	(20.97)	(123.23)
	Profit before tax	**3,851.77**	**2,995.44**	**3,366.55**	**6,847.21**	**6,781.36**	**14,389.92**

Statement of Consolidated Segment Assets, Liabilities and Capital Employed as at (₹ in Million)

Sr. No.	Particulars	September 30, 2024 (Unaudited)	June 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)	March 31, 2024 (Audited)
3	**Segment assets**				
a	Forgings	129,812.63	124,547.36	120,015.77	123,228.63
b	Defence	13,387.46	14,817.24	11,562.15	13,389.63
c	Others	11,699.32	13,641.75	14,131.15	13,804.29
d	Unallocable assets including unutilised funds	36,447.68	40,082.29	44,583.25	43,520.51
	Total	**191,347.09**	**193,088.64**	**190,292.32**	**193,943.06**
	(Less): Inter-segment assets	1,420.12	900.78	501.40	451.88
	Total assets	**189,926.97**	**192,187.86**	**189,790.92**	**193,491.18**
4	**Segment liabilities**				
a	Forgings	27,467.69	27,491.81	28,133.28	28,151.14
b	Defence	6,889.65	7,137.07	9,214.61	8,018.01
c	Others	2,700.43	2,487.41	2,897.87	2,372.27
d	Unallocable	3,884.62	4,517.28	4,710.66	4,256.14
	Total	**40,942.39**	**41,633.57**	**44,956.42**	**42,797.56**
	(Less): Inter-segment liabilities	1,420.12	900.78	501.40	451.88
	Total liabilities *	**39,522.27**	**40,732.79**	**44,455.02**	**42,345.68**
	Net capital employed	**150,404.70**	**151,455.07**	**145,335.90**	**151,145.50**

* Total liabilities exclude Borrowings, Lease liabilities, Derivative liabilities and Interest accrued but not due on borrowings and the same are considered as a part of Net capital employed.

NOTES TO FINANCIAL RESULTS (Contd.):

4 The above results have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their respective meetings held on November 14, 2024.

5 **Exceptional Items :**

Exceptional items in the standalone financial results for the quarter and half year ended September 30, 2024, includes profit of ₹ 135.35 million on transfer of investment in REFU Drive GmbH to Kalyani Powertrain Limited (KPTL). This has no impact on consolidated financial statements.

Kalyani Powertrain Limited (KPTL), a wholly owned subsidiary of the Company holds 64.29% equity shares of Tork Motors Pvt Ltd (TMPL) which is engaged in manufacturing of electric bikes, which is part of a separate cash generating unit (CGU) as defined by Ind AS 36. In light of recent developments in two-wheeler EV market and its adverse impact on TMPL operations, a provision for impairment of ₹ 1,517.65 million has been considered in consolidated financial statements of the Company. Consequently, the Company has recorded provision for impairment of ₹ 1,456.63 million for investment in KPTL in the standalone financial statements for the quarter ended June 30, 2024 and half year ended September 30, 2024.

6 **Notes pertaining to comparative financial results accounted in earlier periods:**

a Fair value adjustment (loss) for investment in Tevva Motors Limited, ₹ 2,794.23 million (Standalone financial results) and ₹ 2,936.58 million (Consolidated financial results) through other comprehensive income for year ended March 31, 2024.

b **Exceptional items include :**

i. Expenses in relation to Voluntary Retirement Scheme (VRS), declared by the Company for its employees in January 2023 (Standalone and Consolidated Financial results for the year ended March 31, 2024).

ii. Provision of ₹ 133.36 million towards impairment in value of investment in BF Infrastructure Limited (Standalone Financial results for year ended March 31, 2024)

iii. Provision for impairment of ₹ 102.25 million for the loan given to Tevva Motors Limited (Consolidated Financial results for year ended March 31, 2024).

7 On January 13, 2023, the Company declared a Voluntary Retirement Scheme (VRS) for its employees at Mundhwa Plant, which is extended upto December 31, 2024.

8 The Company has entered into a share purchase agreement ("SPA") for the acquisition of 100% shareholding in AAM India Manufacturing Corporation Private Limited ("AAMIMCPL"), a leading manufacturer of axles for light, medium and heavy commercial vehicles in India. The completion of acquisition shall be subject to fulfilment of conditions precedent and in accordance with the terms agreed upon in the SPA as well as the requisite regulatory approvals.

9 The Company has obtained board approval to transfer its stake of 39.43% held in TMJ Electric Vehicles Limited ("TMJ") to Bharat Forge International Limited ("BFIL"), the Company's wholly-owned subsidiary. The requisite formalities with respect to the above transaction have been completed and the transfer of stake by the Company to BFIL has been completed on October 10, 2024.

BHARAT FORGE LIMITED
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KALYANI

BHARAT FORGE

STATEMENT OF STANDALONE AND CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2024

NOTES TO FINANCIAL RESULTS (Contd.):

10 The consolidated financial results include results of all the subsidiaries, associates and joint ventures of Bharat Forge Limited and their step down subsidiaries, joint ventures and associates. The names, country of incorporation or residence and proportion of ownership interests are as under:

	Name of the company	Country of incorporation	Parent's ultimate holding as on September 30, 2024
A	Subsidiaries :		
	- Bharat Forge Global Holding GmbH and its wholly owned subsidiaries	Germany	100%
	i. Bharat Forge CDP GmbH and its wholly owned subsidiary	Germany	100% @
	- Bharat Forge Daun GmbH	Germany	100% @
	ii. Bharat Forge Holding GmbH and its wholly owned subsidiary	Germany	100% @
	- Bharat Forge Aluminiumtechnik GmbH	Germany	100% @
	iii. Mecanique Generale Langroise	France	100% @
	iv. Bharat Forge Kilsta AB	Sweden	100% @
	- Bharat Forge International Limited	U.K.	100%
	- Bharat Forge America Inc. and its wholly owned subsidiaries	U.S.A.	100%
	i. Bharat Forge PMT Technologie LLC	U.S.A.	100% @
	ii. Bharat Forge Tennessee INC.	U.S.A.	100% @
	iii. Bharat Forge Aluminium USA, INC.	U.S.A.	100% @
	- Indigenous IL Limited @@	Israel	Not Applicable
	- BF Infrastructure Limited and its subsidiaries	India	100%
	i. BFIL-CEC JV	India	74% @
	ii Ferrovia Transrail Solutions Private Limited	India	100% @
	- Kalyani Strategic Systems Limited and its subsidiaries	India	100%
	i. Kalyani Rafael Advanced Systems Private Limited	India	50% @
	ii. Kalyani Strategic Systems Australia Pty Limited #	Australia	100% @
	iii. Sagar Manas Technologies Limited	India	51% @
	iv. Zorya Mashproekt India Private Limited (w.e.f. January 24, 2024)	India	64.93% @
	- BF Elbit Advanced Systems Private Limited	India	51%
	- Eternus Performance Materials Private Limited	India	51%
	- Kalyani Centre for Precision Technology Limited	India	100%
	- Kalyani Powertrain Limited and its subsidiaries	India	100%
	i. Kalyani Mobility INC	U.S.A.	100% @
	ii. Tork Motors Private Limited and its wholly owned subsidiary	India	64.29% @
	- Lycan Electric Private Limited	India	64.29% @
	iii. Electroforge Limited	India	100% @
	- BF Industrial Solutions Limited and its wholly owned subsidiaries	India	100%
	i. BF Industrial Technology and Solutions Limited and its wholly owned subsidiary	India	100% @
	- Sanghvi Europe B.V.	Netherlands	100% @
	ii. JS Auto Cast Foundry India Private Limited	India	100% @
	- Kalyani Lightweighting Technology Solutions Limited	India	100%
B	Associates:		
	- Talbahn GmbH (not material for consolidation)	Germany	35% @
	- Aeron Systems Private Limited	India	37.14%@
	- Avaada MHVidarbha Private Limited	India	26.00%
C	Joint Venture Companies:		
	- BF-NTPC Energy Systems Limited (not consolidated)^^	India	51%
	- BF Premier Energy Systems Private Limited (struck- off w.e.f. November 25, 2023)	India	Not Applicable
	- Refu Drive GmbH (Refer note 5)	Germany	50%@
	i. Refu Drive India Pvt. Ltd. $	India	50%@

@ held through subsidiary, associate or Joint venture
$ 100% subsidiary of associates or joint venture
^^ Under liquidation
@@ No investment till date
# Deregistered with effect from May 26, 2024.
In case wholly owned subsidiaries, to comply with the minimum number of members requirement under the Companies Act 2013, nominal number of shares are held by employees/ directors.

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BHARAT FORGE

STATEMENT OF STANDALONE AND CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2024

NOTES TO FINANCIAL RESULTS (Contd.):

11. Additional Information pursuant to regulation 52(4) and regulation 54(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended for the quarter and half year ended September 30, 2024 for standalone unaudited results.

Sr. No.	Particulars	Quarter ended			Half year ended		Year ended
		September 30, 2024 (Unaudited)	June 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)	March 31, 2024 (Audited)
1	Operating Margin (%) (not annualised) Operating profit/ Revenue from operations	27.84%	27.86%	26.98%	27.85%	26.40%	27.63%
2	Net Profit Margin (%) (not annualised) Profit for the period / Revenue from operations	16.08%	11.52%	15.38%	13.75%	15.02%	15.89%
3	Interest Service Coverage Ratio (in times) (not annualised) EBITDA/Finance cost for the period	10.12	9.46	8.52	9.78	8.25	8.81
4	Debt Service Coverage Ratio (in times) Earning available for debt service/(Finance cost+ Scheduled principal repayment of long term borrowings during the period)	2.31	1.65	1.96	1.91	2.27	2.42
5	Bad Debts to Account Receivable Ratio (not annualised) Bad debts written off /Average trade receivable (*)	0.00	0.00	0.00	0.00	0.00	0.00
6	Debtors Turnover Ratio (in times) (not annualised) Revenue from operations /Average trade receivable	0.59	0.62	0.62	1.25	1.27	2.61
7	Inventory Turnover (in times) (not annualised) Cost of raw materials and components consumed+ Changes in inventories of finished goods, work in Progress, Dies and Scrap /Average inventory	0.68	0.75	0.73	1.38	1.44	2.95
8	Debt Equity Ratio (in times) Total Debt /Shareholders Equity	0.46	0.48	0.52	0.46	0.52	0.52
9	Current Ratio (in times) Current assets/Current liabilities	1.43	1.51	1.39	1.43	1.39	1.58
10	Current Liability Ratio (in times) Current liabilities/Total liabilities	0.79	0.76	0.79	0.79	0.79	0.73
11	Total Debt to Total Assets (in times) Total debt /Total assets	0.27	0.28	0.29	0.27	0.29	0.29
12	Long Term Debt to Working Capital (in times) Non current borrowings (including current maturities of long term loans /(Current assets - Current liabilities excluding current maturities of long term loans)	0.48	0.50	0.54	0.48	0.54	0.53
13	Net Worth (₹ million)	88,243.14	88,710.14	81,577.38	88,243.14	81,577.38	82,661.49
14	Debenture Redemption Reserve	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Definitions

a Operating Profit = Profit before tax + Depreciation and amortisation expense + Finance costs - Other income + Exceptional items
b EBITDA = Profit before tax + Depreciation and amortisation expense + Finance costs - Income from investments + Exceptional items
c Earning available for debt service= Profit for the period/year+ Depreciation and Amortisation expense + Finance Costs+ Exceptional items + (Gain)/Loss on sale of Property, plant and equipment (net)
d Average trade receivable = (Opening trade receivable + Closing trade receivable)/2
e Average inventory = (Opening inventory + Closing inventory)/2
f Total debt = Current and Non-current portion of long term borrowings + Short term borrowings
g Shareholders equity = Equity share capital + Other equity
h Net worth = Equity share capital + Other equity- Proposed dividend
(*) amount below rounding off norms

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STATEMENT OF STANDALONE AND CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2024

NOTES TO FINANCIAL RESULTS (Contd.):

12. Additional Information pursuant to regulation 52(4) and regulation 54(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended for the quarter and half year ended September 30, 2024 for consolidated unaudited results.

Sr. No.	Particulars	Quarter ended			Half year ended		Year ended
		September 30, 2024 (Unaudited)	June 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)	September 30, 2024 (Unaudited)	September 30, 2023 (Unaudited)	March 31, 2024 (Audited)
1	Operating Margin (%) (not annualised) Operating profit/ Revenue from operations	17.53 %	18.06%	16.48%	17.81 %	15.94%	16.35%
2	Net Profit Margin (%) (not annualised) Profit for the period / Revenue from operations	6.60 %	4.25%	5.69%	5.36 %	5.60%	5.80%
3	Interest Service Coverage Ratio (in times) (not annualised) EBITDA/Finance cost for the period	5.80	6.09	4.82	5.75	4.99	4.86
4	Debt Service Coverage Ratio (in times) Earning available for debt service/(Finance cost+ Scheduled principal repayment of long term borrowings during the period)	1.13	1.50	1.58	1.29	1.80	1.70
5	Bad Debts to Account Receivable Ratio (not annualised) Bad debts written off /Average trade receivable (*)	0.00	0.00	0.00	0.00	0.00	0.00
6	Debtors Turnover Ratio (in times) (not annualised) Revenue from operations /Average trade receivable	1.22	1.28	1.16	2.61	2.43	5.00
7	Inventory Turnover (in times) (not annualised) Cost of raw materials and components consumed+ Changes in inventories of finished goods, work in Progress, Dies and Scrap /Average inventory	0.47	0.58	0.55	1.01	1.13	2.33
8	Debt Equity Ratio (in times) Total debt /Shareholders equity	1.00	0.99	1.01	1.00	1.01	1.05
9	Current Ratio (in times) Current assets/Current liabilities	1.04	1.05	1.02	1.04	1.02	1.08
10	Current Liability Ratio (in times) Current liabilities/Total liabilities	0.77	0.79	0.80	0.77	0.80	0.76
11	Total Debt to Total Assets (in times) Total debt /Total assets	0.38	0.38	0.37	0.38	0.37	0.39
12	Long Term Debt to Working Capital (in times) Non current borrowings (including current maturities of long term loans /(Current assets - Current liabilities excluding current maturities of long term loans)	2.50	2.25	2.27	2.50	2.27	1.84
13	Net Worth (₹ million)	72,766.64	74,080.29	70,123.71	72,766.64	70,123.71	68,675.08
14	Debenture Redemption Reserve	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Definitions

a Operating Profit = Profit before tax + Depreciation, amortisation and impairment expense + Finance costs - Other income + Exceptional items

b EBITDA = Profit before tax + Depreciation, amortisation and impairment expense + Finance costs - Income from investments + Exceptional items

c Earning available for debt service= Profit for the period/year+ Depreciation, amortisation and impairment expense + Finance Costs+ Exceptional items + (Gain)/Loss on sale of Property, plant and equipment (net)

d Average trade receivable = (Opening trade receivable + Closing trade receivable)/2

e Average inventory = (Opening inventory + Closing inventory)/2

f Total debt = Current and Non-current portion of long term borrowings + Short term borrowings

g Shareholders equity = Equity share capital + Other equity

h Net worth = Equity share capital + Other equity- Proposed dividend

(*) amount below rounding off norms

For BHARAT FORGE LIMITED

(B.N. KALYANI)
CHAIRMAN AND MANAGING DIRECTOR
DIN:00089380

Place : Pune
Dated : November 14, 2024

B S R & Co. LLP
Chartered Accountants

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Limited Review Report on unaudited consolidated financial results of Bharat Forge Limited for the quarter ended 30 September 2023 and year to date results for the period from 01 April 2023 to 30 September 2023 pursuant to Regulation 33 and Regulation 52(4) read with Regulation 63 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To the Board of Directors of Bharat Forge Limited

1. We have reviewed the accompanying Statement of unaudited consolidated financial results of Bharat Forge Limited (hereinafter referred to as "the Parent"), and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") and its share of the net profit after tax and total comprehensive income of its associates and joint ventures for the quarter ended 30 September 2023 and year to date results for the period from 01 April 2023 to 30 September 2023 ("the Statement"), being submitted by the Parent pursuant to the requirements of Regulation 33 and Regulation 52(4) read with Regulation 63 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

2. This Statement, which is the responsibility of the Parent's management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "*Interim Financial Reporting*" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 and Regulation 52(4) read with Regulation 63 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*, issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the circular issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.

4. The Statement includes the results of the entities mentioned in Annexure I to the Statement.

5. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 and Regulation 52(4) read with Regulation 63 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

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6. We did not review the interim financial results of 14 subsidiaries included in the Statement, whose interim financial results reflect total assets (before consolidation adjustments) of Rs. 62,510 millions as at 30 September 2023 and total revenues (before consolidation adjustments) of Rs. 15,691 millions and Rs. 32,389 millions, total net loss after tax (net) (before consolidation adjustments) of Rs. 1,250 millions and Rs. 2,448 millions and total comprehensive loss (net) (before consolidation adjustments) of Rs. 1,220 millions and Rs. 2,457 millions, for the quarter ended 30 September 2023 and for the period from 01 April 2023 to 30 September 2023 respectively, and cash inflows (net) (before consolidation adjustments) of Rs. 635 millions for the period from 01 April 2023 to 30 September 2023. as considered in the Statement. These interim financial results have been reviewed by other auditors whose reports have been furnished to us by the Parent's management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

   Our conclusion is not modified in respect of this matter.

7. The Statement includes the financial results of 18 subsidiaries which have not been reviewed, whose financial results reflect total assets (before consolidation adjustments) of Rs. 12,876 millions as at 30 September 2023 and total revenues (before consolidation adjustments) of Rs. 1,083 millions and Rs. 1,885 millions, total net profit / (loss) after tax (net) (before consolidation adjustments) of Rs. 28 millions and Rs. (104) millions and total comprehensive income (net) (before consolidation adjustments) of Rs. 431 millions and Rs. 298 millions, for the quarter ended 30 September 2023 and for the period from 01 April 2023 to 30 September 2023 respectively, and cash inflows (net) (before consolidation adjustments) of Rs. 107 millions for the period from 01 April 2023 to 30 September 2023. as considered in the Statement. The Statement also includes the Group's share of net profit after tax of Rs. 5 millions and Rs. 30 millions and total comprehensive income of Rs. 5 millions and Rs. 31 millions, for the quarter ended 30 September 2023 and for the period from 01 April 2023 to 30 September 2023 respectively as considered in the Statement, in respect of 3 associates and 4 joint ventures, based on their interim financial results which have not been reviewed. According to the information and explanations given to us by the Parent's management, these interim financial results are not material to the Group.

   Our conclusion is not modified in respect of this matter.

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

Shiraz Vastani
Partner
Membership No.: 103334
UDIN:23103334BGYMSW4476

Pune
06 November 2023

Annexure I

List of entities included in unaudited consolidated financial results of Bharat Forge Limited ('BFL'):

Sr. No	Name of component	Relationship
1	Bharat Forge Global Holding GmbH ('BFGH')	Subsidiary of BFL
2	Bharat Forge Holding GmbH ('BFH')	Subsidiary of BFGH
3	Bharat Forge Aluminiumtechnik GmbH	Subsidiary of BFH
4	Bharat Forge Kilsta AB	Subsidiary of BFGH
5	Bharat Forge CDP GmbH ('CDP')	Subsidiary of BFGH
6	Bharat Forge Daun GmbH	Subsidiary of CDP
7	Mecanique Generale Langroise	Subsidiary of BFGH
8	Bharat Forge International Limited	Subsidiary of BFL
9	Bharat Forge America Inc. ('BFA')	Subsidiary of BFL
10	Bharat Forge PMT Technologie LLC	Subsidiary of BFA
11	Bharat Forge Tennessee Inc.	Subsidiary of BFA
12	Bharat Forge Aluminium USA, Inc.	Subsidiary of BFA
13	BF Infrastructure Limited ('BF Infra')	Subsidiary of BFL
14	BFIL - CEC JV	Subsidiary of BF Infra
15	Ferrovia Transrail Solutions Private Limited	Subsidiary of BF Infra
16	Kalyani Centre for Precision Technology Limited	Subsidiary of BFL
17	Kalyani Strategic Systems Limited ('KSSL')	Subsidiary of BFL
18	Kalyani Rafael Advanced Systems Private Limited	Subsidiary of KSSL
19	Kalyani Strategic Systems Australia Pty Limited	Subsidiary of KSSL
20	Sagar Manas Technologies Limited	Subsidiary of KSSL

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21	BF Elbit Advanced Systems Private Limited	Subsidiary of BFL
22	Kalyani Powertrain Limited ('KPTL')	Subsidiary of BFL
23	Kalyani Mobility Inc.	Subsidiary of KPTL
24	Tork Motors Private Limited ('Tork')	Subsidiary of KPTL
25	Lycan Electric Private Limited	Subsidiary of Tork
26	Electroforge Limited	Subsidiary of KPTL
27	Eternus Performance Materials Private Limited	Subsidiary of BFL
28	BF Industrial Solutions Limited ('BFISL')	Subsidiary of BFL
29	BF Industrial Technology & Solutions Limited ('BFITSL')	Subsidiary of BFISL
30	Sanghvi Europe B.V.	Subsidiary of BFITSL
31	JS Auto Cast Foundry India Private Limited	Subsidiary of BFISL
32	Kalyani Lightweighting Technology Solutions Limited	Subsidiary of BFL
33	Indigenous IL Limited	Subsidiary of BFL
34	Talbahn GmbH	Associate
35	Aeron Systems Private Limited	Associate
36	Avaada MHVidarbha Private Limited	Associate
37	BF Premier Energy Systems Private Limited	Joint Venture
38	BF NTPC Energy Systems Limited	Joint Venture
39	Refu Drive GmbH ('Refu')	Joint Venture
40	Refu Drive India Private Limited	Subsidiary of Refu

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BHARAT FORGE

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2023

(₹ in Million)

Sr. No.	Particulars	Quarter ended			Half year ended		Year ended
		September 30, 2023 (Unaudited)	June 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)	March 31, 2023 (Audited)
1	Income						
	a) Revenue from operations	22,493.86	21,272.85	18,639.37	43,766.71	36,233.27	75,727.12
	b) Other income	423.75	472.29	477.35	896.04	736.72	1,504.96
	Total income	22,917.61	21,745.14	19,116.72	44,662.75	36,969.99	77,232.08
2	Expenses						
	a) Cost of raw materials and components consumed	10,499.92	9,364.99	8,868.74	19,864.91	16,684.75	33,506.59
	b) Changes in inventories of finished goods, work-in-progress, dies and scrap	(755.89)	54.51	(587.27)	(701.38)	(1,131.12)	(673.13)
	c) Employee benefits expense	1,506.37	1,493.82	1,351.28	3,000.19	2,707.82	5,430.06
	d) Finance costs	726.30	705.18	357.40	1,431.48	620.80	2,126.89
	e) Depreciation and amortisation expense	1,128.45	1,088.72	1,065.50	2,217.17	2,129.86	4,259.57
	f) Other expenses (see note 6)	5,175.49	4,872.85	4,476.53	10,048.34	9,090.92	18,352.50
	Total expenses (a to f)	18,280.64	17,580.07	15,532.18	35,860.71	30,103.03	63,002.48
3	Profit before exceptional items and tax (1-2)	4,636.97	4,165.07	3,584.54	8,802.04	6,866.96	14,229.60
4	Exceptional items (loss)/ gain (see note 5 and 7)	(20.97)	-	(6.04)	(20.97)	(36.53)	(402.13)
5	Profit before tax (3+4)	4,616.00	4,165.07	3,578.50	8,781.07	6,830.43	13,827.47
6	Income tax expense						
	a) Current tax	1,215.01	1,114.82	929.15	2,329.83	1,812.92	3,759.26
	b) Deferred tax	(58.88)	(64.79)	(31.81)	(123.67)	(100.23)	(386.53)
	Income tax expense	1,156.13	1,050.03	897.34	2,206.16	1,712.69	3,372.73
7	Profit for the period/year (5-6)	3,459.87	3,115.04	2,681.16	6,574.91	5,117.74	10,454.74
8	Other comprehensive income						
	a) Other comprehensive income/(loss) not to be reclassified to profit and loss in subsequent period	134.81	171.56	62.34	306.37	(32.59)	304.38
	- Tax effect	(18.19)	5.22	(3.25)	(12.97)	5.06	(27.04)
	b) Other comprehensive income/(loss) to be reclassified to profit and loss in subsequent period	(447.45)	808.02	(236.90)	360.57	(925.81)	(2,098.99)
	- Tax effect	112.61	(203.36)	59.62	(90.75)	233.00	528.27
	Other comprehensive income/(loss) (Net of tax)	(218.22)	781.44	(118.19)	563.22	(720.34)	(1,293.38)
9	Total comprehensive income (7+8)	3,241.65	3,896.48	2,562.97	7,138.13	4,397.40	9,161.36
10	Earnings per share						
	- Basic and diluted (in ₹) (not annualised)	7.43	6.69	5.76	14.12	10.99	22.45
11	Equity share capital (Face value ₹ 2/- each)	931.27	931.27	931.27	931.27	931.27	931.27
12	Other equity						76,068.72

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BHARAT FORGE

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2023

(₹ in Million)

Sr. No.	Particulars	Quarter ended			Half year ended		Year ended
		September 30, 2023 (Unaudited)	June 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)	March 31, 2023 (Audited)
1	Income						
	a) Revenue from operations	37,741.87	38,772.69	30,763.85	76,514.56	59,278.49	1,29,102.59
	b) Other income	524.85	641.56	458.87	1,166.41	784.66	1,728.57
	Total income (a to b)	38,266.72	39,414.25	31,222.72	77,680.97	60,063.15	1,30,831.16
2	Expenses						
	a) Cost of raw materials and components consumed	18,197.06	17,849.19	14,459.63	36,046.25	27,897.89	60,649.93
	b) Purchase of traded goods	515.67	352.65	241.74	868.32	657.68	1,664.03
	c) Changes in inventories of finished goods, traded goods work-in-progress, dies and scrap	(1,070.58)	578.65	(1,089.83)	(491.93)	(2,469.85)	(2,700.43)
	d) Employee benefits expense	4,627.23	4,725.95	4,006.45	9,353.18	7,719.92	15,631.00
	e) Finance costs	1,243.31	1,144.99	525.65	2,388.30	921.03	2,986.20
	f) Depreciation, amortisation and impairment expense	2,113.33	2,060.90	1,881.08	4,174.23	3,688.61	7,355.86
	g) Other expenses (see note 6)	9,258.24	9,312.50	8,826.01	18,570.74	16,874.90	36,182.83
	Total expenses (a to g)	34,884.26	36,024.83	28,850.73	70,909.09	55,290.18	1,21,769.42
3	Profit before share of profit/ (loss) of associates, joint ventures, exceptional items and tax (1-2)	3,382.46	3,389.42	2,371.99	6,771.88	4,772.97	9,061.74
4	Share of profit/ (loss) of associates and joint ventures	7.83	30.59	(2.57)	38.42	(26.76)	(333.48)
	Income tax expense	2.77	5.20	(0.03)	7.97	0.44	0.90
	Share of profit/ (loss) of associates and joint ventures after tax	5.06	25.39	(2.54)	30.45	(27.20)	(334.38)
5	Profit before exceptional items and tax (3+4)	3,387.52	3,414.81	2,369.45	6,802.33	4,745.77	8,727.36
6	Exceptional items (loss)/ gain (see note 5 and 7)	(20.97)	-	(21.66)	(20.97)	(52.15)	(457.91)
7	Profit before tax (5+6)	3,366.55	3,414.81	2,347.79	6,781.36	4,693.62	8,269.45
8	Income tax expense						
	a) Current tax	1,346.61	1,252.91	985.95	2,599.52	1,903.36	3,951.57
	b) Deferred tax	(128.71)	24.60	(53.72)	(104.11)	(229.00)	(765.99)
	Income tax expense (a to b)	1,217.90	1,277.51	932.23	2,495.41	1,674.36	3,185.58
9	Profit for the period/year (7-8)	2,148.65	2,137.30	1,415.56	4,285.95	3,019.26	5,083.87
10	Other comprehensive income						
	a) Other comprehensive income/(loss) not to be reclassified to profit and loss in subsequent period	566.65	114.54	350.72	681.19	185.98	600.34
	- Tax effect	(27.85)	23.58	(92.40)	(4.27)	(62.70)	(121.04)
	b) Other comprehensive income/(loss) to be reclassified to profit and loss in subsequent period	(322.81)	806.96	(529.14)	484.15	(1,021.55)	(1,706.11)
	- Tax effect	112.61	(203.36)	59.63	(90.75)	233.01	529.43
	Other comprehensive income/(loss) (Net of tax)	328.60	741.72	(211.19)	1,070.32	(665.26)	(697.38)
11	Total comprehensive income/ (loss) (9+10)	2,477.25	2,879.02	1,204.37	5,356.27	2,354.00	4,386.49
12	Total comprehensive income/ (loss) above attributable to:						
	- Owners of the parent	2,600.88	2,975.81	1,247.94	5,576.69	2,438.39	4,586.54
	- Non-controlling interest	(123.63)	(96.79)	(43.57)	(220.42)	(84.39)	(200.05)
13	Of the total comprehensive income/(loss) above, profit for the period/year attributable to:						
	- Owners of the parent	2,272.25	2,234.04	1,459.15	4,506.29	3,103.66	5,283.64
	- Non-controlling interest	(123.60)	(96.74)	(43.59)	(220.34)	(84.40)	(199.77)
14	Of the total comprehensive income/(loss) above, Other comprehensive income/(loss) for the year attributable to:						
	- Owners of the parent	328.63	741.77	(211.21)	1,070.40	(665.27)	(697.10)
	- Non-controlling interest	(0.03)	(0.05)	0.02	(0.08)	0.01	(0.28)
15	Earnings per share Basic and diluted (not annualised) (in ₹)	4.88	4.80	3.13	9.68	6.66	11.35
16	Equity share capital (Face value ₹ 2/- each)	931.27	931.27	931.27	931.27	931.27	931.27
17	Other equity						66,123.99

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BHARAT FORGE

STATEMENT OF UNAUDITED STANDALONE AND CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2023

NOTES TO FINANCIAL RESULTS

1 Balance sheet

(₹in Million)

Particulars	Standalone		Consolidated	
	September 30, 2023 (unaudited)	March 31, 2023 (Audited)	September 30, 2023 (unaudited)	March 31, 2023 (Audited)
A. ASSETS				
1 Non-current assets				
(a) Property, plant and equipment	28,689.34	28,996.01	53,798.70	52,723.01
(b) Capital work-in-progress	3,153.76	3,032.30	7,157.52	6,963.86
(c) Investment property	2.89	2.89	2.89	2.89
(d) Goodwill	-	-	2,949.67	2,954.72
(e) Other Intangible assets	38.21	52.63	732.15	816.46
(f) Right of use assets	3,196.37	3,328.35	4,845.01	5,112.02
(g) Intangible assets under development	-	-	61.48	47.75
(h) Investment in associates and joint ventures	-	-	617.12	586.52
(i) Financial assets				
Investment in subsidiaries, associates and joint ventures	23,606.50	21,161.16	-	-
Investments	11,722.82	14,102.82	13,254.48	14,601.13
Loans	451.82	1,316.98	59.96	56.78
Trade receivables	118.13	113.25	118.13	113.25
Derivative instruments	884.88	646.49	1,083.86	822.17
Other financial assets	354.83	357.21	561.59	570.14
(j) Deferred tax assets (net)	-	-	1,519.71	1,495.30
(k) Income tax assets (net)	201.35	705.42	178.88	802.48
(l) Other assets	2,549.46	4,265.99	5,862.84	6,153.21
Sub total - Non-current assets	74,970.36	78,081.50	92,803.99	93,821.69
2 Current assets				
(a) Inventories	14,009.58	12,638.43	33,281.36	31,262.54
(b) Financial assets				
Investments	8,828.10	7,526.97	9,803.82	10,500.56
Trade receivables	36,405.38	32,433.66	31,926.42	30,874.57
Cash and cash equivalents	5,394.74	3,977.16	7,311.04	5,087.13
Other bank balances	75.00	46.56	5,484.46	5,308.06
Loans	48.55	225.78	296.01	127.02
Derivative instruments	1,243.93	1,325.53	1,243.94	1,325.53
Other financial assets	1,500.39	2,342.21	287.56	734.07
(c) Other assets	4,102.53	3,343.22	7,352.30	4,800.70
Sub total - Current assets	71,608.20	63,859.52	96,986.91	90,020.18
TOTAL - ASSETS	1,46,578.56	1,41,941.02	1,89,790.90	1,83,841.87
B EQUITY AND LIABILITIES				
1 Equity				
(a) Equity share capital	931.27	931.27	931.27	931.27
(b) Other equity	80,646.11	76,068.72	69,192.44	66,123.99
Equity attributable to equity holders of the parent	81,577.38	76,999.99	70,123.71	67,055.26
(c) Non controlling interest	-	-	140.29	360.72
Total Equity	81,577.38	76,999.99	70,264.00	67,415.98
2 Liabilities				
Non-current liabilities				
(a) Financial liabilities				
Borrowings	7,814.79	12,031.78	13,687.96	17,512.72
Lease liabilities	3,226.47	3,309.21	3,975.66	4,161.77
Derivative instruments	12.48	146.08	12.48	146.08
Other financial liabilities	220.59	391.09	220.59	391.09
(b) Provisions	329.64	220.27	1,511.27	1,411.73
(c) Deferred tax liabilities (net)	1,980.18	2,000.12	2,168.70	2,153.27
(d) Other liabilities	-	-	2,463.62	7,880.66
Sub total - Non-current liabilities	13,584.15	18,098.55	24,040.28	33,657.32
Current liabilities				
(a) Financial liabilities				
Borrowings	34,683.14	32,324.47	57,063.03	51,010.61
Lease liabilities	160.12	151.26	310.37	447.27
Trade payables				
Dues to micro enterprises and small enterprises	152.04	63.70	461.92	493.46
Dues to other than micro enterprises and small enterprises	13,612.47	12,063.04	23,079.93	21,019.94
Derivative Instruments	29.49	41.80	22.38	46.38
Other financial liabilities	796.67	626.09	1,588.61	1,799.44
(b) Other liabilities	1,010.13	804.44	11,402.05	6,563.98
(c) Provisions	494.03	470.20	891.07	901.32
(d) Current tax liabilities (net)	478.94	297.48	667.26	486.17
Sub total - Current liabilities	51,417.03	46,842.48	95,486.62	82,768.57
Total liabilities	65,001.18	64,941.03	1,19,526.90	1,16,425.89
TOTAL- EQUITY AND LIABILITIES	1,46,578.56	1,41,941.02	1,89,790.90	1,83,841.87

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BHARAT FORGE

STATEMENT OF UNAUDITED STANDALONE AND CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2023

NOTES TO FINANCIAL RESULTS (Contd..) :

2 Cash flow statements

(₹ In Million)

	Particulars	Standalone		Consolidated	
		Half year ended September 30, 2023 (Unaudited)	Half year ended September 30, 2022 (Unaudited)	Half year ended September 30, 2023 (Unaudited)	Half year ended September 30, 2022 (Unaudited)
I	**Operating activities**				
	Profit before tax (after exceptional items)	8,781.07	6,830.43	6,781.36	4,693.62
	Add/(Less): Share of (loss)/profit of associates and joint ventures (net of tax)	-	-	30.45	(27.20)
		8,781.07	6,830.43	6,750.91	4,720.82
	Adjustments to reconcile profit before tax to net cash flows				
	Depreciation and amortisation expense	2,217.17	2,129.86	4,174.23	3,688.61
	Unrealised foreign exchange (gain)/loss MTM (net) etc.	(218.34)	419.00	(106.64)	857.62
	Interest income	(207.72)	(209.12)	(318.09)	(88.96)
	Liabilities/provisions no longer required written back	(0.74)	(3.21)	(39.87)	(2.81)
	Provision for doubtful debts and advances (includes expected credit loss) (net)	25.00	25.00	18.95	21.90
	Bad debts/advances written off	-	3.58	2.03	3.58
	Finance cost	1,431.48	620.80	2,388.30	921.03
	(Gain) on sale of property, plant and equipment (net)	(14.48)	(15.49)	(14.48)	(15.62)
	Dividend income from investments	(2.85)	(2.97)	(2.85)	(2.97)
	Net loss/ (gain) on sale of financial investments	(290.17)	(818.50)	(373.58)	(820.38)
	Net loss/ (gain) on fair valuation of financial instruments (FVTPL)	(172.90)	463.54	(171.84)	470.54
	Non cash exceptional items	-	15.48	-	15.48
	Share based payment expense	-	-	52.94	-
	Operating profit before working capital changes	11,547.52	9,458.40	12,360.01	9,768.84
	Working capital adjustments				
	(Increase) / decrease in trade receivables	(4,204.02)	(3,619.78)	(1,276.41)	(1,867.61)
	(Increase)/decrease in inventories	(1,371.15)	(1,579.49)	(1,976.35)	(3,242.20)
	(Increase)/decrease in other financial assets	874.48	(998.28)	493.59	10.39
	(Increase)/ decrease in other assets	481.80	(758.15)	(3,387.48)	(1,937.22)
	(Decrease)/increase in provisions	155.08	13.36	84.97	(320.52)
	Increase/(decrease) in trade payables	1,672.03	1,360.78	2,106.18	1,987.64
	Increase /(decrease) in other financial liabilities	(257.32)	(219.52)	(124.14)	(197.04)
	Increase/ (decrease) in other liabilities	205.69	(99.87)	(578.97)	(398.77)
	Cash generated from operations	9,104.11	3,557.45	7,701.40	3,803.51
	Income taxes paid (net of refunds)	(1,644.30)	(1,693.69)	(1,794.83)	(1,887.44)
	Net cash flow from operating activities	7,459.81	1,863.76	5,906.57	1,916.07
II	**Investing activities**				
	Purchase of property, plant and equipment and intangible assets (including capital work-in-progress, capital creditors and capital advances)	(1,189.44)	(1,272.30)	(4,446.38)	(4,817.92)
	Proceeds from sale of property, plant and equipment and intangible assets	33.34	59.83	564.00	59.90
	Investment in subsidiaries, associates and joint ventures	(1,332.50)	(3,764.31)	-	(114.66)
	Acquisition of subsidiary, net of cash acquired	-	-	-	(3,357.31)
	Payment made for acquisition of business	-	-	(533.08)	-
	Purchase of other Investment	-	-	(630.92)	-
	Loans given to subsidiaries, associates and joint ventures	(25.80)	(3,270.55)	(169.70)	-
	Proceeds from loans given to subsidiaries, associates and joint ventures	-	5.50	-	1.83
	Loans given to employees	-	(24.75)	-	(147.08)
	Repayment of loans given to employees	-	31.86	-	54.86
	Investments in mutual funds, bonds, fixed deposits and other deposits	(52,543.30)	(49,589.99)	(54,287.12)	(49,586.33)
	Proceeds from sale of financial instruments including fixed deposits	54,427.63	55,742.75	58,103.96	55,940.00
	Interest received	82.60	116.22	227.99	67.04
	Dividend received	2.85	2.97	2.85	2.97
	Net cash flows (used in) investing activities	(544.62)	(1,962.77)	(1,168.40)	(1,896.70)
III	**Financing activities**				
	Dividend paid on equity shares	(2,560.75)	(2,566.62)	(2,560.75)	(2,566.62)
	Interest paid on lease liability	(154.48)	-	(164.67)	-
	Interest paid on borrowing and other liabilities	(1,513.43)	(672.81)	(2,274.85)	(797.04)
	Payment of principal portion of lease liabilities	(73.88)	(146.79)	(363.73)	(241.11)
	Proceeds from borrowings including bill discounting (net of expenses)	35,909.86	36,546.29	40,521.81	37,682.14
	Repayment of borrowings including bill discounting	(37,115.78)	(33,323.53)	(37,794.60)	(34,556.24)
	Net cash flows (used in) financing activities	(5,508.46)	(163.46)	(2,636.79)	(478.87)
IV	**Net Increase/(decrease) in cash and cash equivalents (I+II+III)**	1,406.73	(262.47)	2,101.38	(459.50)
V	**Net foreign exchange difference**	10.85	103.57	10.85	103.57
VI	**Cash and cash equivalents at the beginning of the year/period ***	3,977.16	3,777.68	5,087.13	5,584.24
VII	**Cash and cash equivalents at the end of the year/period (IV+V+VI) ***	5,394.74	3,618.78	7,199.36	5,228.31
VIII	**Foreign currency translation reserve movement**	-	-	111.68	(95.74)
IX	**Cash and cash equivalents on acquisition of subsidiary**	-	-	-	29.19
X	**Cash and cash equivalents at the end of the year/period * (VII+VIII+IX)**	5,394.74	3,618.78	7,311.04	5,161.76
	***Excluding earmarked balances (on unclaimed dividend and unspent CSR accounts)**				
	Cash and Cash equivalents for the purpose of cash flow statement				
	Bank balances				
	In cash credit and current accounts	2,493.86	3,618.07	4,309.31	4,770.96
	Deposits with original maturity of less than three months	2,900.00	-	2,999.28	27.12
	Cash on hand	0.88	0.71	2.45	363.68
	Total cash and cash equivalents	5,394.74	3,618.78	7,311.04	5,161.76

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STATEMENT OF UNAUDITED STANDALONE AND CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30,2023

NOTES TO FINANCIAL RESULTS (Contd.):

3 **Consolidated segment wise revenue, results and capital employed as at and for the period ended September 30, 2023**

The Group's business is divided into two reporting segments which comprises of "Forgings" and "Others", which represents the Group's businesses not covered in Forgings segment. The Chief Operating Decision Maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment based on an analysis of various performance indicators.

The "Forgings" segment produces and sells forged products comprising of forgings and machined components for automotive and industrial sectors. "Others " primarily includes various new initiatives which the Group is carrying out other than forging related activities.

Consolidated Segment Revenue and Results (₹ in Million)

Sr. No.	Particulars	Quarter ended			Half year ended		Year ended
		September 30, 2023 (Unaudited)	June 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)	March 31, 2023 (Audited)
1	**Segment revenue**						
	Revenues from external customers						
a	Forgings	33,758.83	34,824.21	28,347.49	68,583.04	56,305.17	1,19,780.42
b	Others	5,032.18	4,652.07	2,673.41	9,684.25	3,380.44	10,414.24
		38,791.01	**39,476.28**	**31,020.90**	**78,267.29**	**59,685.61**	**1,30,194.66**
	Less: Inter segment revenue	1,049.14	703.59	51.25	1,752.73	53.06	316.43
	Total	**37,741.87**	**38,772.69**	30,969.65	**76,514.56**	59,632.55	**1,29,878.23**
	Adjustments and eliminations #	-	-	(205.80)	-	(354.06)	(775.64)
	Revenue from operations	37,741.87	38,772.69	30,763.85	76,514.56	59,278.49	1,29,102.59
2	**Segment results**						
a	Forgings	3,985.28	4,222.85	3,122.77	8,208.13	6,360.34	12,207.44
b	Others	667.31	343.72	101.15	1,011.03	(12.84)	449.78
	Total segment profit before interest, tax and exceptional items from each reportable segment	4,652.59	4,566.57	**3,223.92**	**9,219.16**	6,347.50	12,657.22
	Less: Finance cost	1,243.31	1,144.99	525.65	2,388.30	921.03	2,986.20
	Less: Unallocable expenditure (net)	21.76	6.77	328.82	28.53	680.70	943.66
	Total profit before tax and exceptional items	**3,387.52**	**3,414.81**	2,369.45	6,802.33	**4,745.77**	8,727.36
	Add: Exceptional items (loss)/ gain						
	Forgings	(20.97)	-	(21.66)	(20.97)	(52.15)	(457.91)
	Profit before tax	3,366.55	3,414.81	2,347.79	6,781.36	4,693.62	8,269.45

Statement of Consolidated Segment Assets, Liabilities and Capital Employed (₹ in Million)

Sr. No.	Particulars	September 30, 2023 (Unaudited)	June 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)	March 31, 2023 (Audited)
3	Segment assets				
a	Forgings	1,20,867.58	1,23,896.70	1,19,940.35	1,21,293.14
b	Others	24,841.48	19,879.48	13,915.94	19,000.56
c	Unallocable assets including unutilised funds	44,583.26	45,847.58	31,482.52	44,532.84
	Total	**1,90,292.32**	**1,89,623.76**	**1,65,338.81**	**1,84,826.54**
	(Less): Inter-segment assets	501.40	-	-	-
	Total	**1,89,790.92**	**1,89,623.76**	**1,65,338.81**	**1,84,826.54**
	Adjustments and eliminations #	-	-	(1,390.64)	(984.67)
	Total assets	1,89,790.92	1,89,623.76	1,63,948.17	1,83,841.87
4	**Segment liabilities**				
a	Forgings	28,133.28	27,532.91	23,522.92	27,229.23
b	Others	12,112.48	12,003.77	3,315.16	11,857.52
c	Unallocable	4,710.66	5,069.81	6,897.16	4,868.38
	Total	**44,956.42**	**44,606.49**	**33,735.24**	**43,955.13**
	(Less): Inter-segment liabilities	501.40	-	-	-
	Total	**44,455.02**	**44,606.49**	**33,735.24**	**43,955.13**
	Adjustments and eliminations #	-	-	(962.10)	(853.60)
	Total liabilities *	44,455.02	44,606.49	32,773.14	43,101.53
	Net capital employed	1,45,335.90	1,45,017.27	1,31,175.03	1,40,740.34

\# Adjustment and eliminations include elimination on revenue, assets and liabilities of joint ventures and associates which have been accounted under equity method.

* Total liabilities exclude Borrowings, Lease liabilities, Derivative liabilities and Interest accrued but not due on borrowings and the same are considered as a part of Net capital employed.

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BHARAT FORGE

STATEMENT OF UNADUTIED STANDALONE AND CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2023

NOTES TO FINANCIAL RESULTS (Contd.):

4 The above results have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their respective meetings held on November 06, 2023.

5 **Exceptional Items :**

(i) Exceptional items in the standalone and consolidated financial results for the quarter and half year ended September 30, 2023, quarter and half year ended September 30, 2022 and year ended March 31, 2023 are towards expenses in relation to Voluntary Retirement Scheme (VRS) declared by the Company for its employees in April 2022, July 2022 and January 2023 and employee separation costs for certain overseas subsidiaries.

(ii) Exceptional items in the standalone financial results for the year ended March 31, 2023 includes ₹ 2.82 million loss on transfer of investment in Aeron Systems Private Limited and ₹ 42.81 million surplus on transfer of investment in Analogic Controls India Limited to Kalyani Strategic systems. This has no impact on consolidated financial results.

6 "Other expenses" includes the impact of exchange fluctuations on foreign currency transactions including revaluation of foreign currency assets and liabilities.

(₹ in Million)

	Particulars	Quarter ended			Half year ended		Year ended
		September 30, 2023 (Unaudited)	June 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)	March 31, 2023 (Audited)
a	Standalone						
i	Exchange gain/(loss)	(94.71)	(43.21)	4.14	(137.92)	(245.52)	(177.13)
ii	Profit before tax and before other income, depreciation and amortisation expense, finance costs, exchange gain/(loss) included in other expenses and exceptional items	6,162.68	5,529.89	4,525.95	11,692.57	9,126.42	19,288.23
iii	Profit before tax, before exchange gain/(loss) included in other expenses and exceptional items	4,731.68	4,208.28	3,580.40	8,939.96	7,112.48	14,406.73
b	Consolidated						
i	Exchange gain/(loss)	(9.04)	(221.39)	34.54	(230.43)	(66.37)	(98.32)
ii	Profit before tax and before other income, depreciation and amortisation expense, finance costs, exchange gain/(loss) included in other expenses and exceptional items	6,223.29	6,175.14	4,285.31	12,398.43	8,664.32	17,773.55
iii	Profit before tax, before exchange gain/(loss) included in other expenses and exceptional items	3,391.50	3,610.81	2,337.45	7,002.31	4,839.34	9,160.06

7 On January 13, 2023, the Company declared a Voluntary Retirement Scheme (VRS) for its employees at Mundhwa Plant, which is extended up to December 31, 2023.

8 On December 31, 2022, J S Auto Cast Foundry India Private limited ("JS Auto"), step-down subsidiary of the Company, has entered into Business Transfer Agreement with Indo Shell Mould limited ("ISML") for acquiring their SEZ Unit in SIPCOT, Erode which supplies fully machined critical castings to marquee customers in the automotive industry. The closing of the transaction was completed on July 1, 2023 at a consideration of ₹ 533 million.
The Company has calculated the fair value of the acquired assets and liabilities on a provisional basis in accordance with Ind AS 103 Business Combinations and allocated the purchase consideration of ₹ 533 million.

NOTES TO FINANCIAL RESULTS (Contd.):

9 The consolidated financial results include results of all the subsidiaries, associates and joint ventures of Bharat Forge Limited and their step down subsidiaries, joint ventures and associates. The names, country of incorporation or residence and proportion of ownership interests are as under:

	Name of the company	Country of incorporation	Parent's ultimate holding as on September 30, 2023	Financial year ends on
A	**Subsidiaries :**			
	- Bharat Forge Global Holding GmbH and its wholly owned subsidiaries	Germany	100%	31-Mar-24
	i. Bharat Forge CDP GmbH and its wholly owned subsidiary	Germany	100% @	31-Mar-24
	- Bharat Forge Daun GmbH	Germany	100% @	31-Mar-24
	ii. Bharat Forge Holding GmbH and its wholly owned subsidiary	Germany	100% @	31-Mar-24
	- Bharat Forge Aluminiumtechnik GmbH	Germany	100% @	31-Mar-24
	iii. Mecanique Generale Langroise	France	100% @	31-Mar-24
	iv. Bharat Forge Kilsta AB	Sweden	100% @	31-Mar-24
	- Bharat Forge International Limited	U.K.	100%	31-Mar-24
	- Bharat Forge America Inc. and its wholly owned subsidiaries	U.S.A.	100%	31-Mar-24
	i. Bharat Forge PMT Technologie LLC	U.S.A.	100% @	31-Mar-24
	ii. Bharat Forge Tennessee INC.	U.S.A.	100% @	31-Mar-24
	iii. Bharat Forge Aluminium USA, INC.	U.S.A.	100% @	31-Mar-24
	- Indigenous IL Limited @@	Israel	Not Applicable	31-Mar-24
	- BF Infrastructure Limited and its subsidiaries	India	100%	31-Mar-24
	i. BFIL-CEC JV	India	74% @	31-Mar-24
	ii Ferrovia Transrail Solutions Private Limited (w.e.f.Februrary 28,2023)	India	100% @	31-Mar-24
	- Kalyani Strategic Systems Limited and its subsidiaries	India	100%	31-Mar-24
	i. Kalyani Rafael Advanced Systems Private Limited	India	50% @	31-Mar-24
	ii. Kalyani Strategic Systems Australia Pty Limited	Australia	100%	31-Mar-24
	iii. Sagar Manas Technologies Limited	India	51% @	31-Mar-24
	- BF Elbit Advanced Systems Private Limited	India	51%	31-Mar-24
	- Eternus Performance Materials Private Limited	India	51%	31-Mar-24
	- Kalyani Centre for Precision Technology Limited	India	100%	31-Mar-24
	- Kalyani Powertrain Limited (KPL) and its subsidiaries	India	100%	31-Mar-24
	i. Kalyani Mobility INC (formerly Kalyani Precision Machining INC.)	U.S.A.	100% @	31-Mar-24
	ii. Tork Motors Private Limited and its wholly owned subsidiary	India	64.29% @	31-Mar-24
	- Lycan Electric Private Limited	India	64.29% @	31-Mar-24
	iii. Electroforge Limited (incorporated w.e.f. July 25, 2022)	India	100% @	31-Mar-24
	- BF Industrial Solutions Limited (formerly Nouveau Power and Infrastructure Private Limited) - and its wholly owned subsidiaries	India	100%	31-Mar-24
	- BF Industrial Technology and Solutions Limited (formerly Sanghvi Forging and Engineering Limited) and its wholly owned subsidiary	India	100% @	31-Mar-24
	i. Sanghvi Europe B.V.	Netherlands	100% @	31-Mar-24
	- JS Auto Cast Foundry India Private Limited (w.e.f. July 01, 2022)	India	100% @	31-Mar-24
	- Kalyani Lightweighting Technology Solutions Limited (incorporated on July 12, 2022)	India	100%	31-Mar-24
B	**Associates:**			
	- Talbahn GmbH (not material for consolidation)	Germany	35% @	31-Mar-24
	- Ferrovia Transrail Solutions Private Limited (49% upto March 2,2023)	India	Not Applicable	Not Applicable
	- Avaada MHVidarbha Private Limited (w.e.f. April 14, 2022)	India	26.00%	31-Mar-24
	- Aeron Systems Private Limited $$$	India	37.14%	31-Mar-24
C	**Joint Venture Companies:**			
	- BF-NTPC Energy Systems Limited (not consolidated)^^	India	51%	31-Mar-24
	- BF Premier Energy Systems Private Limited (Applied for deregistration on March 2, 2023)	India	50% @	31-Mar-24
	- Refu Drive GmbH	Germany	50%	31-Mar-24
	i. Refu Drive India Pvt. Ltd. $	India	50% @	31-Mar-24

@ held through subsidiary, associate or Joint venture
$ 100% subsidiary of associates / joint venture
^^ Under liquidation
@@ No investment till date
$$$ Shareholding transferred from Holding Company to Kalyani Strategic Systems Limited on February 23, 2023.

KALYANI

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BHARAT FORGE

STATEMENT OF UNAUDITED STANDALONE AND CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2023

NOTES TO FINANCIAL RESULTS (Contd.):

10. Additional Information pursuant to regulation 52(4) and regulation 54(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended for the quarter ended September 30, 2023 for standalone unaudited results.

Sr. No.	Particulars	Quarter ended			Half year ended		Year ended
		September 30, 2023 (Unaudited)	June 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)	March 31, 2023 (Audited)
1	Operating Margin (%) (not annualised) Operating profit/ Revenue from operations	26.98%	25.79%	24.30%	26.40%	24.51%	25.24%
2	Net Profit Margin (%) (not annualised) Profit for the period / Revenue from operations	15.38%	14.64%	14.38%	15.02%	14.12%	13.81%
3	Interest Service Coverage Ratio (in times) (not annualised) EBITDA/Finance cost for the period	8.52	7.98	12.89	8.25	14.46	9.17
4	Debt Service Coverage Ratio (in times) Earning available for debt service/(Finance cost+ Scheduled principal repayment of long term borrowings during the period)	1.96	2.75	2.38	2.27	2.66	2.42
5	Bad Debts to Account Receivable Ratio (not annualised) Bad debts written off /Average trade receivable (*)	0.00	0.00	0.00	0.00	0.00	0.00
6	Debtors Turnover Ratio (in times) (not annualised) Revenue from operations /Average trade receivable	0.62	0.62	0.67	1.27	1.34	2.64
7	Inventory Turnover (in times) (not annualised) Cost of raw materials and components consumed+ Changes in inventories of finished goods, work in Progress, Dies and Scrap /Average inventory	0.73	0.75	0.67	1.44	1.31	2.77
8	Debt Equity Ratio (in times) Total Debt /Shareholders Equity	0.52	0.54	0.59	0.52	0.59	0.58
9	Current Ratio (in times) Current assets/Current liabilities	1.39	1.33	1.59	1.39	1.59	1.36
10	Current Liability Ratio (in times) Current liabilities/Total liabilities	0.79	0.77	0.69	0.79	0.69	0.72
11	Total Debt to Total Assets (in times) Total debt /Total assets	0.29	0.30	0.32	0.29	0.32	0.31
12	Long Term Debt to Working Capital (in times) Non current borrowings (including current maturities of long term loans /(Current assets - Current liabilities excluding current maturities of long term loans)	0.54	0.69	0.55	0.54	0.55	0.78
13	Net Worth (₹ million)	81,577.38	80,896.47	72,236.03	81,577.38	72,236.03	74,439.25
14	Debenture Redemption Reserve	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Definitions

- a Operating Profit = Profit before tax + Depreciation and amortisation expense + Finance costs - Other income + Exceptional items
- b EBITDA = Profit before tax + Depreciation and amortisation expense + Finance costs - Income from investments + Exceptional items
- c Earning available for debt service= Profit for the period/year+ Depreciation and Amortisation expense + Finance Costs+ Exceptional items + (Gain)/Loss on sale of Property, plant and equipment (net)
- d Average trade receivable = (Opening trade receivable + Closing trade receivable)/2
- e Average inventory = (Opening inventory + Closing inventory)/2
- f Total debt = Current and Non-current portion of long term borrowings + Short term borrowings
- g Shareholders equity = Equity share capital + Other equity
- h Net worth = Equity share capital + Other equity- Proposed dividend

(*) amount below rounding off norms

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STATEMENT OF UNAUDITED STANDALONE AND CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2023

NOTES TO FINANCIAL RESULTS (Contd.):

11. **Additional information pursuant to regulation 52(4) and regulation 54(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended for the quarter ended September 30, 2023 for consolidated unaudited results.**

Sr. No.	Particulars	Quarter ended			Half year ended		Year ended
		September 30, 2023 (Unaudited)	June 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)	March 31, 2023 (Audited)
1	Operating Margin (%) (not annualised) Operating profit/ Revenue from operations	16.48%	15.42%	13.69%	15.94%	14.28%	13.43%
2	Net Profit Margin (%) (not annualised) Profit for the period / Revenue from operations	5.69%	5.51%	4.60%	5.60%	5.09%	3.94%
3	Interest Service Coverage Ratio (in times) (not annualised) EBITDA/Finance cost for the period	4.82	5.17	8.26	4.99	9.46	5.80
4	Debt Service Coverage Ratio (in times) Earning available for debt service/(Finance cost+ Scheduled principal repayment of long term borrowings during the period)	1.58	2.09	1.79	1.80	2.19	1.86
5	Bad Debts to Account Receivable Ratio (not annualised) Bad debts written off /Average trade receivable (*)	0.00	0.00	0.00	0.00	0.00	0.00
6	Debtors Turnover Ratio (in times) (not annualised) Revenue from operations /Average trade receivable	1.16	1.21	1.32	2.43	2.54	4.90
7	Inventory Turnover (in times) (not annualised) Cost of raw materials and components consumed+ Changes in inventories of finished goods, work in Progress, Dies and Scrap /Average inventory	0.55	0.60	0.46	1.13	0.90	2.04
8	Debt Equity Ratio (in times) Total debt /Shareholders equity	1.01	1.00	0.94	1.01	0.94	1.02
9	Current Ratio (in times) Current assets/Current liabilities	1.02	1.00	1.18	1.02	1.18	1.09
10	Current Liability Ratio (in times) Current liabilities/Total liabilities	0.80	0.79	0.70	0.80	0.70	0.71
11	Total Debtto Total Assets (in times) Total debt /Total assets	0.37	0.37	0.38	0.37	0.38	0.37
12	Long Term Debt to Working Capital (in times) Non current borrowings (including current maturities of long term loans /(Current assets - Current liabilities excluding current maturities of long term loans)	2.27	2.64	1.35	2.27	1.35	1.72
13	Net Worth (₹ million)	70,123.71	70,057.99	64,887.60	70,123.71	64,887.60	64,494.52
14	Debenture Redemption Reserve	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Definitions

- a Operating Profit = Profit before tax + Depreciation and amortisation expense + Finance costs - Other income + Exceptional items
- b EBITDA = Profit before tax + Depreciation and amortisation expense + Finance costs - Income from investments + Exceptional items
- c Earning available for debt service= Profit for the period/year+ Depreciation and Amortisation expense + Finance Costs+ Exceptional items + (Gain)/Loss on sale of Property, plant and equipment (net)
- d Average trade receivable = (Opening trade receivable + Closing trade receivable)/2
- e Average inventory = (Opening inventory + Closing inventory)/2
- f Total debt = Current and Non-current portion of long term borrowings + Short term borrowings
- g Shareholders equity = Equity share capital + Other equity
- h Net worth = Equity share capital + Other equity- Proposed dividend

(*) amount below rounding off norms

For BHARAT FORGE LIMITED

(B. N. KALYANI)
CHAIRMAN AND MANAGING DIRECTOR
DIN:00089380

Place : Pune
Dated : November 06, 2023

B S R & Co. LLP
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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 2024, 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 material 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 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 2024, 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.

Revenue from Sale of Products	
See Note 2.3.F and Note 24 to consolidated financial statements	
The key audit matter	**How the matter was addressed in our audit**

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

Assessment of impairment of Property, Plant and Equipment (PPE), Intangible Assets (IA) and Goodwill in relation to Cash Generating Units (CGU) at certain wholly owned subsidiaries	
See Note 2.3.P and Note 3. to consolidated financial statements	
The key audit matter	**How the matter was addressed in our audit**
The respective companies in the group periodically assess if there are any impairment indicators for recognising impairment loss in respect of the CGUs. An annual impairment test is done for those CGUs which include Goodwill. As at 31 March 2024, certain subsidiaries in India, Germany, USA and Sweden identified indicators for impairment. The impairment assessment of the CGUs of such subsidiaries involves significant judgements and estimates including future business projections, discount rates and other	The audit procedures performed by the respective auditors of those subsidiaries included the following: • Obtained understanding of the respective subsidiary's process for assessing the indicators of impairment of the CGU and the process followed for estimation of the recoverable value. • Evaluated the design and implementation of controls. • Assessed the methodology used by the subsidiary to estimate the recoverable value of the relevant CGU. • Evaluated the assumptions around key drivers of the cash flow forecasts / comparable

assumptions. Accordingly, this matter has been identified as a key audit matter.	companies or transactions including discount rates, expected growth rates and terminal growth rates and applicable multiples. • Performed sensitivity analysis of key assumptions used to determine which assumptions could change the outcome of impairment assessment. • Involved specialists to assist in evaluating the impairment model, assumptions and estimates, where applicable.

Other Information

The Group's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and auditor's reports thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements/financial information of such entities or business activities within the Group and its associates and joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements/financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph (a) of the section titled "Other Matters" in this audit report.

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

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

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

Other Matters

a. We did not audit the financial information of 28 subsidiaries, whose financial information reflects total assets (before consolidation adjustments) of Rs. 103,622 million as at 31 March 2024, total revenues (before consolidation adjustments) of Rs. 105,548 million and net cash outflows (net) (before consolidation adjustments) amounting to Rs. 368 million for the year ended on that date, as considered in the consolidated financial statements. These financial information have been audited by other auditors whose report have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the report of the other auditors.

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

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

b. The financial information of 5 subsidiaries, whose financial information reflects total assets (before consolidation adjustments) of Rs. 61 million as at 31 March 2024, total revenues (before consolidation adjustments) of Rs. 9 million and net cash inflows (net) (before consolidation adjustments) amounting to Rs. 5 million for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. The consolidated financial statements also include the Group's share of net profit (and other comprehensive loss) of Rs. 53 million for the year ended 31 March 2024, as considered in the consolidated financial statements, in respect of three associates and three joint ventures, whose financial information have not been audited by us or by other auditors. This unaudited financial information have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associate and joint ventures, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, associate and joint ventures, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, this financial information is not material to the Group.

   Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory

Requirements below, is not modified in respect of this matter with respect to the financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

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

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

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

b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors except for the matters stated in the paragraph 2(B)(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

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

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

e. On the basis of the written representations received from the directors of the Holding Company as on 31 March 2024 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India are disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164(2) of the Act.

f. the modification relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph (b) above on reporting under Section 143(3)(b) and paragraph 2(B)(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

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

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

a. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2024 on the consolidated financial position of the Group. Refer Note 41 to the consolidated financial statements.

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

c. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company except for delays in depositing Rs. 0.13 million ranging from 4 years to 11 years which is unpaid as at 31 March 2024; or its subsidiary companies incorporated in India during the year ended 31 March 2024.

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

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

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

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

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

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

f. Based on our examination which included test checks and as communicated by the respective auditors of the subsidiary companies incorporated in India whose financial statements have been audited under the Act, except for the instances mentioned below, the Holding Company and its subsidiary companies have used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit, we and respective auditors of such subsidiary companies did not come across any instance of audit trail feature being tampered with.

- In respect of Holding Company and its three subsidiaries, the feature of recording audit trail (edit log) facility was not enabled at the database level to log any direct data changes for the accounting software used for maintaining all books of account.

- In respect of Holding Company, the feature of recording audit trail (edit log) facility was not enabled for certain tables at the application layer of the accounting software used for maintaining the books of account relating to property, plant and equipment, financial reporting process, purchase to payables, revenue to receivables and production to inventory throughout the year.
- In respect of two subsidiaries, the feature of recording audit trail (edit log) facility was not enabled at the application layer of the accounting software relating to property, plant and equipment, financial reporting process, purchase to payables, payroll, revenue to receivables and production to inventory throughout the year.
- In respect of one subsidiary company, the feature of recording audit trail (edit log) facility was not enabled at the application layer of the accounting software used for maintaining the books of account relating to financial reporting process, purchase to payables and revenue to receivables throughout the year.
- In respect of Holding Company and one subsidiary company, the payroll accounting software does not have the feature of recording audit trail (edit log) facility. Consequently, we are unable to comment on audit trail feature of the said software.
- In respect of one subsidiary company, the inventory management software does not have the feature of recording audit trail (edit log) facility. Consequently, we are unable to comment on audit trail feature of the said software.
- In the absence of sufficient and appropriate reporting on compliance with the audit trail requirements in the independent auditor's report of a service organization for an accounting software used for consolidation by the Holding Company, we are unable to comment whether audit trail feature for the said software was enabled and operated throughout the year for all relevant transactions recorded in the software.
- In respect of 10 subsidiaries, the companies have used the accounting softwares for maintaining its books of accounts which have a feature of recording audit trail (edit log) facility for the part of the financial year. The accounting softwares did not have the audit trail features enabled throughout the year. The subsidiary companies are in the process of establishing necessary controls and documentation regarding audit trail. Consequently, the other auditor is unable to comment on audit trail features of the said softwares.

Independent Auditor's Report *(Continued)*

Bharat Forge Limited

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 and based on the reports of the statutory auditors of such subsidiary companies incorporated in India which were not audited by us, the remuneration paid/payable during the current year by the Holding Company and its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid/payable to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. 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

Place: Pune

Membership No.: 103334

Date: 08 May 2024

ICAI UDIN:24103334BKGEOI9290

Annexure A to the Independent Auditor's Report on the Consolidated Financial Statements of Bharat Forge Limited for the year ended 31 March 2024

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

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

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

Annexure A to the Independent Auditor's Report on the Consolidated Financial Statements of Bharat Forge Limited for the year ended 31 March 2024 *(Continued)*

Sr. No.	Name of the entities	CIN	Holding Company/ Subsidiary/Associate	Clause number of the CARO report which is unfavourable or qualified or adverse
12	BF Infrastructure Limited	U45203PN2010PLC136755	Subsidiary	(iii) (f) (xvii)
13	Kalyani Centre for Precision Technology Limited	U29304PN2019PLC188666	Subsidiary	(ii) (b)
14	Electroforge Limited	U31909PN2022PLC213390	Subsidiary	(xvii)

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

Name of the entities	CIN	Subsidiary/ JV/ Associate
Eternus Performance Materials Private Limited	U74900PN2012PTC144091	Subsidiary
Zorya Mashproekt India Private Limited	U34300DL2022PTC403135	Subsidiary
Aeron Systems Private Limited	U72200PN2008PTC133026	Associate
Avaada MHVidarbha Private Limited	U40106UP2021PTC144594	Associate
BF-NTPC Energy Systems Limited	U40106DL2008PLC179793	Joint Venture
Refu Drive India Private Limited	U31909PN2019PTC185291	Joint Venture

Annexure A to the Independent Auditor's Report on the Consolidated Financial Statements of Bharat Forge Limited for the year ended 31 March 2024 *(Continued)*

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

Shiraz Vastani
Partner
Membership No.: 103334
ICAI UDIN:24103334BKGEOI9290

Place: Pune
Date: 08 May 2024

Annexure B to the Independent Auditor's Report on the consolidated financial statements of Bharat Forge Limited for the year ended 31 March 2024

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

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

Opinion

In conjunction with our audit of the consolidated financial statements of Bharat Forge Limited (hereinafter referred to as "the Group") as of and for the year ended 31 March 2024, we have audited the internal financial controls with reference to financial statements of the Group and such company incorporated in India under the Act which is its subsidiary company, as of that date.

In our opinion and based on the consideration of reports of the other auditors on internal financial controls with reference to financial statements of subsidiary companies, as were audited by the other auditors, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2024, based on the internal financial controls with reference to financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

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

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

Auditor's Responsibility

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

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

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

Annexure B to the Independent Auditor’s Report on the consolidated financial statements of Bharat Forge Limited for the year ended 31 March 2024 *(Continued)*

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 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to 15 subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

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

Annexure B to the Independent Auditor's Report on the consolidated financial statements of Bharat Forge Limited for the year ended 31 March 2024 *(Continued)*

Our opinion is not modified in respect of above matters.

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

Shiraz Vastani
Partner
Membership No.: 103334
ICAI UDIN:24103334BKGEOI9290

Place: Pune
Date: 08 May 2024

BHARAT FORGE LIMITED
Consolidated Balance Sheet as at March 31, 2024

In ₹ Million

	Notes	As at March 31, 2024	As at March 31, 2023
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	3	54,682.73	52,723.01
(b) Capital work-in-progress	3	9,768.61	6,963.86
(c) Investment property	4	2.89	2.89
(d) Goodwill	5	2,959.85	2,954.72
(e) Other intangible assets	5	707.89	816.46
(f) Intangible assets under development	5	143.82	47.75
(g) Right-of-use asset	43	4,740.45	5,112.02
(h) Investment in associates and joint ventures	6	639.27	586.52
(i) Financial assets			
(i) Investments	7	7,595.73	14,601.13
(ii) Loans	8	60.26	56.78
(iii) Trade receivables	12	97.91	113.25
(iv) Derivative instruments	9	827.40	822.17
(v) Other financial assets	10	671.67	570.14
(j) Deferred tax assets (net)	21	1,651.64	1,495.30
(k) Income tax assets (net)		419.81	802.48
(l) Other assets	14	8,366.13	6,153.21
		93,336.06	**93,821.69**
II. Current assets			
(a) Inventories	11	32,160.82	31,262.54
(b) Financial assets			
(i) Investments	7	10,254.78	10,500.56
(ii) Trade receivables	12	31,671.51	30,874.57
(iii) Cash and cash equivalents	13	13,153.10	5,087.13
(iv) Other bank balances	13	3,746.12	5,308.06
(v) Loans	8	201.33	127.02
(vi) Derivative instruments	9	1,148.23	1,325.53
(vii) Other financial assets	10	416.21	734.07
(c) Other assets	14	7,403.02	4,800.70
		1,00,155.12	**90,020.18**
Total assets		**1,93,491.18**	**1,83,841.87**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	15	931.27	931.27
(b) Other equity	16	70,770.57	66,123.99
Equity attributable to equity holders of the parent		**71,701.84**	**67,055.26**
Non-controlling interests	37	(48.75)	360.72
Total equity		**71,653.09**	**67,415.98**
LIABILITIES			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	18,589.80	17,512.72
(ii) Lease liabilities	43	3,792.56	4,161.77
(iii) Derivative instruments	19a	7.79	146.08
(iv) Other financial liabilities	19	253.09	391.09
(b) Provisions	20	1,806.84	1,411.73
(c) Deferred tax liabilities (net)	21	1,690.49	2,153.27
(d) Other liabilities	23	2,896.43	7,880.66
		29,037.00	**33,657.32**
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	56,630.95	51,010.61
(ii) Lease liabilities	43	461.99	447.27
(iii) Trade payables	22		
Dues to micro enterprises and small enterprises		530.22	493.46
Dues to other than micro enterprises and small enterprises		22,091.00	21,019.94
(iv) Derivative instruments	19a	9.32	46.38
(v) Other financial liabilities	19	1,814.41	1,799.44
(b) Other liabilities	23	9,154.05	6,563.98
(c) Provisions	20	1,500.11	901.32
(d) Current tax liabilities (net)		609.04	486.17
		92,801.09	**82,768.57**
Total liabilities		**1,21,838.09**	**1,16,425.89**
Total equity and liabilities		**1,93,491.18**	**1,83,841.87**

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

Amit Kalyani
Joint Managing Director
DIN : 00089430

Kedar Dixit
Senior Vice President and CFO

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 08, 2024

Place: Pune
Date: May 08, 2024

BHARAT FORGE LIMITED

Consolidated statement of profit and loss for the year ended March 31, 2024

In ₹ Million

	Notes	Year ended March 31, 2024	Year ended March 31, 2023
Income			
Revenue from operations	24	1,56,820.71	1,29,102.59
Other income	25	2,274.24	1,728.57
Total income [i]		**1,59,094.95**	**1,30,831.16**
Expenses			
Cost of raw materials and components consumed	26	71,383.81	60,649.93
Purchase of traded goods		2,450.17	1,664.03
(Increase) in inventories of finished goods, work-in-progress, traded goods, dies and scrap	27	(42.07)	(2,700.43)
Employee benefits expense	28	18,599.97	15,631.00
Finance costs	29	4,911.67	2,986.20
Depreciation, amortisation and impairment expense	30	8,481.97	7,355.86
Other expenses	31	38,849.43	36,182.83
Total expenses [ii]		**1,44,634.95**	**1,21,769.42**
Profit before share of profit of associates and joint ventures, exceptional items and tax [i - ii]		**14,460.00**	**9,061.74**
Share of profit / (loss) of associates and joint ventures		65.71	(333.48)
Income tax expense / (credit)		12.56	0.90
Share of profit / (loss) of associates and joint ventures		**53.15**	(334.38)
Profit before exceptional items and tax		**14,513.15**	**8,727.36**
Exceptional items (loss)	32	(123.23)	(457.91)
Profit before tax		**14,389.92**	**8,269.45**
Income tax expense	21		
Current tax		5,690.69	3,951.57
Deferred tax (credit)		(402.36)	(765.99)
Income tax expense		**5,288.33**	**3,185.58**
Profit for the year		**9,101.59**	**5,083.87**
Other comprehensive income			
Other comprehensive income / (loss) not to be reclassified to profit and loss in subsequent periods (net of tax)			
- Re-measurement (loss) / gain on defined benefit plans	33	(235.82)	358.64
- Net (loss) / gain on FVTOCI equity investments	33	(1,493.84)	242.59
- Share of other comprehensive (loss) of associates and joint ventures	33	(0.38)	(0.89)
		(1,730.04)	**600.34**
Income tax effect	33	283.88	(121.04)
(A)		**(1,446.16)**	**479.30**
Other comprehensive income / (loss) to be reclassified to profit and loss in subsequent periods (net of tax)			
- Net movement on cash flow hedges	33	150.24	(2,103.56)
- Foreign Currency Translation reserve	33	103.50	397.45
		253.74	**(1,706.11)**
Income tax effect	33	(38.81)	529.43
(B)		**214.93**	**(1,176.68)**
Other comprehensive (loss) for the year (net of tax) [A+B]		**(1,231.23)**	**(697.38)**
Total comprehensive income for the year (net of tax)		**7,870.36**	**4,386.49**
Of the total comprehensive income above,			
Attributable to:			
Equityholders of the parent		8,281.33	4,586.54
Non-controlling interests		(410.97)	(200.05)
Of the total comprehensive income above,			
Profit for the year			
Attributable to:			
Equityholders of the parent		9,511.28	5,283.64
Non-controlling interests		(409.69)	(199.77)

Consolidated statement of profit and loss for the year ended March 31, 2024

In ₹ Million

	Notes	Year ended March 31, 2024	Year ended March 31, 2023
Of the total comprehensive income above,			
Other comprehensive (loss) for the year			
Attributable to:			
Equityholders of the parent		(1,229.95)	(697.10)
Non-controlling interests		(1.28)	(0.28)
Earnings per equity share [nominal value per share ₹ 2/- (March 31, 2021: ₹ 2/-)]	34		
Basic		20.43	11.35
Diluted		20.43	11.35

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

Amit Kalyani
Joint Managing Director
DIN : 00089430

Kedar Dixit
Senior Vice President and CFO

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 08, 2024

Place: Pune
Date: May 08, 2024

BHARAT FORGE LIMITED

Consolidated statement of changes in equity for the year ended March 31, 2024

A. Equity share capital:
Equity shares of ₹ 2/- each issued, subscribed and fully paid

Particulars	No.
As at March 31, 2024	**46,55,88,632**
As at March 31, 2023	46,55,88,632
As at April 1, 2022	**46,55,88,632**

(1) For the year ended 31st March 2024 — **In ₹ Million**

Balance as on April 1, 2023	Changes in equity share capital during the current year	Balance as on March 31, 2024
931.27	-	931.27

(2) For the year ended 31st March 2023 — **In ₹ Million**

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

B. Other equity — **In ₹ Million**

Particulars	Attributable to the equity holders of the parent											
	Reserves and Surplus (Refer note 16)					Items of OCI (Refer note 16)						
	Securities premium	Capital reserves	Employee stock option outstanding	General reserve	Retained Earnings	Foreign currency translation reserve (FCTR)	Equity instruments through other comprehensive income	Non-controlling interest reserve	Cash flow hedge reserve	Sub Total	Non Controlling interests	Total
Balance as at April 1, 2023	**6,930.89**	**15.50**	**37.40**	**3,230.48**	**51,140.41**	**1,471.83**	**2,205.25**	**(148.19)**	**1,240.42**	**66,123.99**	**360.72**	**66,484.71**
- Profit / (Loss) for the year	-	-	-	-	9,511.28	-	-	-	-	**9,511.28**	**(409.69)**	**9,101.59**
- Other Comprehensive Income / (Loss)	-	-	-	-	(169.39)	103.50	(1,275.49)	-	111.43	**(1,229.95)**	**(1.28)**	**(1,231.23)**
- Movement during the year	-	-	-	-	-	-	-	-	-	**-**	**1.50**	**1.50**
- Compensation options granted during the year **[Refer note 16 (d)]**	-	-	89.96	-	-	-	-	-	-	**89.96**	**-**	**89.96**
	-	**-**	**89.96**	**-**	**9,341.89**	**103.50**	**(1,275.49)**	**-**	**111.43**	**8,371.29**	**(409.47)**	**7,961.82**
Transaction with owners in their capacity as owners												
- Final equity dividend	-	-	-	-	(2,560.74)	-	-	-	-	**(2,560.74)**	-	**(2,560.74)**
- Interim equity dividend	-	-	-	-	(1,163.97)	-	-	-	-	**(1,163.97)**	-	**(1,163.97)**
Balance as at March 31, 2024	**6,930.89**	**15.50**	**127.36**	**3,230.48**	**56,757.59**	**1,575.33**	**929.76**	**(148.19)**	**1,351.85**	**70,770.57**	**(48.75)**	**70,721.82**
Balance as at April 1, 2022	**6,930.89**	**15.50**	**16.29**	**3,230.48**	**48,867.41**	**1,074.38**	**1,974.15**	**(148.19)**	**2,814.56**	**64,775.47**	**560.77**	**65,336.24**
- Profit / (Loss) for the year	-	-	-	-	5,283.64		-	-	-	**5,283.64**	(199.77)	**5,083.87**
- Other Comprehensive Income / (Loss)	-	-	-	-	248.48	397.45	231.10	-	(1,574.14)	**(697.11)**	(0.28)	**(697.39)**
- Compensation options granted during the year **[Refer note 16 (d)]**	-	-	21.11	-	-	-	-	-	-	**21.11**	-	**21.11**
	-	**-**	**21.11**	**-**	**5,532.12**	**397.45**	**231.10**	**-**	**-1,574.14**	**4,607.64**	**(200.05)**	**4,407.59**
Transaction with owners in their capacity as owners												
- Final equity dividend	-	-	-	-	(2,560.74)	-	-	-	-	**(2,560.74)**	-	(2,560.74)
- Interim equity dividend	-	-	-	-	(698.38)	-	-	-	-	**(698.38)**	-	(698.38)
Balance as at March 31, 2023	**6,930.89**	**15.50**	**37.40**	**3,230.48**	**51,140.41**	**1,471.83**	**2,205.25**	**(148.19)**	**1,240.42**	**66,123.99**	**360.72**	**66,484.71**

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

Amit Kalyani
Joint Managing Director
DIN : 00089430

Kedar Dixit
Senior Vice President and CFO

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place : Pune
Date: May 08, 2024

Place : Pune
Date: May 08, 2024

Consolidated cash flow statement for the year ended March 31, 2024

Particulars	March 31, 2024	March 31, 2023
Operating activities		
Profit after exceptional items & before tax	**14,389.92**	**8,269.45**
Add/(Less): Share of (loss) of associates and joint ventures (net of tax)	**53.15**	**(334.38)**
	14,336.77	**8,603.83**
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	8,481.96	7,355.86
Unrealised foreign exchange (gain)/MTM (net)	(249.32)	(412.88)
Interest income	(759.64)	(291.94)
Liabilities/provision no longer required written back	(156.68)	(98.10)
Provision for doubtful debts and advances (net) including expected credit loss	189.75	70.44
Bad debts/advances written off	98.04	72.46
Finance costs	4,911.67	2,986.03
(Gain) on sale of property, plant and equipment (net)	35.67	(42.72)
Dividend income from investment	(5.67)	(5.11)
Non cash insurance claim	(62.53)	-
Net loss/ (gain) on sale of financial investments	(646.46)	(1,432.67)
Net loss/ (gain) on fair valuation of financial instruments (FVTPL)	(198.46)	654.12
Share based payment expense	89.96	21.11
Operating profit before working capital changes	**26,065.06**	**17,480.43**
Working capital adjustments		
(Increase)/decrease in trade receivables	(1,081.31)	(7,687.58)
(Increase)/decrease in inventories	(855.80)	(3,623.38)
(Increase) /decrease in other financial assets	387.04	247.03
(Increase)/decrease in other assets	(2,072.39)	(1,531.41)
Increase/(decrease) in provisions	708.25	(320.57)
Increase/(decrease) in trade payables	1,294.08	4,338.99
Increase/(decrease) in other financial liabilities	(122.62)	62.51
Increase/(decrease) in other liabilities	(2,493.21)	8,150.97
Cash generated from operations	**21,829.10**	**17,116.99**
Income taxes paid (net of refunds)	(5,185.15)	(4,172.33)
Net cash flow from operating activities (I)	**16,643.95**	**12,944.66**
Investing activities		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress, capital creditors and capital advances)	(15,240.26)	(9,961.82)
Proceeds from sale of property, plant and equipment and intangible assets	237.01	263.18
Purchase of other investment	(540.51)	-
Investments in joint venture/associates	-	(113.75)
Acquisition of a subsidiary, net of cash acquired	-	(3,376.73)
Payment made for acquisition of business	(533.08)	-
Loan given to joint venture/associates	(65.76)	(4.28)
Proceeds from loan given to joint venture/associates	-	11.56
Investments in mutual funds, fixed deposits and other deposits	(1,07,039.25)	(1,13,521.16)
Proceeds from sale of financial instruments including fixed deposits	1,15,888.02	1,09,816.43
Interest received	620.68	168.13
Dividend received	5.67	5.11
Net cash flows (used in) investing activities (II)	**(6,667.48)**	**(16,713.33)**
Financing activities		
Dividend paid on equity shares	(3,800.66)	(3,252.83)
Interest paid on lease liability	(341.12)	(276.07)
Interest paid on borrowing and other liabilities	(4,554.38)	(2,111.42)
Payment of principal portion of lease liabilities	(513.47)	(368.84)
Proceeds from borrowings including bill discounting	95,194.78	77,101.66
Repayment of borrowings including bill discounting	(88,012.04)	(68,289.81)
Net cash flows from financing activities (III)	**(2,026.89)**	**2,802.69**
Net increase / (decrease) in cash and cash equivalents (I + II + III)	**7,949.58**	**(965.98)**
Net foreign exchange difference	**12.89**	**57.58**
Cash and cash equivalents at the beginning of the year*	**5,087.13**	**5,584.24**
Cash and cash equivalents at the end of the year*	**13,049.60**	**4,675.84**
Foreign currency translation reserve movement	**103.50**	**397.42**
Cash and cash equivalents on acquisition of subsidiary	**-**	**13.87**
Cash and cash equivalents at the end of the year*	**13,153.10**	**5,087.13**

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

Consolidated cash flow statement for the year ended March 31, 2023 (contd.):

Cash and Cash equivalents for the purpose of cash flow statement

	March 31, 2024	March 31, 2023
Bank Balances		
In cash credit and current accounts	7,808.01	4,924.34
Deposits with original maturity of less than three months	5,342.72	160.21
Cash on hand	2.37	2.58
	13,153.10	**5,087.13**

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 08, 2024

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

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

Amit Kalyani
Joint Managing Director
DIN : 00089430

Kedar Dixit
Senior Vice President and CFO

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 08, 2024

1. Corporate information

The consolidated financial statements comprise financial statements of Bharat Forge Limited ("the Holding Company") and its subsidiaries (collectively, the Group) and Group's interest in associates and Joint Ventures for the year ended March 31, 2024. Bharat Forge Limited ("the Company") is a public Company domiciled in India. Its shares are listed on two stock exchanges in India. The Group is engaged in the manufacturing, assembling and selling of forged and machined components including aluminum castings for auto and industrial sector and also in manufacturing and assembly of electric vehicle related components. The Group has also assembled products for defense industry. The Group caters to both domestic and international markets. The registered office of the Company is located at Mundhwa, Pune. The Holding Company's CIN is L25209PN1961PLC012046. The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of directors on May 08, 2024.

2. Material accounting policies

2.1 Basis of preparation

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

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

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

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

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

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

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiaries as at March 31, 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

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

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

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

Consolidation procedure:

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

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

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

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

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

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

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

2.3 Summary of material accounting policies

A. Business combinations and goodwill

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

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

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

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

- Potential tax effects of temporary differences and carry forwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are accounted in accordance with Ind AS 12

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

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

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

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

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

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

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

B. Investment in associates and joint ventures

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

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

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

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

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

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

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

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

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

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

C. Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

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

D. Foreign currencies

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

Transactions and Balance

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

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

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

Exchange Differences

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

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

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

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

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

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

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

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

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

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

E. Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

F. Revenue from contracts with customers

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

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

Sale of goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on date of bill of lading for export sales and generally on delivery for domestic sales. In case of certain subsidiaries, revenue recognition is based on ex-factory/ex works incoterms wherein the goods are made available at subsidiary company's factory location to be picked up by the customers. The performance obligation is met at the time of goods being made available for pick up by customers. The normal credit term is 30 to 240 days upon delivery.
In case of bill and hold arrangements, revenue is recognized when the Group completes its performance obligation to transfer the control of the goods to the customer in accordance with the agreed upon specifications in the contract for which customer has accepted the control. Such goods are identified and kept ready for delivery based on which revenue is recognized.

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

Tooling income

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

Sale of services

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

Warranty

Provision for assurance type warranties predominantly cover risk arising from expected claims for damages on the products sold by the Group, based on expectation of the level of repairs for the components. Provisions related to these assurance-type warranties are recognised when the product is sold to the customer and are accounted for as warranty provisions. The estimate of warranty-related costs is revised annually. The Group usually provides assurance type-warranty for period of two years.
The Group also provides a warranty beyond fixing defects to ensure that the products are made available for pre-defined period during the tenure of warranty. These are classified as service-type warranties. Refer accounting policy on service type warranty.

Service type warranty

Apart from assurance type warranties cover in warranty provisions, the Group also provides a warranty beyond fixing defects to ensure that the products are made available for pre-defined period during the tenure of warranty. These service-type warranties are usually sold bundled together with the product. Contracts for bundled sales of product and service-type warranty comprise two performance obligations because the product and service-type warranty are distinct within the context of the contract. Using the expected cost plus margin approach, a portion of the transaction price is allocated to the service-type warranty and recognised as a contract liability. Revenue for service-type warranties is recognised over the period in which the service is provided based on the time elapsed.

Operating and maintenance services

When the Group sells products that are bundled with maintenance service, such services are treated as a separate performance obligation only if the service is optional to the customer or includes an additional service component. In such cases, the transaction price allocated towards such maintenance services is based on relative standalone selling price and is recognised as a contract liability until the service obligation has been met. The price that is generally contracted for an item when sold separately is the best evidence of its standalone selling price.

Trade receivables

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

Contract liabilities

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

G. Other Income

Interest income

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

Dividends

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

H. Government grants

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

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

I. Taxes

Current income tax

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

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

Deferred tax

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

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

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

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

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

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

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

Indirect taxes paid on acquisition of assets or on incurring expenses

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

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

J. Property, plant and equipment

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

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

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

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

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

Type of assets	**Useful life estimated by management (years)**
Building - Factory	8 – 50
Buildings – Others	5 – 60
Plant and machinery (including dies)	1 – 23
Plant and machinery – Windmill	19
Plant and machinery – continuous processing plant	18
Plant and Machinery - computer	3
Office equipment	3 – 11
Railway sidings	10
Power Line	6
Electrical installation	10
Factory equipments	2 – 10
Furniture and fixtures	10
Vehicles	3 – 9
Aircraft	7 – 18

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

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

Freehold land is carried at cost.

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

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

K. Investment Properties

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

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

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

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

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

L. Intangible Assets

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

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

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

Group amortizes intangible assets on Straight line basis over the useful life of the asset as mentioned below:

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

Research and development costs

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

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

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

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

M. Borrowing costs

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

N. Leases

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

Group as a lessee

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

i) Right-of-use assets

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

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

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

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

ii) Lease liabilities

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

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

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

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

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

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

Group as a lessor

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

O. Inventories

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

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

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

Traded goods are valued at lower of Costs are determined on weighted average basis and net realizable value.

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

Scrap is valued at net realizable value.

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

P. Impairment of non-financial assets

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

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

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

Intangible assets under development are tested for impairment annually.

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

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

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

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

Q. Provisions and contingent liabilities

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

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

R. Post-employment and other employee benefits

Provident fund

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

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

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

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

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

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

Gratuity, Post retirement medical benefits and pension:

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

The Holding company provides certain additional post employment healthcare benefits and defined benefit pension plan to certain key management personnel. These benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Under this unfunded scheme, Key managerial personnel of Bharat Forge Limited receive medical benefits and pension, depending on their grade and location at the time of retirement (subject to certain limits on amounts of benefits, for periods after retirement and types of benefits). The Company recognises liability for post-retirement medical and pension scheme based on an actuarial valuation.

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

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

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

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

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

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

Superannuation

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

Privilege leave benefits

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

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

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

Termination benefits

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

Pension

Group provides certain additional post employment healthcare benefits and defined benefit pension plan to certain key managerial personnel. These benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

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

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

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

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

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

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

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

- Net interest expense or income

Other long-term employee benefits

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

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

S. Financial instruments

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

- Financial assets at amortized cost

- Financial assets, derivatives and equity instruments at fair value through profit and loss (FVTPL)

- Financial assets, Equity and derivative instruments measured at fair value through other comprehensive income (FVTOCI)

Financial assets at amortized cost

A ‘Financial asset’ is measured at the amortized cost if both the following conditions are met:

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

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

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

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

Financial assets at FVTOCI

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

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

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

Financial assets at FVTPL

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

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

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

Equity investments

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

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

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

Derecognition

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

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

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

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

Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

- Debt instruments measured at FVTOCI:

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit and loss

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

Loans and borrowings

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

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

Financial guarantee contracts

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

Derecognition

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

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

Embedded derivatives

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

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

Offsetting of financial instruments

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

T. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

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

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

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

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

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

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

Fair value hedges

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

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

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

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

Cash flow hedges

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

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

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

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

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

U. Cash and cash equivalents

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

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

V. Dividend to equity holders of the Group

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

W. Segment reporting

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

X. Earnings per share

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

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

Y. Share based payments

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

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

2.4 Changes in accounting policies and new and amended standards

New and amended standards

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after April 01, 2023. The Company has not early adopted any other standard or amendment that has been issued but is not yet effective:

(a) Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general-purpose financial statements. The amendment had no impact on the financial statements of the Company.

(b) 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 amendment does not have any impact on the financial statements of the Company.

(c) 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 amendment had no impact on the financial statements of the Company.

BHARAT FORGE LIMITED

Notes to consolidated financial statements for the year ended March 31, 2024

3. Property, plant and equipment

In ₹ Million

	Freehold land	Buildings (Note e and f)	Plant and machinery (Note b)	Railway sidings	Office equipments	Electrical installations	Factory equipments	Sub Total (A)
Cost								
As at April 1, 2022	824.78	11,729.13	57,447.82	0.02	181.06	258.06	3,721.70	74,162.58
Foreign Currency Translation Reserve	19.06	397.79	907.77	-	3.91	0.28	179.15	1,507.96
Additions	-	2,304.73	10,010.72	-	58.60	7.06	522.45	12,903.56
Additions on acquisition of subsidiary	295.84	245.58	1,362.67	-	4.47	50.68	-	1,959.24
Disposals	(28.61)	(37.43)	(1,066.32)	-	(3.47)	(0.01)	(43.21)	(1,179.05)
Other adjustments								
- Borrowing cost (Refer note a)	-	-	24.53	-	-	-	-	24.53
As at March 31, 2023	**1,111.07**	**14,639.80**	**68,687.19**	**0.02**	**244.57**	**316.07**	**4,380.09**	**89,378.82**
Foreign Currency Translation Reserve	3.12	73.33	235.56	-	0.83	-	22.69	335.53
Additions	10.87	622.02	7,184.87	-	117.99	28.10	670.39	8,634.24
Additions on acquisition of subsidiary	-	168.96	183.46	-	-	32.26	-	384.68
Disposals	-	(38.58)	(503.10)	-	(3.47)	-	(247.92)	(793.07)
Other adjustments								
- Other adjustments	-	-	7.49	-	(0.42)	-	-	7.07
- Borrowing cost (Refer note a)	-	-	192.12	-	-	-	-	192.12
As at March 31, 2024	**1,125.06**	**15,465.53**	**75,987.59**	**0.02**	**359.50**	**376.43**	**4,825.25**	**98,139.39**
Depreciation and impairment								
As at April 1, 2022	-	2,651.20	26,501.23	-	98.60	156.42	2,275.31	31,682.76
Foreign Currency Translation Reserve	-	80.75	504.35	-	2.50	0.28	124.40	712.28
Additions on acquisition of subsidiary	-	16.14	109.62	-	0.46	7.44	-	133.66
Charge for the year	-	496.44	5,593.75	-	33.07	10.37	368.57	6,502.20
Disposals	-	(21.47)	(900.11)	-	(2.71)	-	(32.45)	(956.74)
Other adjustments								
- Others (Refer note c)	-	-	0.07	-	(0.07)	-	-	-
As at March 31, 2023	**-**	**3,223.06**	**31,808.91**	**-**	**131.85**	**174.51**	**2,735.83**	**38,074.16**
Foreign Currency Translation Reserve	-	15.58	93.70	-	0.59	-	15.77	125.64
Additions on acquisition of subsidiary	-	-	0.07	-	-	-	-	0.07
Charge for the year	-	485.26	6,434.20	-	38.95	15.78	488.31	7,462.50
Disposals	-	(3.44)	(478.22)	-	(1.25)	-	(244.10)	(727.01)
Other adjustments	-	(0.02)	6.99	-	0.20	-	-	7.17
As at March 31, 2024	**-**	**3,720.44**	**37,865.65**	**-**	**170.34**	**190.29**	**2,995.81**	**44,942.53**
Net block								
As at March 31, 2023	**1,111.07**	**11,416.74**	**36,878.28**	**0.02**	**112.72**	**141.56**	**1,644.26**	**51,304.66**
As at March 31, 2024	**1,125.06**	**11,745.09**	**38,121.94**	**0.02**	**189.16**	**186.14**	**1,829.44**	**53,196.86**

3. Property, plant and equipment (contd.)

In ₹ Million

	Furniture and fixtures	Vehicles and aircraft	Power line	Sub Total (B)	Grand Total (A+B)	Capital work-in-progress
Cost						
As at April 1, 2022	314.66	1,700.40	16.17	2,031.23	76,193.81	11,259.78
Foreign Currency Translation Reserve	(18.74)	1.20	-	(17.54)	1,490.42	559.20
Additions	72.10	24.21	-	96.31	12,999.87	7,126.77
Additions on acquisition of subsidiary	22.90	26.43	-	49.33	2,008.57	37.26
Disposals	(2.26)	(8.43)	-	(10.69)	(1,189.74)	(12,025.10)
Other adjustments						
- Borrowing cost (Refer note a)	-	-	-	-	24.53	18.18
As at March 31, 2023	**388.66**	**1,743.81**	**16.17**	**2,148.64**	**91,527.46**	**6,976.09**
Foreign Currency Translation Reserve	-	0.23	-	0.23	335.76	54.00
Additions	39.45	224.30	-	263.75	8,897.99	8,102.36
Additions on acquisition of subsidiary	-	-	-	-	384.68	-
Disposals	(0.43)	(14.75)	-	(15.18)	(808.25)	(5,661.93)
Other adjustments						
- Other adjustments	3.02	-	-	3.02	10.09	-
- Borrowing cost (Refer note a)	-	-	-	-	192.12	310.32
As at March 31, 2024	**430.70**	**1,953.59**	**16.17**	**2,400.46**	**100,539.85**	**9,780.84**
Depreciation and impairment						
As at April 1, 2022	125.49	412.83	8.07	546.39	32,229.15	12.23
Foreign Currency Translation Reserve	(4.07)	0.71	-	(3.36)	708.92	-
Additions on acquisition of subsidiary	3.48	2.79	-	6.27	139.93	-
Charge for the year	41.23	143.52	1.43	186.18	6,688.38	-
Disposals	(0.88)	(4.31)	-	(5.19)	(961.93)	-
As at March 31, 2023	**165.25**	**555.54**	**9.50**	**730.28**	**38,804.44**	**12.23**
Foreign Currency Translation Reserve	-	0.15	-	0.15	125.79	-
Additions on acquisition of subsidiary	-	-	-	-	0.07	-
Charge for the year	41.69	149.53	1.43	192.65	7,655.15	-
Disposals	(0.15)	(11.26)	-	(11.41)	(738.42)	-
Other adjustments	2.93	-	-	2.93	10.10	
As at March 31, 2024	**209.72**	**693.96**	**10.93**	**914.60**	**45,857.13**	**12.23**
Net block						
As at March 31, 2023	**223.41**	**1,188.27**	**6.67**	**1,418.35**	**52,723.01**	**6,963.86**
As at March 31, 2024	**220.98**	**1,259.63**	**5.24**	**1,485.86**	**54,682.72**	**9,768.61**

Note 3 Property, plant and equipment (Contd:)

(a) Capitalised borrowing costs :

The Group capitalises these borrowing costs in the capital work-in-progress (CWIP) first. The amount of borrowing costs capitalised as other adjustments in the above note reflects the amount of borrowing cost transferred from Capital work-in-progress (CWIP) balances. The borrowing costs capitalised during the year ended March 31, 2024 was ₹ 502.44 million (March 31, 2024: ₹ 133.95 million). The capitalisation rate ranges from LIBOR + 60 bps to LIBOR + 100 bps p.a. and EURIBOR + 60 bps to EURIBOR + 95 bps p.a. refer to note 18(a).

(b) Assets include assets lying with third parties amounting to ₹ 351.61 Million (March 31, 2023: ₹ 406.56 Million).

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

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

(e) Buildings include cost of hangar jointly owned with other companies ₹ 0.07 million (March 31, 2023: ₹ 0.07 million).

(f) The title deeds of immovable properties (other than properties where the Holding Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Holding Company except :
a. Flat at Kalyani Nagar in possession of the Holding 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 ₹ 0.16 million for which exchange deed is registered at authority, however, certified true copy and index II is awaited.
b. Hanger at Lohegoan in possession of the Holding 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 Holding 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 Holding Company.

(g) Capital work in progress (CWIP) including Intangible asset under development ageing schedule.

In ₹ Million

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
March 31, 2024					
Projects in progress	6,573.69	2,672.94	193.91	434.63	**9,875.17**
Projects temporarily suspended	-	37.26	-	-	**37.26**
Total	**6,573.69**	**2,710.20**	**193.91**	**434.63**	**9,912.43**
March 31, 2023					
Projects in progress	5,305.00	390.58	232.35	1,046.42	6,974.35
Projects temporarily suspended	-	37.26	-	-	37.26
Total	**5,305.00**	**427.83**	**232.35**	**1,046.42**	**7,011.61**

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

4. Investment property

	In ₹ Million Total
Cost	
As at April 1, 2022	**2.89**
Additions	-
Disposals	-
As at March 31, 2023	**2.89**
Additions	-
Disposals	-
As at March 31, 2024	**2.89**
Depreciation and impairment	
As at April 1, 2022	-
Depreciation for the year	-
As at March 31, 2023	-
Depreciation for the year	-
As at March 31, 2024	-
Net block	
As at March 31, 2023	**2.89**
As at March 31, 2024	**2.89**

Information regarding income and expenditure of investment property

In ₹ Million

	March 31, 2024	March 31, 2023
Rental income derived from investment properties **[included in Rent in note 25]**	4.42	3.86
Direct operating expenses (including repairs and maintenance) generating rental income	-	-
Direct operating expenses (including repairs and maintenance) that did not generate rental income	1.12	1.03
[included in Rates and taxes in note 31]	-	-
Profit arising from investment properties before depreciation and indirect expenses	**3.30**	**2.83**
Less : Depreciation	-	-
Profit arising from investment properties before indirect expenses	**3.30**	**2.83**

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

As at March 31, 2024 and March 31, 2023, the fair values of the properties are ₹ 1,168.98 million and ₹ 1,139.56 million respectively. The Group obtains independent valuations for its investment properties at least annually. These valuations are performed by an accredited independent valuer firm and this firm is a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.The best evidence of fair value is current prices in an active market for similar properties, where such information is not available, the Group considers ready reckoner rates. The main input used is the ready reckoner rate. All resulting fair value estimates for investment properties are included in Level 2.

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

Reconciliation of fair value

In ₹ Million

Investment properties	**Free hold land**
at April 1, 2022	2,432.95
Fair value difference	(1,293.39)
Purchases	-
at March 31, 2023	1,139.56
Fair value difference	29.42
Purchases	-
at March 31, 2024	**1,168.98**

5 Intangible assets and Goodwill

In ₹ Million

	Computer and Software	Customer contracts	Technical know-how	Development cost	Patents	Technology License	Total	Goodwill #	Intangible assets under development
Cost									
As at April 1, 2022	283.13	7.84	8.65	197.86	2.82	856.89	1,357.18	836.60	-
Foreign Currency Translation Reserve	17.79	-	-	8.74	0.19	-	26.72	29.31	
Additions	154.56	-	-	201.83	0.03	-	356.42	-	106.45
Additions on acquisition of subsidiary	7.59	-	-	-	-	-	7.59	2,433.33	
Disposals	(12.82)	-	-	-	-	-	(12.82)	-	(60.58)
Other adjustments									
- Other adjustments **[Refer note 5(b)**	-	-	-	-	-	-	-	-	1.88
As at March 31, 2023	**450.25**	**7.84**	**8.65**	**408.43**	**3.04**	**856.89**	**1,735.09**	**3,299.24**	**47.75**
Foreign Currency Translation Reserve	(6.53)	-	-	1.08	8.92	-	3.47	3.62	
Additions	127.86	-	-	6.76	-	-	134.62	3.28	96.07
Additions on acquisition of subsidiary	-	-	-	-	-	-	-	-	
Disposals	(57.64)	-	-	-	-	-	(57.64)	-	-
Other adjustments									
- Other adjustments	0.09	-	-	-	-	-	0.09		-
As at March 31, 2024	**514.03**	**7.84**	**8.65**	**416.27**	**11.96**	**856.89**	**1,815.63**	**3,306.14**	**143.82**
Amortisation/Impairment									
As at April 1, 2022	204.25	7.84	7.87	166.11	2.70	278.07	666.84	330.17	-
Foreign Currency Translation Reserve	12.44	-	-	8.74	0.18	-	21.36	14.35	-
Additions on acquisition of subsidiary	3.73	-	-	-	-		3.73		
Charge for the year	79.90	-	-	35.37	0.03	121.01	236.31	-	-
Disposals	(9.60)	-	-	-	-	-	(9.60)	-	-
As at March 31, 2023	**290.72**	**7.84**	**7.87**	**210.22**	**2.91**	**399.08**	**918.64**	**344.52**	**-**
Foreign Currency Translation Reserve	(0.27)	-	-	0.98	1.47	-	2.18	1.77	-
Charge for the year	91.94	-	-	47.51	-	93.16	232.61	-	-
Disposals	(45.77)	-	-	-	-	-	(45.77)	-	-
Disposal of Subsidiary	-	-	-	-	-	-	-	-	
Other adjustments	0.09	-	-	-	-	-	0.09	-	-
As at March 31, 2024	**336.71**	**7.84**	**7.87**	**258.71**	**4.38**	**492.24**	**1,107.75**	**346.29**	**-**
Net Block									
at March 31, 2023	**159.53**	**-**	**0.78**	**198.21**	**0.13**	**457.81**	**816.46**	**2,954.72**	**47.75**
at March 31, 2024	**177.32**	**-**	**0.78**	**157.56**	**7.58**	**364.65**	**707.89**	**2,959.85**	**143.82**

(a) The Group has identified the Company Mécanique Générale Langroise (MGL) as the CGU, to which goodwill has been allocated. MGL is involved in machining of Oil & Gas and other industrial sector components. The goodwill generated through business combination has been entirely allocated to CGU 'MGL' which pertains to the forging segment. The carrying amount of goodwill as at March 31, 2024 is ₹ 272.71 million (March 31, 2023 : ₹ 270.87 million) net of impairment.

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

(c) The Company capitalises borrowing costs in the intangible assets under developement first. The amount of borrowing costs capitalised as other adjustments in the above note reflects the amount of borrowing cost transferred from intangible assets under developement. The borrowing costs capitalised in intangible assets under developement during the year ended 31st March, 2024 was ₹ 0.78 million (31st March, 2023: ₹ 1.88 million). Capitalisation rate is 8.70% p.a.

(d) During the year the Group has acquired Zorya Mashproekt India Private Limited which is engaged in the business relating to Marine Gas Turbine Engine manufactured by original manufacturer Zorya Mashproekt Ukraine. Accordingly as part of the overall business combination, the group recognised the goodwill amounting to ₹ 2.18 million based on the Net Worth of the company on the date of acquisition [Refer to note 46].

 # Impairment of Goodwill:

1. Kalyani Strategic Systems Limited

As a part of business restructuring, goodwill of BF Infrastructure LImited was transferred to Kalyani Strategic Systems Limited. The Group performed its annual impairment test for the year March 31, 2024. The Group considers the discounted cash flows, among other factors, when reviewing for indicators of impairment. The calculations use post-tax cash flow projections based on financial budgets/forecasts approved by the management.

Key assumptions used for value in use calculations

Weighted Average Cost of Capital % (WACC) before tax (discount rate) : 21.63% (March 31, 2023 : 21.55%)

Terminal growth rate : 2.00% (March 31, 2023 : 5.00%)

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

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

Based on the above assessment, there is no need for impairment of goodwill in March 31, 2024 (March 31, 2023: Nil).

2. Mécanique Générale Langroise (MGL)

The Group performed its annual impairment test for the year March 31, 2024. The Group considers the discounted cash flows, among other factors, when reviewing for indicators of impairment. The calculations use pre-tax cash flow projections based on financial budgets/forecasts approved by the management.

Key assumptions used for value in use calculations

Weighted Average Cost of Capital % (WACC) before tax (discount rate) : 12.70 % (March 31, 2023 : 12.50%)

Terminal growth rate : 1.80% (March 31, 2023 : 1.50%)

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

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

Based on the above assessment, there is no need for impairment of goodwill in March 31, 2024 (March 31, 2023: Nil).

3. Tork Motors Private Limited

The Group performed its annual impairment test for the year March 31, 2024. The Group considers the discounted cash flows, among other factors, when reviewing for indicators of impairment. The calculations use pre-tax cash flow projections based on financial budgets/forecasts approved by the management.

Key assumptions used for value in use calculations

Weighted Average Cost of Capital % (WACC) before tax (discount rate) : 14.12% (March 31, 2023 : 25.50%)
Terminal growth rate : 2.00% (March 31, 2023 : 2.00%)
The discount rate is calculated as follows : WACC = Cost of equity x (1- gearing) + Cost of debt x (1- tax rate) x gearing. The terminal growth rate used is in line with long term inflation rate.

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

Based on the above assessment, there is no need for impairment of goodwill in March 31, 2024 (March 31, 2023: Nil).

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In ₹ Million

6. Investment in associates and joint ventures	As at March 31, 2024	As at March 31, 2023
At cost		
Unquoted equity instruments (fully paid)		
- Investment in associates		
Talbahn GmbH **[note 6 (a)]**	0.30	0.30
Less: Provision for diminution	(0.30)	(0.30)
	-	-
1,36,500 (March 31, 2023: 1,36,500) equity shares of ₹ 10/- each fully paid up in Aeron Systems Private Limited [Refer note 6 (b) and note 39]	126.90	114.90
11,375,000 (March 31, 2023 : 11,375,000) equity shares of ₹ 10/- each fully paid up in Avaada MHVIDARBHA Private Limited [Refer note 6 (c) and note 39]	115.73	111.35
- Investments in joint ventures		
12,500 (March 31, 2023: 12,500) ordinary shares of Eur 1.00 each in Refu Drive GmbH [11,350,000 (March 31, 2023: Euro 11,350,000)] [Refer note 6 (d) and note 38]	396.64	360.27
Total	**639.27**	**586.52**

a. Not included in the consolidation based on materiality.

b. On February 23, 2023 the holding Company sold 136,500 Equity shares having face value ₹ 10/- each of Aeron Systems Private Limited to Kalyani Strategic Systems Limited at a fair value of ₹ 1,005/- per share amounting to ₹ 1,371.83 Lakhs on a private placement basis for a consideraion other than cash and the same shall rank pari passu with existing Equity shares of the Company.

c. During the previous year, the Group has invested an amount of ₹ 113.75 million by acquiring 11,375,000 equity shares of ₹ 10 each of Avaada MHVIDARBHA Private Limited for procurement of solar power.

d. During the earlier year, the Group had entered into a Joint Venture Agreement with Refu Elektronik GmbH, Germany and its affiliates / Promoters (REFU) for incorporating a Joint Venture Company i.e. Refu Drive GmbH (JV), under the laws of Germany by investing ₹ 892.34 million against 12,500 equity shares of Eur 1/- each.

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In ₹ Million

7. Investments		**As at March 31, 2024**	**As at March 31, 2023**
Non-current investment			
(a) Investments designated at amortised cost			
- Debt instruments (unquoted) (fully paid)		1,734.16	1,628.73
Unsecured, rated, listed, Non-Convertible Perpetual Bonds (quoted)		51.06	-
	(a)	**1,785.22**	**1,628.73**
(b) Investments designated at fair value through OCI (FVTOCI) (Refer note 7 (a) and (c))			
- Equity instruments (unquoted)			
- Investments in others (Group holds 5% or more of the share capital) fully paid			
38,384,202 (March 31, 2023: 38,384,202) equity shares of ₹ 10/- each fully paid up in Khed Economic Infrastructure Private Limited **[Refer note 7(c)]**		1,060.94	988.00
14,245,000 (March 31, 2023 : 14,245,000) equity shares of ₹ 10/- each in Avaada SataraMH Private Limited **[Refer note 7(c)]**		166.38	142.45
2,033,850 (March 31, 2023 : 2,033,850) equity shares of ₹ 10/- each in Avaada MHBuldhana Private Limited **[Refer note 7(c)]**		23.76	20.34
1,160,668 (March 31, 2023 : 1,160,668) ordinary shares of £ 0.00001 each in TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited) **[Refer note 7(e)]**		9.71	2,952.03
13,982,725 (March 31, 2023 : 8,491,812) Series Seed - 3 Preferred Stock having par value $ 0.00001 in Harbinger Motors Inc. (formerly known as Electron Transport Inc.)		1,690.46	350.21
13,00,000 (March 31, 2023 : Nil) ordinary shares having par value ₹ 10 in Ratnakar Energy Private Limited		13.00	-
- Equity instruments (quoted)			
Investment in others			
613,000 (March 31, 2023: 613,000) equity shares of ₹ 10/- each fully paid up in KPIT Technologies Limited **[Refer note 7(h)]**		454.85	160.08
613,000 (March 31, 2023: 613,000) equity shares of ₹ 2/- each fully paid up in Birlasoft Limited **[Refer note 7(h)]**		911.16	567.09
Total FVTOCI Investments	**(b)**	**4,330.26**	**5,180.20**
(c) Investments at fair value through profit or loss (FVTPL) (Refer note 7 (d))			
Equity instruments (unquoted)			
Investments in others (Group holds 5% or more of the share capital)			
504,432 (March 31, 2023: 504,432) equity shares of ₹ 10/- each fully paid up in Gupta Energy Private Limited **[Refer note 7(b)]**		-	-
Investments in private equity fund (unquoted funds)			
665,144.18 (March 31, 2023 : 1,538,810.22) Units of ₹ 100/- each of Paragon Partners Growth Fund - I		113.33	255.92
Investment in Limited Liability Partnership 14% (31 March 2023 : Nil) share in SPI Power LLP **[Refer note 7(g)]**		0.01	0.01
Investments in mutual funds (quoted funds) **[Refer note 7(d)]**		-	1,129.77
Investments in mutual funds (unquoted funds) **[Refer note 7(d)]**		1,366.91	6,406.50
Total FVTPL Investments	**(c)**	**1,480.25**	**7,792.20**
	Total (a) + (b) + (c)	**7,595.73**	**14,601.13**
Current investments			
(d) Investments designated at amortised cost			
Unsecured, rated, listed, Non-Convertible Perpetual Bonds (quoted)		907.50	-
Investments at fair value through profit or loss (fully paid)			
Investments in mutual funds (quoted funds) **[Refer note 7(d)]**		2,307.02	1,440.80
Investments in mutual funds (unquoted funds) **[Refer note 7(d)]**		6,875.27	6,086.17
Investment in mutual funds (unquoted funds) by subsidiary companies **[Refer note 7(f)]**		164.99	2,973.59
Total FVTPL Investments		**9,347.28**	**10,500.56**
	Total	**10,254.78**	**10,500.56**
Aggregate book value of quoted investments		**2,866.58**	**1,925.09**
Aggregate market value of quoted investments		**4,580.53**	**3,297.74**
Aggregate value of unquoted investments		**13,269.98**	**21,803.94**

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

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

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

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

7. Investments (contd.)

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

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

During the current year, the Group has considered a fair value adjustment as against the total carrying value of Tevva resulting in other comprehensive loss of ₹ 2,936.58 million.This fair value adjustment has been considered basis future projections and revenue market multiple for comparable companies in the segment.

(f) Includes investment in unquoted mutual funds amounting to ₹ 164.99 (March 31,2023 : ₹ 2,973.59 million) with respect to 1 (March 31, 2023: 2) of the subsidiaries.

Name of the mutual fund plan	March 31, 2024		March 31, 2023	
	Units held	Amount	Units held	Amount
Unquoted				
Units of Axis Liquid Fund (G)	331.41	0.88	273,756.39	679.23
Units of ICICI Pru Liquid Fund (G)	-	-	1,782,068.85	589.25
Units of Kotak Liquid Fund Reg (G)	-	-	115,302.05	520.86
Units of Kotak Money Market Fund(G)	-	-	110,618.13	420.71
Units of Nippon India Liquid Fund (G)	43,422.68	164.11	181,504.41	763.54
		164.99		**2,973.59**

(g) During the previous year, the Group had made an investment in SPI Power LLP amounting to ₹ 0.01 million.

(h) Birlasoft Limited and KPIT Technologies Limited

The Holding Company had invested in 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 "Birlasoft Limited". KPIT Engineering Limited had been renamed "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%.

In ₹ Million

8. Loans	**As at March 31, 2024**	**As at March 31, 2023**
Non-current (Unsecured, considered good)		
Other loans		
Loans to employees	60.26	56.78
Loans to associates and joint ventures **[Refer note 45 and 47]**	-	-
Total	**60.26**	**56.78**
Current (Unsecured, considered good)		
Other loans		
Loans to employees	35.57	33.53
Loans to associates and joint ventures **[Refer note 45 and 47]**	165.76	-
Loans to others	-	93.49
Total	**201.33**	**127.02**

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

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

In ₹ Million

9. Derivative instruments	As at March 31, 2024	As at March 31, 2023
Non-current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	696.81	822.17
Fair value hedges (FVTPL)		
Cross currency swap	130.59	-
Total	**827.40**	**822.17**
Current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	1,135.25	1,247.05
Fair value hedges (FVTPL)		
Cross currency swap	-	77.02
Foreign currency forward contracts	5.15	1.46
Derivatives not designated as hedge (FVTPL)		
Cross currency swap	7.83	-
Total	**1,148.23**	**1,325.53**

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

Derivative instruments at fair value through profit or loss reflect the positive change in fair value of EUR/INR and foreign currency forward contracts to hedge exposure to changes in the fair value of underlying Euro liability and trade receivables respectively.

Derivative instruments not designated as hedge reflect the positive change in cross currency swaps through which the Company has converted two of its long term INR Non-Convertible Debentures into a Euro and INR pre-shipment credit into USD and EURO for positive interest arbitrage.

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 Group had converted one of its long term USD loans into a Euro loan and INR preshipment credit into USD for positive interest arbitrage. They also reflect positive changes in fair value of foreign currency forward contracts to hedge exposure to changes in fair value of underlying trade receivables.

In ₹ Million

10. Other financial assets	As at March 31, 2024	As at March 31, 2023
Non current		
Government grants*	53.09	48.57
Security deposits	455.14	420.03
Deposits with remaining maturity for more than twelve months** @	163.44	101.54
Total	**671.67**	**570.14**
Current		
Government grants*	251.25	624.62
Energy credit receivable - windmills	-	10.32
Security deposits	3.35	65.66
Interest Recoverable	53.40	22.77
Insurance Claim Receivable	62.53	
Other receivables***	45.68	10.70
Total	**416.21**	**734.07**

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

** ₹ Nil (March 31, 2023: ₹ 1.23 million) held as security for various Government authorities and ₹ Nil (March 31, 2023: 1.23 million) under bank lien for bank guarantees issued.

***Other receivables included sundry balances receivables.

In ₹ Million

11. Inventories	As at March 31, 2024	As at March 31, 2023
Raw materials and components*	7,482.94	7,256.59
Work-in-progress	10,455.38	9,564.13
Finished goods**	11,010.27	11,839.86
Stock of traded goods	-	3.25
Stores, spares and loose tools	2,848.02	2,218.16
Dies and dies under fabrication	265.97	241.19
Scrap	98.24	139.36
Total	**32,160.82**	**31,262.54**

* Includes goods in transit March 31, 2024 : ₹ 299.05 million [March 31, 2023 : ₹ 182.73]

** Includes goods in transit March 31, 2024: ₹ 7,258.52 [March 31, 2023 : ₹ 6,424.67 million]

During the year ended March 31, 2024: ₹ (523.65) million [March 31, 2023: ₹ 46.05 million] was recognised as (reversal of expense)/expenses for inventories carried at net realisable value.

In ₹ Million

12. Trade receivables	As at March 31, 2024	As at March 31, 2023
Non current		
Unsecured		
Considered good	134.08	117.36
Total	**134.08**	**117.36**
Less :		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Unsecured (Considered good)	36.17	**4.11**
	36.17	**4.11**
	97.91	**113.25**
Current		
Secured		
Considered good	39.25	87.82
Credit impaired	-	-
	39.25	**87.82**
Unsecured		
Considered good (including related parties receivable)	32,213.02	31,081.82
Significant increase in credit risk	-	-
Credit impaired	141.68	109.13
	32,354.70	**31,190.95**
Less:		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Credit impaired	141.68	109.13
Unsecured (considered good)	580.76	295.07
	722.44	**404.20**
Total	**31,671.51**	**30,874.57**

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

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

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

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

Trade receivable ageing schedule

As at March 31, 2024

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	21,906.22	8,443.87	731.27	892.02	322.07	90.89	32,386.35
(b) Which have significant increase in credit risk	-	-	-	-	-	-	-
(c) Credit impaired	80.45	9.16	0.01	0.09	3.41	48.56	141.68
Unbilled revenue	-	-	-	-	-	-	-
Disputed dues							
(a) Considered good	-	-	-	-	-	-	-
(b) Which have significant increase in credit risk	-	-	-	-	-	-	-
(c) Credit impaired	-	-	-	-	-	-	-
Unbilled revenue	-	-	-	-	-	-	-
Total	**21,986.67**	**8,453.03**	**731.28**	**892.11**	**325.48**	**139.45**	**32,528.03**
Loss Allowance	**385.30**	**38.71**	**8.71**	**107.94**	**92.28**	**125.67**	**758.61**

As at March 31, 2023

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

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, 2024	As at March 31, 2023
Transferred receivables	4,060.89	5,081.35
Associated borrowing **[bank loans - Refer note 18]**	4,060.89	5,081.35

In ₹ Million

13. Cash and bank balances	**As at March 31, 2024**	**As at March 31, 2023**
Cash and cash equivalent		
Balances with banks:		
In cash credit and current accounts	7,808.01	4,924.34
Deposits with remaining maturity of less than three months**	5,342.72	160.21
Cash on hand	2.37	2.58
Total	**13,153.10**	**5,087.13**
Other bank balances		
Earmarked balances (on unclaimed dividend accounts and unspent CSR account)	119.07	44.18
Deposits with remaining maturity of less than twelve months*#	3,627.05	5,263.88
Total	**3,746.12**	**5,308.06**

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

*Includes deposits of ₹ 16.22 million (March 31, 2023: ₹ 9.24 million) under bank lien for bank guarantees issued.

#Includes deposits of ₹ 1.36 million (March 31, 2023: ₹ 0.05 million) held as security for various government authorities.

In ₹ Million

14. Other assets	**As at March 31, 2024**	**As at March 31, 2023**
Non-current (Unsecured, considered good)		
Capital advances	7,229.71	4,304.14
Balances with government authorities	939.79	405.70
Government grants$	74.46	-
Advances to suppliers#	122.17	1,350.00
Others*	-	91.67
Employees' benefits - employees' provident fund	-	1.70
Total	**8,366.13**	**6,153.21**
Current (Unsecured, considered good)		
Balances with government authorities	3,729.84	2,307.41
Government grant$	256.44	1.54
Advance to suppliers	1,619.41	1,357.59
Others*	1,797.33	1,134.16
Total	**7,403.02**	**4,800.70**

* Includes prepaid expenses, sundry debit balances etc.

$ 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.

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

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

Pertained 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 was quarterly. Also refer note 45.

In ₹ Million

Break up of financial assets carried at amortised cost	**As at March 31, 2024**	**As at March 31, 2023**
Investments **[Refer note 7]**	2,692.72	1,628.73
Loans **[Refer note 8]**	261.59	183.80
Other financial assets **[Refer note 10]**	1,087.88	1,304.21
Trade receivables **[Refer note 12]**	31,769.42	30,987.82
Cash and cash equivalents **[Refer note 13]**	13,153.10	5,087.13
Other bank balances **[Refer note 13]**	3,746.12	5,308.06
Total	**52,710.83**	**44,499.75**

In ₹ Million

Break up of financial assets carried at fair value through OCI	**As at March 31, 2024**	**As at March 31, 2023**
Investments **[Refer note 7]**	4,330.26	5,180.20
Derivative instruments **[Refer note 9]**	1,832.06	2,069.22
Total	**6,162.32**	**7,249.42**

In ₹ Million

Break up of financial assets carried at fair value through profit and loss	**As at March 31, 2024**	**As at March 31, 2023**
Investments **[Refer note 7]**	10,827.53	18,292.76
Derivative instruments **[Refer note 9]**	143.57	78.48
Total	**10,971.10**	**18,371.24**

In ₹ Million

15. Equity share capital	As at March 31, 2024	As at March 31, 2023
Authorised shares (No.)		
975,000,000 (March 31, 2023: 975,000,000) equity shares of ₹ 2/- each	1,950.00	1,950.00
43,000,000 (March 31, 2023 : 43,000,000) cumulative non convertible preference shares of ₹ 10/- each	430.00	430.00
2,000,000 (March 31, 2023 : 2,000,000) unclassified shares of ₹ 10/- each	20.00	20.00
Issued (No.)		
465,768,492 (March 31, 2023: 465,768,492) equity shares of ₹ 2/- each	931.54	931.54
Subscribed and fully paid-up (No.)		
465,588,632 (March 31, 2023 : 465,588,632) equity shares of ₹ 2/- each	931.18	931.18
Add:		
172,840 (March 31, 2023 : 172,840) forfeited equity shares comprising of 15,010 equity shares (March 31, 2023: 15,010) of ₹ 2/- each (amount partly paid ₹ 1/- each) and 157,830 equity shares (March 31, 2023 : 157,830) of ₹ 2/- each (amount partly paid ₹ 0.50 each)	0.09	0.09
Total issued, subscribed and fully paid-up share capital	**931.27**	**931.27**

(a) Terms / rights attached to equity shares

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

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

Equity Shares	As at March 31, 2024		As at March 31, 2023	
	No.	In ₹ Million	No.	In ₹ Million
At the beginning of the year	465,588,632	931.18	465,588,632	931.18
Issued during the year	-	-	-	-
Outstanding at the end of the year	465,588,632	931.18	465,588,632	931.18

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

(c) Disclosure of shareholding of promoter and promoter group

Name of the promoter / promoter group member	Number of shares held at March 31, 2024	% 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%	-
Janhavi 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%	-

15. Equity share capital (Contd.):

Name of the promoter / promoter group member	Number of shares held at March 31, 2023	% of total shares	% Change during the year
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%	-

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

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

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

Particulars	As at March 31, 2024	As at March 31, 2023
Equity shares allotted as fully paid bonus shares by capitalisation of capital redemption reserve and securities premium account during the year ended March 31, 2018	-	232,794,316

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

Name of shareholder	As at March 31, 2024		As at March 31, 2023	
	No.	% of Holding	No.	% of Holding
Equity Shares of ₹ 2/- each fully paid				
Kalyani Investment Company Limited	63,312,190	13.60%	63,312,190	13.60%
Sundaram Trading and Investment Private Limited	55,240,174	11.87%	55,240,174	11.87%
KSL Holding Private Limited	46,285,740	9.94%	46,285,740	9.94%

(g) Shares reserved for issue under option

Particulars	As at March 31, 2024	As at March 31, 2023
4,680 (March 31, 2023 : 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, 2023 : 234) detachable warrants entitled to subscription of 2,340 (March 31, 2023 : 2,340) equity shares of ₹ 2/- each, have been kept in abeyance and reserve for issue pending adjudication of title to the pre-right holding.	7,020.00	7,020.00

(h) Global depository receipts

The Company had issued 3,636,500 equity shares of ₹ 10/- each (later sub-divided into 18,182,500 equity shares of ₹ 2/- each) in April 2005 represented by 3,636,500 Global Depository Receipts (GDR) (on sub division 18,182,500 GDRs) evidencing "Master GDR Certificates" at a price of USD 27.50 per GDR (including premium). GDRs outstanding as at year end are 800 (March 31, 2023 : 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. Since the GDR holding has been substantially lower down, the the termination of the GDR program has been initiated effective from January 15, 2024. The GDRs would be delisted from the Luxembourg Stock Exchange within the appropriate time frame. However, there will be no further impact on the Equity Share Capital of the Company. The underlying equity shares of the GDR holding will continue to be listed on BSE & NSE.

In ₹ Million

16. Other equity	As at March 31, 2024	As at March 31, 2023
Capital reserves		
Special capital incentive [Refer note 16 (a)]		
Balance as per the last financial statements	2.50	2.50
Add: Arising during the year	-	-
Closing balance	**2.50**	**2.50**
Warrants subscription money [Refer note 16(b)]		
Balance as per the last financial statements	13.00	13.00
Closing balance	**13.00**	**13.00**
Closing balance	**15.50**	**15.50**
Securities premium [Refer note 16(c)]		
Balance as per the last financial statements	6,930.89	6,930.89
Add: Arising during the year	-	-
Closing balance	**6,930.89**	**6,930.89**
Employee stock option outstanding [Refer note 16(d)]		
Balance as per the last financial statements	37.40	16.29
Add: Compensation options granted during the year	89.96	21.11
Closing balance	**127.36**	**37.40**
General reserve [Refer note 16(e)]		
Balance as per the last financial statements	3,230.48	3,230.48
Add: Amount transferred from surplus balance in the statement of profit and loss	-	-
Closing balance	**3,230.48**	**3,230.48**
Retained earnings in the statement of profit and loss [Refer note 16(f)]		
Balance as per the last financial statements	**51,140.41**	**48,867.41**
Add:		
- Net profit for the year	9,511.28	5,283.64
- Items of other comprehensive income :		
(1) Re-measurement of defined benefit obligations	(169.39)	248.48
Less:		
- Final equity dividend of previous year	2,560.74	2,560.74
- Interim equity dividend for current year	1,163.97	698.38
Closing balance	**56,757.59**	**51,140.41**
Cash flow hedge reserve [Refer note 2.3 (s)]		
Balance as per the last financial statements	1,240.42	2,814.56
Add: Arising during the year	1,018.33	(546.23)
Less: Adjusted during the year	906.90	1,027.91
Closing balance	**1,351.85**	**1,240.42**
Foreign currency translation reserve (FCTR) [Refer note 2.3 (d)]		
Balance as per the last financial statements	1,471.83	1,074.38
Add: Arising during the year	103.50	397.45
Closing balance	**1,575.33**	**1,471.83**
Non-controlling interest reserve		
Balance as per the last financial statements	(148.19)	(148.19)
Closing balance	**(148.19)**	**(148.19)**
Equity instruments through other comprehensive income		
Balance as per the last financial statements	**2,205.25**	**1,974.15**
Add: (Adjusted) / Arising during the year	(1,275.49)	231.10
Closing balance	**929.76**	**2,205.25**
Closing balance Total:	**70,770.57**	**66,123.99**

(a) Special capital incentive:

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

(b) Warrants subscription money:

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

(c) Securities premium account:

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

(d) Employee stock option outstanding

One of the subsidiaries in India has issued equity settled stock options to its employees. Refer note 57 for details.

(e) General reserve

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

(f) Retained Earnings

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

In ₹ Million

17. Distribution made and proposed to be made	As at March 31, 2024	As at March 31, 2023
Cash dividends on equity shares declared and paid :		
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
Interim dividend		
During the year ended on March 31, 2024: ₹ 2.50 per share (March 31, 2023: ₹ 1.50 per share)	1,163.97	698.38
Proposed dividend on equity shares :		
Final cash dividend		
For the year ended on March 31, 2024 : ₹ xxx per share (March 31, 2023 : ₹ 5.50 per share)	-	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.

In ₹ Million

18. Borrowings	As at March 31, 2024	As at March 31, 2023
Non-current borrowings		
- Debentures		
5.97% Rated unsecured non-convertible debentures **[Refer note 18 (c)]**	2,495.81	3,981.19
5.80% Rated Unsecured Non-Convertible Debentures **[Refer Note 18(d)]**	1,996.99	1,995.44
7.80% Rated Unsecured Non-Convertible Debentures **[Refer Note 18(e)]**	1,245.04	-
- Term loans from banks		
Foreign currency term loans (other than Rupee loans) (secured)		
On bilateral basis **[Refer note 18 (a)]**	3,978.08	1,265.71
On syndication basis **[Refer note 18 (a)]**	-	3,327.11
Foreign currency term loans (other than Rupee loans) (unsecured)		
On bilateral basis **[Refer note 18 (a)]**	1,332.77	4,055.15
On syndication basis **[Refer note 18 (a)]**	-	-
Rupee term loans (secured)		
On bilateral basis **[Refer note 18 (b)(i)]**	502.25	2.62
Rupee term loans (unsecured)	7,038.86	2,885.50
On bilateral basis **[Refer note 18 (b)(ii)]**		
Total	**18,589.80**	**17,512.72**
Current borrowings		
- Debentures - current maturity		
5.97% Rated Unsecured Non-Convertible Debentures **[Refer Note 18 (a)(i)].**	1,493.41	999.22
- Current maturity of term loans from banks		
Foreign currency term loans (other than Rupee loans) (secured)		
On bilateral basis **[Refer note 18 (a)]**	1,415.57	855.10
Foreign currency term loans (other than Rupee loans) (unsecured)		
On bilateral basis **[Refer note 18 (a)]**	2,769.62	4,028.92
On syndication basis **[Refer note 18 (a)]**	-	1,040.23
Rupee term loans (secured)		
On bilateral basis **[Refer note 18 (b)]**	336.33	-
- From banks		
- Foreign currency loans		
Preshipment credit (secured) **[Refer note 18(c)]**	2,525.57	5,390.78
Preshipment packing credit (unsecured) **[Refer note 18(c)]**	407.87	600.00
Bill discounting with banks (secured) **[Refer note 18(d)]**	12,663.49	13,696.56
Bill discounting with banks (unsecured) **[Refer note 18(d)]**	7,295.82	6,439.44
Overdraft facilities (secured) **[Refer note 18 (f)(iii)]**	-	645.22
- Rupee loans		
Preshipment credit (secured) **[Refer note 18 (f)(i)]**	3,550.00	-
Preshipment credit (unsecured) **[Refer note 18 (f)(i)]**	400.00	-
Cash credit (secured) **[Refer note 18 (f)(iv)]**	23,138.28	16,484.55
Bill discounting with banks (unsecured) **[Refer note 18 (f)(ii)]**	49.32	259.53
Loans from companies and directors (unsecured) **[Refer note 18 (f)(vi)]**	21.02	17.97
Interest accrued but not due on borrowings	564.65	553.09
Total	**56,630.95**	**51,010.61**
Total secured loans	48,109.57	41,667.65
Total unsecured loans	27,111.18	26,855.68
Total	**75,220.75**	**68,523.33**

18. Borrowings (contd.)

Changes in liabilities arising from financing activities — **In ₹ Million**

Particulars	Current borrowings	Non-current borrowings
Balance as on April 1, 2022	**38,657.48**	**17,876.56**
Net cash flows	4,257.95	4,553.90
Foreign exchange management	940.09	1,664.16
Reclassified from non-current to current	6,596.26	(6,596.26)
Others	558.83	14.36
Balance as on March 31, 2023	**51,010.61**	**17,512.72**
Net cash flows	(594.51)	7,054.98
Foreign exchange movement	197.31	27.61
Reclassified from non-current to current	6,014.93	(6,014.93)
Others	2.61	9.42
Balance as on March 31, 2024	**56,630.95**	**18,589.80**

(a) Term loans

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

Repayable in half yearly / yearly instalments along with interest ranging from LIBOR + 60 bps to LIBOR + 100 bps p.a., EURIBOR + 60 bps to EURIBOR + 64 bps p.a. and SOFR + 60 bps to SOFR + 116 bps.

Date of repayment	Repayment schedule			
	As at March 31, 2024		As at March 31, 2023	
	USD in Million	In ₹ Million	USD in Million	In ₹ Million
From				
- August, 2021 (Yearly installment over 3 years)	-	-	12.00	986.31
- October, 2021 (Yearly installment over 3 years)	-	-	20.00	1,643.85
- December, 2022 (18 months installment over 3 years)	32.00	2,664.32	32.00	2,630.16
- December 2023 (Quarterly installment for 12 quarters)	14.50	1,127.72	17.40	1,434.37
	EUR in Million	In ₹ Million	EUR in Million	In ₹ Million
From				
- May, 2022 (Yearly installment over 3 years)	16.00	1,438.07	28.00	2,505.58
- February, 2020 (Yearly installment over 5 years)	-	-	10.00	894.85
- June 21 (Half yearly installment for 8 half years)	2.25	202.99	4.50	403.23
- January 23 (Monthly installment for 16 months)	7.43	670.32	9.90	887.12
- April 2021 (Quarterly installment for 32 quarters)	23.29	2,101.17	30.42	2,725.50
- December 2023 (Monthly installment for 12 months)	0.46	41.50	0.63	56.70

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

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

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

(b) (ii) Rupee term loan (unsecured)

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

In ₹ Million

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

(b) (ii) Rupee term loan (unsecured)

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

In ₹ Million

Date of repayment	Repayment schedule	
	As at March 31, 2024	As at March 31, 2023
From		
- April 2025 (Yearly installment over 3 years)	2,000.00	2,000.00

(b) (iv) Rupee term loan (unsecured)

During the current year, the Company has availed the term loan of ₹ 3,750 million @ 3 Month T-Bill + 95 bps from bank.

Date of repayment	Repayment schedule	
	As at March 31, 2024	As at March 31, 2023
From	In ₹ Million	In ₹ Million
- February 2027 (Yearly installment over 3 years)	3,749.99	-

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

The Holding 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.

In ₹ Million

Date of repayment	Repayment schedule	
	As at March 31, 2024	As at March 31, 2023
From		
- August 2023 (Yearly installment over 3 years)	4,000.00	5,000.00

18. Borrowings (contd.)

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

During the Financial year 2022-23, the Holdiing Company issued 2,000 5.80% 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 NCDs along with other monies/accrued interest due in respect thereof.

In ₹ Million

Date of repayment	**Repayment schedule**	
	As at March 31, 2024	**As at March 31, 2023**
On - April 2025	2,000.00	2,000.00

(e) Unsecured Non-convertible debentures (NCDs) Repayable in yearly instalments along with interest of 7.80% p.a.

During the current year , the Holding Company issued 12,500 7.80% Bharat Forge Limited 2027 listed, rated, unsecured, redeemable, non-convertible debentures having face value of ₹ 100,000/- 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, 2024	**As at March 31, 2023**
	In ₹ Million	**In ₹ Million**
On - April 2027	1,250.00	-

(f) Working capital loans

(i) Preshipment packing credit

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

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

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

(ii) Bill discounting with banks

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

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

Rupee and Foreign bill discounting (secured and unsecured) with banks carries interest @ 7.00% p.a. to 8.15% p.a. and SOFR + 55 bps to SOFR + 130 bps p.a. & EURIBOR + 55 bps to EURIBOR + 130 bps p.a. respectively.

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

During the previous year the loan was secured against hypothecation of inventories and trade receivables.

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

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

During the earlier year a component in the Group has availed fresh term loans of ₹ 3,037.30 Million and these funds have been utilised for the intended purpose. The Holding Company has raised term loans in form of external commercial borrowings and non convertible debentures during the previous year.

During the year ended March 31, 2024, the Company has availed of unsecured term loan and issued listed, rated, unsecured, redeemable, non-convertible debentures on a private placement basis. Proceeds from the said term loan have been partially utilized for the intended purpose and the balance amount have been parked in a designated bank account. Proceeds from non convertible debentures pending utilization have been parked in fixed deposit with a bank.

(h) Working capital facilities and statements filed with bank

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

(i) 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 previous year, the Company's working capital borrowings denominated in USD were earmarked to 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. During the year the benchmark for the instrument changed from USD LIBOR to SOFR post June 30, 2023 as announced by the Financial Conduct Authority (FCA). There is no material impact on company's finance cost consequent to such change in index. There is no material impact on group's finance cost consequent to such change in index.

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

In ₹ Million

19. Other financial liabilities	**As at March 31, 2024**	**As at March 31, 2023**
Other non-current financial liabilities at amortised cost		
Voluntary retirement scheme compensation	115.82	273.12
Derivative liability*	32.50	-
Security deposits	104.77	117.97
Total	**253.09**	**391.09**
Other current financial liabilities at amortised cost		
Payables for capital goods	1,304.32	1,325.36
Security deposits	221.39	92.30
Directors commission	7.50	7.00
Investor Education and Protection Fund (as and when due) #		
- Unpaid dividend	35.16	38.00
- Unpaid matured deposits	0.04	0.04
Voluntary retirement scheme compensation	168.49	239.68
Purchase consideration payable	-	89.62
Others ***	77.51	7.44
Total	**1,814.41**	**1,799.44**

The Holding Company has declared interim as well as final dividend in past years. Though a large portion of this dividend has been paid to members of the Company, an amount of ₹ 0.13 Million (previous year ₹ 0.55 Million) has been pending over the period. Pursuant to provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the unclaimed dividend shall be remitted online to Investor Education and Protection Fund ('IEPF') along with a Statement in 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 banks accounts (Refer Other Bank Balances in note 13).

*** Other include commission payable and other liabilities.

In ₹ Million

19. (a) Derivative instruments	**As at March 31, 2024**	**As at March 31, 2023**
Non-current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	7.79	146.08
Total	**7.79**	**146.08**
Current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	9.32	46.38
Total	**9.32**	**46.38**

Derivative instruments at fair value through OCI reflect the negative change in 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.

In ₹ Million

20. Provisions	**As at March 31, 2024**	**As at March 31, 2023**
Non-current		
Provision for gratuity **[Refer note 40]**	215.60	136.63
Provision for special gratuity **[Refer note 40]**	186.64	148.05
Provision for leave benefits	23.74	10.98
Provision for pension and similar obligation **[Refer note 40]**	1,139.62	830.04
Provision for jubilee scheme **[Refer note 40]**	72.98	89.81
Provision for early retirement **[Refer note 40]**	48.56	57.90
Provision for employee's provident fund **[Refer note 40]**	0.32	3.79
Provision for manpower cost optimization **[Refer note 32(b)]**	119.38	134.53
Total	**1,806.84**	**1,411.73**
Current		
Provision for gratuity **[Refer note 40]**	127.59	116.62
Provision for special gratuity **[Refer note 40]**	11.70	19.47
Provision for leave benefits	728.26	650.91
Provision for commitment*	48.85	11.36
Provision for warranties**	456.01	-
Provision for pension and similar obligation **[Refer note 40]**	14.02	11.39
Provision for manpower cost optimization **[Refer note 32(b)]**	113.68	91.57
Total	**1,500.11**	**901.32**

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

**Provision for assurance type warranties predominantly cover risk arising from expected claims for damages on the products sold by the Company, based on expectation of the level of repairs for the components. Provisions related to these assurance-type warranties are recognised when the product is sold to the customer and are accounted for as warranty provisions. This claims are expected to be settled in next financial year.

	As at March 31, 2024	**As at March 31, 2023**
At the beginning of the year	-	-
Arising during the year	456.01	-
Utilised during the year	-	-
At the end of the year	**456.01**	**-**

20. Provisions (contd.)

Provision for onerous contracts

	As at March 31, 2024	As at March 31, 2023
Balance at the beginning of the year	11.36	18.06
Add: Provision made during the year	-	6.71
Less: Provision reversed during the year	(2.97)	(13.41)
Balance at the end of the year	**8.39**	**11.36**

Provision for manpower cost optimization

In ₹ Million

	As at March 31, 2024	As at March 31, 2023
Opening balance	226.10	363.92
Add: Created during the year	10.20	143.36
Less: Utilised/ reversed during the year	(44.48)	(302.65)
Less: Foreign currency transaction reserve	41.24	21.47
Closing balance	**233.06**	**226.10**

21. Income and deferred taxes

The major components of income tax expense/(income) recognised for the year ended March 31, 2024 and March 31, 2023 are :

Statement of profit and loss:

In ₹ Million

Profit or loss section	As at March 31, 2024	As at March 31, 2023
Current income tax :		
Current income tax charge	5,690.69	3,951.57
Deferred tax		
Relating to origination and reversal of temporary differences	(402.36)	(765.99)
Income tax expense reported in the statement of profit and loss	**5,288.33**	**3,185.58**

In ₹ Million

OCI section	As at March 31, 2024	As at March 31, 2023
Deferred tax related to items recognised in OCI:		
Net movement on cash flow hedges	38.81	(529.43)
Net loss on re-measurement of defined benefit plans	(59.45)	90.04
Net (loss)/gain on FVTOCI equity securities	224.43	(31.00)
Tax charged to / (Released from) OCI	**(245.07)**	**(408.39)**

Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for March 31, 2024 and March 31, 2023

In ₹ Million

Particulars	As at March 31, 2024	As at March 31, 2023
Accounting profit before tax from operations	14,389.92	8,269.45
Accounting profit before income tax		
At India's statutory income tax rate of 25.168% (March 31, 2022: 25.168%)	3,621.66	2,081.26
Exceptional items	59.12	-
Tax impact of losses on which deferred tax asset is not recognised	1,672.51	1,332.84
Effect of differential rates	32.62	24.19
Adjustments in respect of reversal of tax expenses of earlier years	(162.92)	(98.74)
Other disallowances (including consolidation adjustments)	65.34	(153.97)
At the effective income tax rate of (36.75%) (March 31, 2023: 38.53%)	**5,288.33**	**3,185.58**
Income tax expense reported in the statement of profit and loss	**5,288.33**	**3,185.58**
	-	-

Major components of deferred tax as at March 31, 2024 and March 31, 2023:

In ₹ Million

Deferred tax liability (net)	Balance Sheet	
	As at March 31, 2024	As at March 31, 2023
Deferred tax relates to the following:		
Property, plant and equipment and intangible assets	1,855.58	1,801.81
Fair valuation of cash flow hedges	455.79	418.34
Fair valuation of FVTOCI equity securities	227.78	446.12
Temporary differences in accounting treatment as required by Income tax standards	(848.66)	(513.00)
Net deferred tax liability	**1,690.49**	**2,153.27**

21. Income and deferred taxes (contd.)

In ₹ Million

Deferred tax asset (net)	Balance Sheet	
	As at March 31, 2024	As at March 31, 2023
Deferred tax relates to the following:		
Property, plant and equipment and intangible assets	81.65	2.01
Temporary differences in accounting treatment as required by Income tax standards	(420.63)	(290.78)
Unrealised profit on inventory	(1,312.66)	(1,206.53)
Net deferred tax asset	**(1,651.64)**	**(1,495.30)**

Major components of deferred tax for the year ended March 31, 2024 and March 31, 2023:

In ₹ Million

Deferred tax expense/(income)	Statement of Profit and Loss	
	As at March 31, 2024	As at March 31, 2023
Deferred tax relates to the following:		
Property, plant and equipment and intangible assets	133.41	(163.12)
Unrealised profit on inventory	(106.13)	(495.94)
Temporary differences in accounting treatment as required by Income tax standards	(429.64)	(106.93)
Deferred tax (income)	**(402.36)**	**(765.99)**

In ₹ Million

Reflected in the balance sheet as follows	As at March 31, 2024	As at March 31, 2023
Deferred tax assets	(620.88)	(66.88)
Deferred tax liabilities	2,311.37	2,220.15
Deferred tax liabilities (net)	**1,690.49**	**2,153.27**
Deferred tax assets	(1,733.29)	(1,497.31)
Deferred tax liabilities	81.65	2.01
Deferred tax assets (net)*	**(1,651.64)**	**(1,495.30)**

*Relates to temporary differences arising in different tax jurisdiction

In ₹ Million

Reconciliation of deferred tax liabilities and assets	As at March 31, 2024	As at March 31, 2023
Reconciliation of deferred tax liabilities (net)		
Opening balance	2,153.27	2,889.16
Tax (expense) during the period recognised in profit or loss	(270.51)	(369.80)
Deferred tax liabilities on hedge	38.81	(529.43)
Deferred tax liabilities on business combination	25.31	134.76
Tax income during the period recognised in OCI	(256.39)	28.58
Closing balance	**1,690.49**	**2,153.27**
Reconciliation of deferred tax assets (net)		
Opening balance	(1,495.30)	(1,171.07)
Tax income/(expense) during the period recognised in profit or loss	(131.85)	(396.19)
Tax (expense)/income during the period recognised in OCI	(27.50)	93.25
Other adjustments (including FCTR)	3.01	(21.29)
Closing balance	**(1,651.64)**	**(1,495.30)**

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

(b) The Group has tax losses which arose due to carried forward business losses in India ₹ 2564.16 million (March 31, 2023: ₹ 1,372.88 million) that are available for offsetting for eight years against future taxable profits of the Group under the head income from business. This loss will expire in eight years from the end of the respective year to which it pertains.

(c) The Group has tax losses which arose due to carried forward business losses in the USA of ₹ 2394.55 million (March 31, 2023: ₹ 2,361.32 million) that are available for offsetting for twenty years and ₹ 5473.05 million (March 31, 2023: ₹ 3,501.30 million) that are available for offsetting indefinitely against future taxable profits under relevant heads of income of the companies in which the losses arose. These losses will expire in various years between tax years 2026 and 2037.

(d) The Group has tax losses which arose due to carried forward business losses in Sweden of ₹ 2087.96 million (March 31, 2023: ₹ 2,032.00 million) that are available for offsetting for an indefinite period against future taxable profits under relevant heads of income of the subsidiary in which the losses arose. Also the Group has tax losses which arose due to carried forward business losses in Germany of ₹ 6245.32 million (March 31, 2023: ₹ 2,488.65) that are available for offsetting for an indefinite period against future taxable profits under relevant heads of income of the subsidiaries in which the losses arose.

(e) During the years ended March 31, 2024 and March 31, 2023, the group entities incorporated in India has not surrendered any transaction or disclosed as income in the tax assessments under the Income Tax Act, 1961, (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

In ₹ Million

22. Trade payables	As at March 31, 2024	As at March 31, 2023
Dues to micro enterprises and small enterprises	530.22	493.46
Dues to other than micro enterprises and small enterprises (including related parties payables)	22,091.00	21,019.94
Total	**22,621.22**	**21,513.40**

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 60 days
- For terms and conditions with related parties, refer note 48.

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

The above amount of trade payables is net off certain advances given to suppliers (Related parties) amounting to ₹ 720 million (March 31, 2023 : ₹ 720 million). The Group currently has a legally enforceable right to set off the advance against the respective payables. The Group intends to settle these amounts on a net basis.

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

Trade payables Ageing

As at 31 March 2024 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)	-	292.46	229.72	7.58	-	0.46	530.22
Total outstanding dues of creditors other than micro enterprises and small enterprises (Undisputed)	2,495.71	10,584.57	7,784.40	535.14	223.81	434.91	22,058.54
Total outstanding dues of creditors other than micro enterprises and small enterprises (Disputed)	-	-	-	-	13.37	19.09	32.46
Total	**2,495.71**	**10,877.02**	**8,014.12**	**542.72**	**237.18**	**454.46**	**22,621.22**

*Unbilled represents accrual for expenses

As at 31 March 2023 In ₹ Million

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

*Unbilled represents accrual for expenses

In ₹ Million

23. Other liabilities	As at March 31, 2024	As at March 31, 2023
Non-current		
Contract liabilities (advances from customers and deferred revenue) $	437.48	5,384.00
Government grant*	421.93	148.81
Settlement for anti-trust proceedings	2,012.01	2,271.40
Others**	25.01	76.45
Total	**2,896.43**	**7,880.66**
Current		
Contract liabilities (advances from customers and deferred revenue) $	6,267.29	3,702.22
Employee contributions and recoveries payable ****	612.61	620.14
Statutory dues payable including tax deducted at source **** #	1,123.21	963.43
Government grant*	75.77	425.79
Settlement for anti-trust proceedings	451.09	448.04
Others **	624.08	404.36
Total	**9,154.05**	**6,563.98**

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

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

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

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

Includes payable with respect to Goods and Service Tax, Gram Panchayat Tax, With holding taxes, provident fund etc.

Government grant - investment subsidies and grants In ₹ Million

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	574.60	627.46
Add: Received during the year	-	7.33
Less: Released to the statement of profit and loss	(81.74)	(91.24)
Less: Foreign currency transaction reserve	4.84	31.05
Closing balance	**497.70**	**574.60**

Break up of the financial liabilities at amortised cost In ₹ Million

Particulars	As at March 31, 2024	As at March 31, 2023
Borrowings **[Refer note 18]**	75,220.75	68,523.33
Lease liabilities **[Refer note 43]**	4,254.55	4,609.04
Other financial liabilities **[Refer note 19]**	2,035.00	2,190.53
Trade payables **[Refer note 22]**	22,621.22	21,513.40
Total financial liabilities carried at amortised cost	**104,131.52**	**96,836.30**

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

Particulars	As at March 31, 2024	As at March 31, 2023
Derivative instruments **[Refer note 19(a)]**	7.79	146.08

In ₹ Million

24. Revenue from operations	Year ended March 31, 2024	Year ended March 31, 2023
Sale of products		
- Sale of goods	148,230.08	121,496.31
- Tooling income	886.92	708.00
Total sale of products	**149,117.00**	**122,204.31**
Sale of services		
- Job work charges	1,276.74	684.79
- Service type warranty	35.67	-
Other operating revenues		
- Manufacturing scrap	5,143.67	5,127.15
- Government grants - export incentives **[Refer note 10]**	1,203.22	1,039.83
- Sale of electricity / REC - Windmills	44.41	46.51
	6,391.30	**6,213.49**
Total Revenue from operations	**156,820.71**	**129,102.59**

Set out below is the amount of revenue recognised from

In ₹ Million

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Amounts included in contract liabilities at the beginning of the year	319.20	497.17
Performance obligations satisfied (or partially satisfied) in previous year	63.61	-

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

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, 2024	Year ended March 31, 2023
Sale of products	149,117.00	122,204.31
Sale of services	1,312.41	684.79
Manufacturing scrap	5,143.67	5,127.15
Subtotal :	**155,573.08**	**128,016.25**
Add/(less): Adjustments (sales returns, discounts, hedging etc.)	(1,358.88)	343.20
Revenue as per contracted price	**154,214.20**	**128,359.45**

In ₹ Million

25. Other income	Year ended March 31, 2024	Year ended March 31, 2023
Dividend income from investments	5.67	5.11
Net gain on fair valuation of financial instruments (FVTPL)	198.46	(654.12)
Net gain on sale of financial investments	646.46	1,432.67
Government grants*	154.13	120.17
Provision for doubtful debts and advances written back (net)	-	18.06
Liabilities / provisions no longer required written back	156.68	98.10
Interest income on assets measured at amortised cost		
- Fixed deposits and others**	759.64	291.94
- Loan to associates	-	1.33
Rent **[Refer note 43(b)]**	43.40	43.34
Gain on sale/discard of property, plant and equipment (net)	-	42.72
Miscellaneous income ***	309.80	329.25
Total	**2,274.24**	**1,728.57**

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

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

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

In ₹ Million

26. Cost of raw materials and components consumed	Year ended March 31, 2024	Year ended March 31, 2023
Inventory at the beginning of the year **[Refer note 11]**	7,256.59	6,349.74
Inventory on acquisition	15.10	170.97
Add: Purchases	71,595.06	61,385.81
Less: Inventory as at end of the year **[Refer note 11]**	7,482.94	7,256.59
Total	**71,383.81**	**60,649.93**

In ₹ Million

27. Decrease/(Increase) in inventories of finished goods, work-in-progress, traded goods, dies and scrap	Year ended March 31, 2024	Year ended March 31, 2023
Inventories at the end of the year [Refer note 11]		
Work-in-progress [includes items lying with third parties]	10,455.38	9,564.13
Finished goods [includes items lying with third parties and items in transit]	10,982.89	11,839.86
Stock of traded goods [includes items lying with third parties and items in transit]	-	3.25
Dies and dies under fabrication	265.97	241.19
Scrap	98.24	139.36
	21,802.48	**21,787.79**
Add: Inventory on acquisition	27.38	266.33
Inventories at the end of the year (including Inventory on acquisition)	**21,829.86**	**21,521.46**
Inventories at the beginning of the year [Refer note 11]		
Work-in-progress [includes items lying with third parties]	9,564.13	7,777.52
Finished goods [includes items lying with third parties and items in transit]	11,839.86	10,422.00
Stock of traded goods [includes items lying with third parties and items in transit]	3.25	355.26
Dies and dies under fabrication	241.19	187.14
Scrap	139.36	79.11
	21,787.79	**18,821.03**
Total	**(42.07)**	**(2,700.43)**

In ₹ Million

28. Employee benefits expense	Year ended March 31, 2024	Year ended March 31, 2023
Salaries, wages and bonus (including managing and whole time director's remuneration)	15,897.39	13,361.62
Contributions to provident and other funds / scheme (net) **[Refer note 40]**	1,474.98	789.33
Share based payments **[Refer note 61]**	89.96	21.11
Staff welfare expenses	1,137.64	1,458.94
Total	**18,599.97**	**15,631.00**

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

In ₹ Million

29. Finance costs	Year ended March 31, 2024	Year ended March 31, 2023
Interest on bank facilities under ammortised cost method	4,239.69	2,382.57
Exchange differences regarded as an adjustment to borrowing costs **	(44.12)	250.03
Interest on lease liabilities **[Refer note 43]**	341.12	276.07
Others#	374.98	77.53
Total	**4,911.67**	**2,986.20**

** Represents exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.
# Others includes net interest expense on defined benefit plans [Refer note 40] etc.

In ₹ Million

30. Depreciation, amortisation and impairment expense	Year ended March 31, 2024	Year ended March 31, 2023
Depreciation on property, plant and equipment **[Refer note 3]**	7,653.71	6,688.38
Amortisation on other intangible assets **[Refer note 5]**	232.50	236.31
Depreciation on right of use asset **[Refer note 43]**	595.76	431.17
Total	**8,481.97**	**7,355.86**

In ₹ Million

31. Other expenses	Year ended March 31, 2024	Year ended March 31, 2023
Consumption of stores, spares and tools	5,977.91	5,419.98
Machining/subcontracting charges	5,259.28	4,422.03
Power, fuel and water*	7,741.98	8,343.53
Less: Credit for energy generated	77.03	64.69
	7,664.95	**8,278.84**
Repairs and maintenance		
- Building repairs and road maintenance	245.46	254.24
- Plant and machinery	2,419.16	1,756.48
Contract labour charges	2,509.07	1,634.12
Rent [Refer note 43 (a)]	163.03	195.34
Rates and taxes	311.95	220.76
Insurance	333.59	309.44
CSR Expenditure	209.15	160.50
Legal and professional fees	1,593.04	1,144.75
Commission	131.46	133.34
Donations	4.21	1.25
Packing material	1,257.42	1,159.75
Freight and forwarding charges	4,602.49	6,217.71
Directors' fees and travelling expenses	9.41	5.63
Commission to directors other than managing and whole time directors	7.50	7.00
Loss on sale/discard of property, plant and equipment (Net)	35.67	25.69
Provision for doubtful debts and advances (includes expected credit loss) (net)	189.75	70.44
Bad debts / advances written off/back (net)	98.04	72.46
Exchange difference (net)** $	81.46	89.17
Payment to Auditors***	181.50	120.94
Miscellaneous expenses ****	5,563.93	4,482.97
Total	**38,849.43**	**36,182.83**

*Net of government grant in the nature of energy tax refund with respect to some of the subsidiaries amounting to ₹ 228.85 million (March 31, 2023: ₹ 176.11 million)

***Includes ₹ 124.63 million (March 31, 2023: ₹ 88.32 million) paid to subsidiary auditors

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

31. Other expenses (contd.)

Capitalization of expenditure

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

In ₹ Million

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Interest on bank facilities	27.43	34.93
Interest on lease liabilities	6.90	5.49
Salaries, wages and bonus	44.63	75.39
Depreciation on right of use assets	8.58	14.86
Consumption of stores and spares and loose tools	3.33	22.39
Others	12.84	12.68
Total	**103.71**	**165.74**

In ₹ Million

32. Exceptional items	Year ended March 31, 2024	Year ended March 31, 2023
Voluntary retirement scheme compensation **[Refer note 32(a)]**	(20.97)	(442.08)
Provision for Impairment of loan given **[Refer note 32(b)]**	(102.26)	-
Provision for manpower cost optimization in overseas subsidiaries **[Refer note 32(c)]**	-	(15.83)
Total	**(123.23)**	**(457.91)**

(a) Voluntary retirement scheme compensation

During the previous year, the Holding Company announced Voluntary Retirement Schemes (VRS) on April 28, 2022, and January 13, 2023 for its permanent eligible employees who have attained 40 years of age and have completed 10 years of service with the Company. The scheme announced on January 13, 2023 is extended until May 31, 2024, and the amount of expenditure under these schemes is disclosed as an exceptional item.

(b) Provision for impairment of loan given to Tevva Motors Limited

During the current year, the Group has made provision for impairment of loan given to Tevva Motors Limited basis future projections and revenue market multiple of comparable companies in the similar segment for fair valuation of the entity.

(c) Provision for manpower cost optimization in Overseas subsidiaries

Certain overseas subsidiaries, as a part of one off cost optimisation initiative, have decided to rationalize the manpower cost in relation to its activities.
On account of these actions, cost of redundancy payment to employees is provided for.

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BHARAT FORGE LIMITED

Notes forming part of consolidated financial statements for the year ended March 31, 2024

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, 2024	Cash flow hedge reserve	FVTOCI Reserve	Retained earnings	Foreign currency translation differences	Income tax / Deferred tax effect	Total
Currency forward contracts	1,360.82	-	-	-	(342.49)	1,018.33
Reclassified to statement of (profit) or loss	(1,210.58)	-	-	-	303.68	(906.90)
Gain on FVTOCI financial assets	-	(1,493.84)	-	-	218.35	(1,275.49)
Re-measurement gains/(losses) on defined benefit plans (including share of associate, joint ventures)	-	-	(236.20)	-	65.53	(170.67)
Foreign exchange translation difference	-	-	-	103.50		103.50
Total	**150.24**	**(1,493.84)**	**(236.20)**	**103.50**	**245.07**	**(1,231.23)**
	-	-	0.00	-	-	-

In ₹ Million

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

34. Earnings per share		**Year ended March 31, 2024**	**Year ended March 31, 2023**
Numerator for basic and diluted EPS			
Net profit after tax attributable to equity holders of parent (in ₹ million)	**(A)**	9,511.28	5,283.64
Denominator for basic EPS [Refer note 15(b)]			
Weighted average number of equity shares for basic EPS	**(B)**	465,588,632	465,588,632
Denominator for diluted EPS [Refer note 15(b)]			
Weighted average number of equity shares for diluted EPS	**(C)**	465,588,632	465,588,632
Basic earnings per share of face value of ₹ 2 each (in ₹)	**(A/B)**	20.43	11.35
Diluted earnings per share of face value of ₹ 2 each (in ₹)	**(A/C)**	20.43	11.35

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35. Significant accounting judgements, estimates and assumptions

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

Judgements

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

1) Leases

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

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

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

The Group included the renewal period as part of the lease term for leases of plant and machinery with shorter non-cancellable period (i.e., three to five years). The Company typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of plant and machinery with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

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

Property lease classification – Group as lessor

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

2) Derivative contracts

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

3) Embedded derivative

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

4) Control assessment for Joint ventures

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

5) Share of profit / loss of Associates and Joint ventures

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

6) Revenue from contracts with customers

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

I. Identifying contract with customers

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

II. Identifying performance obligation

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

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

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

a. Sale of gooc

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.

b. Tooling incc

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

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

7) Factoring arrangement

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

8) Litigations

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

Estimates and assumptions:

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

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

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

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

B. Defined benefit plans

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

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

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

C. Fair value measurement of financial instruments

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

D. Impairment of financial assets

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

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

E. Income tax and deferred tax

Deferred tax assets are not recognized for unused tax losses as it is not probable that taxable profit will be available against which the losses can be utilized. Significant management judgement/estimate is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits.
Further details on taxes are disclosed in note 21.

F. Provision for Inventories

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

G. Estimating the incremental borrowing rate to measure lease liability

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

H. Contingent consideration

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

I. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using different valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements and estimates include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 48 and 49 for further disclosures.

36. Group information

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

Particulars	Principal activities	Principal place of business	% equity interest March 31, 2024	% equity interest March 31, 2023	Financial year ended on
1) Bharat Forge Global Holding GmbH and its wholly owned subsidiaries	Holding	Germany	100%	100%	March 31
i. Bharat Forge Holding GmbH and its wholly owned subsidiaries	Holding	Germany	100%*	100%*	March 31
a) Bharat Forge Aluminiumtechnik GmbH	Forging	Germany	100%*	100%*	March 31
ii. Bharat Forge Kilsta AB	Forging	Sweden	100%*	100%*	March 31
iii. Bharat Forge CDP GmbH and its wholly owned subsidiary	Forging	Germany	100%*	100%*	March 31
a) Bharat Forge Daun GmbH	Die Manufacturing	Germany	100%*	100%*	March 31
iv. Mecanique Generale Langroise	Machining	France	100%*	100%*	March 31
2) Bharat Forge America Inc. and its wholly owned subsidiaries	Holding	U.S.A	100%	100%	March 31
i. Bharat Forge PMT Technologie LLC	Forging	U.S.A	100%*	100%*	March 31
ii. Bharat Forge Tennessee Inc.	Others	U.S.A	100%*	100%*	March 31
iii. Bharat Forge Aluminium USA, Inc.	Forging	U.S.A	100%*	100%*	March 31
3) Bharat Forge International Limited	Forging	U.K.	100%	100%	March 31
4) Kalyani Strategic Systems Limited and its subsidiaries	Others	India	100%	100%	March 31
i. Kalyani Rafael Advanced Systems Private Limited **	Others	India	50%*	50%*	March 31
ii. Analogic Control India Private Limited $	Others	India	NA	NA	March 31
iii. Sagar Manas Technologies Limited	Others	India	51%*	51%*	March 31
iv. Kalyani Strategic Systems Australia Pty Limited	Others	Australia	100%	NA	March 31
v. Zorya Mashproekt India Private Limited (w.e.f. January 24, 2024)	Others	India	64.94%*	NA	March 31
5) Kalyani Powertrain Limited and its subsidiaries	Others	India	100%	100%	March 31
i. Kalyani Mobility INC	Machining	U.S.A	100%*	100%*	March 31
ii. Tork Motors Private Limited	Others	India	64.29%*	64.29%*	March 31
a) Lycan Electric Private Limited	Others	India	64.29%*	64.29%*	March 31
iii. Electroforge Limited (incorporated w.e.f. July 25, 2022)	Others	India	100%*	100%*	March 31
6) BF industrial Solutions Limited and its wholly owned subsidiaries	Others	India	100%	100%	March 31
i. BF Industrial Technology & Solutions Limited	Others	India	100%*	100%*	March 31
a) Sanghvi Europe B.V.	Machining	Netherlands	100%*	100%*	March 31
ii. JS Auto Cast Foundry India Private Limited (w.e.f. July 01, 2022)	Casting	India	100%*	100%*	March 31
7) BF Infrastructure Limited and its subsidiary	Others	India	100%	100%	March 31
i. Ferrovia Transrail Solutions Private Limited (w.e.f. March 02, 2023)	Projects	India	100%*	100%*	March 31
ii. BFIL CEC-JV	Projects	India	74%*	74%*	March 31
8) Kalyani Lightweighting Technology Solutions Limited (incorporated w.e.f. July 12, 2022)	Others	India	100%	100%	March 31
9) Kalyani Centre for Precision Technology Limited	Machining	India	100%	100%	March 31
10) BF Elbit Advanced Systems Private Limited**	Others	India	51%	51%	March 31
11) Eternus Performance Materials Private Limited	Others	India	51%	51%	March 31
12) Indigenous IL Limited ***	Others	Israel	NA	NA	March 31

* held through subsidiaries

** based on control assessment as per Ind AS 110

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

$ merged with Kalyani Strategic System Private Limited.

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

Particulars	Principal activities	Principal place of business	% equity interest March 31, 2024	% equity interest March 31, 2023	Financial year ended on
1) Talbahn GmbH (not consolidated)	Others	Germany	35%*	35%*	March 31
2) Ferrovia Transrail Solutions Private Limited (up to March 1, 2023)	Projects	India	NA	NA	March 31
3) Aeron Systems Private Limited	Others	India	37.14%*	37.14%*	March 31
4) Avaada MHVidarbha Private Limited (w.e.f. April 14, 2022)	Others	India	26%	26.00%	March 31
5) Ratnakar Energy Private Limited (w.e.f. November 6, 2023)**	Others	India	26%*	NA	March 31

* held through subsidiaries

** Since Group does not exercise signifcant influence over the associate and it is a short term arrangement, the associate will not be consolidated.

Joint arrangement in which the Group is a joint venturer

Particulars	Principal activities	Principal place of business	% equity interest March 31, 2024	% equity interest March 31, 2023	Financial year ended on
1) BF Premier Energy Systems Private Limited #	Others	India	NA *	NA *	March 31
2) BF NTPC Energy Systems Limited**	Projects	India	51%	51%	March 31
3) Refu Drive GmbH	Others	Germany	50%	50%	March 31
i) Refu Drive India Private Limited	Others	India	50%	50%	March 31

* held through subsidiaries

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

During the previous year BF Premier Energy System Pvt. Ltd. has applied with Registrar of companies for removing its name pursuant to section 248(2) of the Company Act 2013 and Rule 4(1) of the Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016 vide form no STK - 2 on March 2, 2023. The said strike of is approved by the Group and also by its JV partner. The entity was struck off w.e.f November 25,2023.

37. Material partly owned subsidiaries

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

Proportion of equity interest held by non-controlling interests:		**% equity interest**	
Particulars	**Country of incorporation**	**March 31, 2024**	**March 31, 2023**
Kalyani Rafael Advanced Systems Private Limited	India	50%	50%
BF Elbit Advanced Systems Limited	India	49%	49%
Eternus Performance Materials Private Limited	India	49%	49%
Tork Motors Private Limited	India	35.71%	35.71%
Lycan Electric Private Limited	India	35.71%	35.71%
Sagar Manas Technologies Limited	India	49%	49%
Zorya Mashproekt India Private Limited	India	35.07%	NA

Information regarding non-controlling interest

(In ₹ Million)

	March 31, 2024	**March 31, 2023**
Accumulated balances of material non-controlling interest:		
Kalyani Rafael Advanced Systems Private Limited	220.29	191.95
BF Elbit Advanced Systems Limited	(82.52)	(72.57)
Eternus Performance Materials Private Limited	(3.49)	(2.26)
Tork Motors Private Limited	(184.35)	243.65
Zorya Mashproekt India Private Limited	1.43	0.00
Sagar Manas Technologies Limited	(0.12)	(0.05)
Total Comprehensive income allocated to material non-controlling interest:		
Kalyani Rafael Advanced Systems Private Limited	28.34	6.47
BF Elbit Advanced Systems Limited	(9.95)	(9.37)
Eternus Performance Materials Private Limited	(1.23)	0.09
Tork Motors Private Limited	(428.00)	(197.19)
Zorya Mashproekt India Private Limited	(0.09)	-
Sagar Manas Technologies Limited	(0.07)	(0.05)

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

Summarised statement of profit and loss for the year ended March 31, 2024

(In ₹ Million)

Particulars	**Zorya Mashproekt India Private Limited**	**Sagar Manas Technologies Limited***	**Kalyani Rafael Advanced Systems Private Limited**	**BF Elbit Advanced Systems Limited**	**Eternus Performance Materials Private Limited**	**Tork Motors Private Limited****
Reporting periods	January 24, 2024 to March 31, 2024	April 1, 2023 to March 31, 2024	April 1, 2023 to March 31, 2024	April 1, 2023 to March 31, 2024	April 1, 2023 to March 31, 2024	April 1, 2023 to March 31, 2024
Revenue	1.77	-	2,726.26	-	7.00	593.32
Other income	0.09	-	28.34	-	0.00	2.47
Cost of raw materials and components consumed	-	-	414.66	-	5.35	893.04
Purchase of stock in trade	-	-	2,370.37	-	-	-
(Increase)/decrease in inventories of finished goods, work-in-progress, traded goods, dies & scrap	-	-	(250.06)	-	(1.83)	16.98
Employee benefits expense	1.71	-	34.27	-	3.64	336.37
Depreciation and amortisation expense	0.01	-	22.69	2.02	0.30	173.52
Finance costs	-	-	5.45	18.12	0.35	63.75
Other expenses	0.40	0.15	83.42	0.15	1.70	307.04
Profit / (loss) before tax	**(0.26)**	**(0.15)**	**73.79**	**(20.29)**	**(2.51)**	**(1,194.90)**
Income tax		-	17.12	-	-	-
Profit /(loss) for the year	**(0.26)**	**(0.15)**	**56.68**	**(20.29)**	**(2.51)**	**(1,194.90)**
Other Comprehensive Income:						
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)						
Re-measurement gain/(losses) on defined benefit plans		-	0.04	-	-	(3.63)
Other comprehensive income for the year, net of tax	**-**	**-**	**0.04**	**-**	**-**	**(3.63)**
Total comprehensive income	**(0.26)**	**(0.15)**	**56.72**	**(20.29)**	**(2.51)**	**(1,198.53)**
Total Comprehensive Income attributable to non-controlling interests**	**(0.09)**	**(0.07)**	**28.34**	**(9.95)**	**(1.23)**	**(428.00)**
Profit / (loss) attributable to non-controlling interests	**(0.09)**	**(0.07)**	**28.32**	**(9.94)**	**(1.23)**	**(426.70)**
other comprehensive Income / (loss) attributable to non-controlling interests	**-**	**-**	**0.02**	**-**	**-**	**(1.30)**
Dividend paid to non-controlling interests	-	-	-	-	-	-

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37. Material partly owned subsidiaries (contd.)

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

(In ₹ Million)

Particulars	Sagar Manas Technologies Limited*	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited	Tork Motors Private Limited**
Reporting periods	April 1, 2022 to March 31, 2023	April 1, 2022 to March 31, 2023	April 1, 2022 to March 31, 2023	April 1, 2022 to March 31, 2023	April 1, 2022 to March 31, 2023
Revenue	-	1,313.05	-	12.11	355.59
Other Income	-	13.96	-	0.36	4.05
Cost of raw material and components consumed	-	241.62	-	2.87	437.77
Purchase of stock in trade	-	923.87	-	-	-
(Increase)/decrease in inventories of finished goods, work-in-progress, dies and scrap	-	7.09	-	1.54	(29.69)
Employee benefits expense	-	28.73	-	3.63	154.60
Depreciation and amortisation expense	-	23.44	2.56	0.68	162.33
Finance costs	-	3.42	16.29	0.70	27.38
Other expenses	0.11	81.34	0.27	2.87	158.81
Profit/ (loss) before tax	**(0.11)**	**17.50**	**(19.12)**	**0.18**	**(551.56)**
Income tax	-	4.34	-		0.16
Profit /(loss) for the year	**(0.11)**	**13.16**	**(19.12)**	**0.18**	**(551.40)**
Other Comprehensive Income:					
Other comprehensive income not to be reclassified to profit or loss					
Re-measurement gain/(losses) on defined benefit plans	-	(0.22)	-	-	(0.47)
Other comprehensive income for the year, net of tax	**-**	**(0.22)**	**-**	**-**	**(0.47)**
Total comprehensive income	**(0.11)**	**12.94**	**(19.12)**	**0.18**	**(551.87)**
Total Comprehensive Income attributable to non-controlling interests**	**(0.05)**	**6.47**	**(9.37)**	**0.09**	**(197.19)**
Profit / (loss) attributable to non-controlling interests	**(0.05)**	**6.58**	**(9.37)**	**0.09**	**(197.02)**
other comprehensive Income / (loss) attributable to non-controlling interests	**-**	**(0.11)**	**-**	**-**	**(0.17)**
Dividend paid to non-controlling interests	**-**	**-**	**-**	**-**	**-**

* On September 20,2022, Kalyani Strategic Systems Limited transferred 49% stake to Open Joint Stock Company Dastan Transnational Corporation Ltd. ("Dastan")
**Non-controlling interest is calculated at consolidated level for Tork Motors Private Limited and Lycan Electric Private Limited

Summarised balance sheet as at March 31, 2024:

(In ₹ Million)

Particulars	Zorya Mashproekt India Private Limited	Sagar Manas Technologies Limited	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited*	Tork Motors Private Limited**
Trade receivables, inventories and cash and bank balances (current)	8.34	-	2,398.27	8.88	23.68	132.57
Property, plant and equipment and other non-current financial and non-financial assets	0.10	-	154.19	15.96	14.31	846.67
Trade and other payables (current) and (non-current)	(3.93)	(0.26)	(2,117.71)	(3.05)	(18.69)	(1,073.21)
Interest-bearing loans and borrowing and deferred tax liabilities (current) and (non-current)	(0.43)	-	-	(190.18)	(23.54)	(578.43)
Total equity	**4.08**	**(0.26)**	**434.75**	**(168.39)**	**(4.24)**	**(672.40)**
Attributable to:						
Equity holders of parent	2.65	(0.14)	214.46	(85.87)	(0.75)	(488.05)
Non-controlling interest*	1.43	(0.12)	220.29	(82.52)	(3.49)	(184.35)

Summarised balance sheet as at March 31, 2023:

(In ₹ Million)

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

*The share of total equity of non-controlling interest in case of Eternus Performance Materials Private Limited includes accumulated losses for the pre- acquisition period.
**Non-controlling interest is calculated at consolidated level for Tork Motors Private Limited and Lycan Electric Private Limited.

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37. Material partly owned subsidiaries (contd.)

Summarised cash flow information for the year ended March 31, 2024:

(In ₹ Million)

Particulars	Zorya Mashproekt India Private Limited	Sagar Manas Technologies Limited	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited	Tork Motors Private Limited**
Operating	(0.15)	-	391.82	1.81	0.56	(145.15)
Investing	5.44	-	(371.47)	-	(0.25)	(43.14)
Financing	(0.18)	-	(8.38)	(1.81)	(0.03)	170.41
Net increase/(decrease) in cash and cash equivalents	**5.11**	**-**	**11.97**	**-**	**0.28**	**(17.88)**

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

(In ₹ Million)

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

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

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38. Interest in Joint Ventures

Refu Drive GmbH

The Group has acquired 50% interest in Refu Drive Gmbh on September 19, 2019, a joint venture incorporated in Germany, involved in manufacturing and selling on board controllers and components mainly - drives, invertors, convertors (including AC/DC) and all kind of auxiliary applications, related power electronics and battery management (BMS) etc. for all quality of e-mobility vehicles viz, hybrid and electric 2-wheelers, 3-wheelers, cars and commercial vehicles along with its wholly owned subsidiary "Refu India Private Limited, India". The Group's interest in Refu Drive GmbH is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind AS financial statements for the period April 1, 2023 to March 31, 2024 are as follows:

Summarised balance sheet **(In ₹ Million)**

Particulars	March 31, 2024	March 31, 2023
Current assets	722.73	505.45
Non-current assets	221.59	228.84
Current liabilities	(511.69)	(458.10)
Non-current liabilities	(544.47)	(396.76)
Equity	**(111.84)**	**(120.57)**
Share of the Group in the capital commitment, contingent liabilities of jointly controlled entity	-	-
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	396.69	360.27

The Group has invested an amount of ₹ 919.14 million in equity shares. The Group's Share of equity is ₹ (55.92) million.

Summarised statement of profit and loss for the year/period ended: **(In ₹ Million)**

Particulars	March 31, 2024	March 31, 2023
Income		
Revenue	1,962.01	1,328.74
Other income	63.40	65.77
	2,025.41	1,394.51
Expenses		
Cost of raw material and components consumed	216.01	1,704.28
Purchase of stock in trade	4.88	3.07
(Increase) / decrease in inventories of finished goods, work-in-progress, dies and scrap	874.16	(682.70)
Employee benefits expense	546.76	455.82
Depreciation and Amortisation	59.26	110.19
Finance costs	20.92	6.85
Other expenses	227.68	451.30
	1,949.68	2,048.81
Loss before tax	**75.73**	**(654.30)**
Tax expenses / (income)	2.99	2.60
Profit / (Loss) for the year	**72.74**	**(656.90)**
Other comprehensive income / (loss) for the period	**-**	**(0.99)**
Total comprehensive income / (loss) for the period	**72.74**	**(657.89)**
Group's share of loss for the period	**36.37**	**(328.45)**
Group's share of other comprehensive income / (loss) for the period	**-**	**(0.49)**

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39. Investment in an associates

1. Ferrovia Transrail Solutions Private Limited

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

Summarized Balance sheet **(In ₹ Million)**

Particulars	March 31, 2024	March 31, 2023
Current assets	NA	NA
Non-current assets	NA	NA
Current liabilities	NA	NA
Non-current liabilities	NA	NA
Equity	**NA**	**NA**
Share of the Group in the capital commitment, contingent liabilities of associates*	**NA**	NA
Proportion of the Group’s ownership	**NA**	**NA**
Carrying amount of the investment and loan*	**NA**	**NA**

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

Summarized statement of profit and loss for the year ended: **(In ₹ Million)**

Particulars	March 31, 2024	March 31, 2023
Income		
Revenue from operations	NA	-
Other income	NA	-
	NA	-
Expenses		
Employee benefits expense	NA	0.89
Finance costs	NA	0.01
Other expenses	NA	1.92
	NA	2.82
Profit / (Loss) before exceptional items and tax	NA	(2.82)
Exceptional Items - Gain	NA	-
Profit / (loss) before tax	**NA**	**(2.82)**
Tax expenses		
Current tax	NA	0.00
Deferred tax	NA	(0.03)
Profit / (loss) for the year	**NA**	**(2.79)**
Other comprehensive income	**NA**	**0.02**
Total comprehensive income / (loss) for the year	**NA**	**(2.77)**
Group’s share of Profit / (loss) for the year	**NA**	**(2.79)**
Group’s share of other comprehensive income / (loss) for the year	**NA**	**0.02**

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39. Investment in an associates (contd.)

2. Aeron Systems Private Limited

The Group owned 22.42% stake in Aeron Systems Private Limited as of March 31, 2020. Further, on August 14, 2020 additional 3.58% stake was acquired to reach 26.00% ownership. Further on March 9, 2021 additional stake of 11.14% was acquired to reach total ownership of 37.14% as of March 31, 2021 as well as March 31, 2022. On 23rd February, 2023 the holding Company transferred 136,500 Equity shares having face value ₹ 10/- each of Aeron Systems Private Limited to Kalyani Strategic Systems Limited at a fair value of ₹ 1,005/- per share amounting to ₹ 1,37.18 million on a private placement basis for a consideraion other than cash and the same shall rank pari passu with existing Equity shares of the Company. Aeron Systems Private Limited is engaged in the business of manufacturing of technology products such as Inertial Navigation Systems (INS) and IoT devices for industries such as Aerospace and Defense, Automotive, Renewable energy and Industry 4.0. The Group's interest in Aeron Systems Private Limited is accounted for using the equity method in the consolidated financial statements. Summarized financial information based on its Ind AS financial statements as follows:

Summarized Balance sheet **(In ₹ Million)**

Particulars	**March 31, 2024**	**March 31, 2023**
Current assets	336.72	197.11
Non-current assets	268.46	251.88
Current liabilities	(299.32)	(194.76)
Non-current liabilities	(31.23)	(12.01)
Equity	**274.63**	**242.22**
Share of the Group in the capital commitment, contingent liabilities of associates	-	0.00
Proportion of the Group’s ownership	37.14%	37.14%
Carrying amount of the investment	**126.91**	**114.90**

The Group has invested an amount of ₹ 140.00 million in equity shares. Group's share of equity is ₹ 102.00 million.

Summarized statement of profit and loss for the year/period ended: **(In ₹ Million)**

	March 31, 2024	**March 31, 2023**
Income		
Revenue from operations	501.91	283.25
Other income	2.03	5.58
	503.94	288.83
Expenses		
Cost of Material Consumed	273.65	155.80
Changes in inventories	(13.17)	(3.54)
Employee benefit expenses	73.87	48.17
Finance cost	18.91	16.44
Depreciation and amortization	43.87	40.71
Other expenses	46.07	32.98
Profit / (Loss) before tax	**60.74**	**(1.73)**
Income tax expense		
Current tax	(25.43)	(1.93)
Deferred tax	(1.95)	1.66
Profit / (loss) for the year	**33.36**	**(2.00)**
Other comprehensive income / (loss) for the year	**(1.03)**	**(1.14)**
Total comprehensive income / (loss) for the year	**32.33**	**(3.14)**
Group’s share of Profit / (loss) for the year	**12.39**	**(0.74)**
Group’s share of other comprehensive income / (loss) for the year	**(0.38)**	**(0.42)**

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39. Investment in an associate (contd.)

3. Avaada MHVidarbha Private Limited

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

Summarized Balance sheet		**(In ₹ Million)**
Particulars	**March 31, 2024**	**March 31, 2023**
Current assets	96.84	74.67
Non-current assets	1,402.23	1,424.59
Current liabilities	(178.67)	(279.16)
Non-current liabilities	(881.25)	(797.65)
Equity	**439.15**	**422.46**
Share of the Group in the capital commitment, contingent liabilities of associates	-	-
Proportion of the Group's ownership	26%	26%
Carrying amount of the investment	**115.74**	**111.35**

The Group has invested an amount of ₹ 113.75 million in equity shares. Group's share of equity is ₹ 114.18 million.

Summarized statement of profit and loss for the year/period ended:		**(In ₹ Million)**
Particulars	**March 31, 2024**	**April 14, 2022 to March 31, 2023**
Income		
Revenue from operations	169.18	23.35
Other income	7.70	3.94
	176.88	27.29
Expenses		
Cost of Material Consumed	-	-
Changes in inventories	-	-
Employee benefit expenses	-	-
Finance cost	90.75	17.34
Depreciation and amortization	45.88	10.59
Other expenses	19.89	10.51
	156.52	38.44
Profit / (loss) before tax	20.36	(11.16)
Income tax expense		
Current tax	-	-
Deferred tax	3.46	(1.91)
Profit / (loss) for the year	**16.90**	**(9.25)**
Other comprehensive income / (loss) for the year	**-**	**-**
Total comprehensive income / (loss) for the year	**16.90**	**(9.25)**
Group's share of income / (loss) for the year	**4.39**	**(2.40)**
Group's share of other comprehensive income / (loss) for the year	**-**	**-**

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40. Gratuity and other post-employment benefit plans

(a) Gratuity plan

Funded scheme

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

Risk exposure and asset-liability matching

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

1) Liability risks

a) Asset-liability mismatch risk

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

b) Discount rate risk

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

c) Future salary escalation and inflation risk

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

2) Asset risks

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

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

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

Particulars	As at March 31, 2024	As at March 31, 2023
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	7.20%	7.50%
Expected rate of return on plan assets	7.50%	7.20%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)	10.79*	11.00*
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	5.00%	5.00%
Age 31 - 44 years	5.00%	5.00%
Age 45 - 50 years	5.00%	5.00%
Age above 50 years	5.00%	5.00%

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

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40. Gratuity and other post-employment benefit plans (Contd.):

(a) Gratuity plan (Contd.):

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

In ₹ Million

Particulars	As at March 31, 2024	As at March 31, 2023
Present value of obligation as at the beginning of the period	1,314.50	1,216.31
Interest expense	93.90	85.92
Current service cost	82.11	78.24
Benefits (paid)	(125.13)	(45.90)
Remeasurements on obligation [actuarial (gain) / loss]	86.25	(20.07)
Closing defined benefit obligation	**1,451.63**	**1,314.50**

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

In ₹ Million

Particulars	As at March 31, 2024	As at March 31, 2023
Opening fair value of plan assets	1,136.07	992.39
Interest income	85.11	73.77
Contributions	122.50	110.28
Benefits paid	(125.13)	(45.90)
Remeasurements- Return on plan assets, excluding amount included in Interest Income	(13.85)	5.53
Closing fair value of plan assets	**1,204.70**	**1,136.07**
Actual return on plan assets	71.26	79.30

Net interest (income)/expense

In ₹ Million

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Interest expense on defined benefit obligation	93.90	85.92
Interest (income) on plan assets	(85.11)	(73.77)
Net Interest Expense for the period	**8.79**	**12.15**

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

In ₹ Million

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Experience (gain)/ loss on plan liabilities	53.94	9.76
Financial (gain)/ loss on plan liabilities	32.30	(29.83)
Experience (gain)/ loss on plan assets	17.25	(2.46)
Financial (gain)/ loss on plan assets	(3.40)	(3.07)

Amount recognised in statement of other comprehensive income (OCI)

In ₹ Million

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Remeasurement (gain)/loss for the period on defined benefit obligation		
(Gain)/loss on plan liabilities due to experience assumptions	53.94	9.76
(Gain)/loss on plan liabilities due to demographic assumptions	-	-
(Gain)/loss on plan liabilities due to financial assumptions	32.30	(29.83)
Remeasurement (gain)/ loss for the period on plan asset		
(Gain)/loss on plan assets due to experience assumptions	17.25	(2.46)
(Gain)/loss on plan assets due to demographic assumptions	-	-
(Gain)/loss on plan assets due to financial assumptions	(3.40)	(3.07)
Total remeasurement cost for the period recognised in OCI	**100.09**	**(25.60)**

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Notes forming part of consolidated financial statements for the year ended March 31, 2024

40. Gratuity and other post-employment benefit plans (Contd.):

(a) Gratuity plan (Contd.):

The amounts to be recognised in the balance sheet

In ₹ Million

Particulars	As at March 31, 2024	As at March 31, 2023
Present value of obligation	(1,451.63)	(1,314.50)
Fair value of plan assets	1,204.70	1,136.07
Net asset / (liability) to be recognised in the balance sheet	**(246.93)**	**(178.43)**

Expense recognised in the statement of profit and loss

In ₹ Million

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Current service cost [Refer note 28]	82.11	78.24
Net interest (income) / expense [Refer note 30]	8.79	12.15
Net periodic benefit cost recognised in the statement of profit and loss	**90.90**	**90.39**

Reconciliation of net asset/(liability) recognised:

In ₹ Million

Particulars	As at March 31, 2024	As at March 31, 2023
Net asset / (liability) recognised at the beginning of the period	(178.43)	(223.92)
Holding Company's contributions	122.50	110.28
Expense recognised for the year	(90.90)	(90.39)
Amount recognised in OCI	(100.09)	25.60
Net asset / (liability) recognised at the end of the period	**(246.92)**	**(178.43)**

The Holding Company expects to contribute ₹ 122.50 million to gratuity fund in the next year (March 31, 2023 : ₹ 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, 2024	As at March 31, 2023
Funds managed by insurer	100.00%	100.00%

Sensitivity analysis :

A) Impact of change in discount rate when base assumption is decrease / increase in present value of obligation

In ₹ Million

Discount rate	As at March 31, 2024	As at March 31, 2023
Decrease by 1%	1,575.35	1,418.46
Increase by 1%	1,346.39	1,222.90

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

In ₹ Million

Salary increment rate	As at March 31, 2024	As at March 31, 2023
Decrease by 1%	1,356.87	1,231.55
Increase by 1%	1,560.75	1,406.45

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40. Gratuity and other post-employment benefit plans (Contd.):
(a) Gratuity plan (Contd.):

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

In ₹ Million

Withdrawal rate	As at March 31, 2024	As at March 31, 2023
Decrease by 1%	1,458.63	1,317.48
Increase by 1%	1,448.60	1,312.46

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

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

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

In ₹ Million

Particulars	As at March 31, 2024	As at March 31, 2023
Within one year	210.48	257.97
After one year but not more than five years	474.27	408.15
After five years but not more than ten years	739.13	654.88

Weighted average duration of the defined benefit plan obligation (based on discounted cash flows using mortality, withdrawal and interest rate) is 10.49 years (March 31, 2023: 10.59 years).

(b) Special gratuity

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

1) Liability risks
a) Asset-liability mismatch risk
Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Holding Company is successfully able to neutralise valuation swings caused by interest rate movements. 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) Unfunded plan risk
This represents unmanaged risk and a growing liability. There is an inherent risk here that the Holding Company may default on paying the benefits in adverse circumstances. Funding the plan removes volatility in the Holding Company's financial statements and also benefit risk through return on the funds made available for the plan.

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

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	7.20%	7.50%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)	11.49*	11.82*
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	5.00%	5.00%
Age 31 - 44 years	5.00%	5.00%
Age 45 - 50 years	5.00%	5.00%
Age above 50 years	5.00%	5.00%

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

40. Gratuity and other post-employment benefit plans (Contd.):

(b) Special gratuity (Contd.):

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

In ₹ Million

Particulars	As at March 31, 2024	As at March 31, 2023
Present value of obligation as at the beginning of the period	167.52	180.90
Interest expense	12.10	12.58
Current service cost	0.12	3.38
Benefits Paid	(12.44)	(12.23)
Remeasurements on obligation [Actuarial (Gain) / Loss]	31.04	(17.11)
Closing defined benefit obligation	**198.34**	**167.52**

Net Interest (Income)/Expense

In ₹ Million

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Interest expense on defined benefit obligation	12.10	12.58
Net interest expense for the period	**12.10**	**12.58**

Remeasurement for the period

In ₹ Million

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Experience (gain) / loss on plan liabilities	24.82	(11.87)
Demographic loss on plan liabilities	-	-
Financial (gain) /loss on plan liabilities	6.22	(5.24)

Amount recognised in statement of other comprehensive Income (OCI)

In ₹ Million

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Remeasurement for the period-obligation (gain)/loss		
(Gain)/loss on plan liabilities due to experience assumptions	24.82	(11.87)
(Gain)/loss on plan liabilities due to demographic assumptions	-	-
(Gain)/loss on plan liabilities due to financial assumptions	6.22	(5.24)
Remeasurement for the period-Plan assets (gain)/loss		
(Gain)/loss on plan assets due to experience assumptions	-	-
(Gain)/loss on plan assets due to demographic assumptions	-	-
(Gain)/loss on plan assets due to financial assumptions	-	-
Total remeasurement cost for the period recognised in OCI	**31.04**	**(17.11)**

The amounts to be recognised in the Balance Sheet

In ₹ Million

Particulars	As at March 31, 2024	As at March 31, 2023
Present value of obligation as at the end of the period	(198.34)	(167.52)
Fair value of plan assets as at the end of the period	-	-
Net asset / (liability) to be recognised in the balance sheet	**(198.34)**	**(167.52)**

Expense recognised in the statement of profit and loss

In ₹ Million

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Current service cost **[Refer note 28]**	0.12	3.38
Past service cost	-	-
Net interest (income) / expense **[Refer note 30]**	12.10	12.58
Net periodic benefit cost recognised in the statement of profit and loss	**12.22**	**15.96**

40. Gratuity and other post-employment benefit plans (Contd.):

(b) Special gratuity (Contd.):

Reconciliation of Net Asset/(Liability) recognised:

In ₹ Million

Particulars	As at March 31, 2024	As at March 31, 2023
Net asset / (liability) recognised at the beginning of the period	(167.52)	(180.90)
Company's contributions	-	-
Benefits directly paid by Company	12.44	12.23
Expense recognised for the year	(12.22)	(15.96)
Amount recognised in OCI	(31.04)	17.11
Net asset / (liability) recognised at the end of the period	**(198.34)**	**(167.52)**

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

In ₹ Million

Particulars	As at March 31, 2024	As at March 31, 2023
Within one year	11.70	19.47
After one year but not more than five years	60.58	48.68
After five years but not more than ten years	107.43	90.09

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 12.68 years (March 31, 2023: 12.75 years).

Sensitivity analysis

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

In ₹ Million

Discount rate	Year ended March 31, 2024	Year ended March 31, 2023
Decrease by 1%	221.32	186.02
Increase by 1%	178.68	151.74

B) Impact of change in salary increase rate when base assumption is decreased / increased - present value of obligation

In ₹ Million

Salary increment rate	Year ended March 31, 2024	Year ended March 31, 2023
Decrease by 1%	180.15	152.88
Increase by 1%	219.02	184.29

C) Impact of change in withdrawal rate when base assumption is decreased / increased - present value of obligation

In ₹ Million

Withdrawal rate	Year ended March 31, 2024	Year ended March 31, 2023
Decrease by 1%	197.99	166.78
Increase by 1%	198.65	168.17

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40. Gratuity and other post-employment benefit plans (Contd.):

(c) Provident fund

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

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

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

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

1) Liability risks:

a) Asset-liability mismatch risk

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

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may 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 Holding Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Holding Company has no control over the management of funds and this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured and also interest rate and inflation risk are taken care of.

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

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	7.20%	7.50%
Interest rate declared by Employees' Provident Fund Organisation for the year	8.25%	8.15%
Yield spread	0.50%	0.50%
Expected rate of return on plan assets	7.50%	7.20%
Expected average remaining working lives of employees (in years)	10.89*	11.10*
Withdrawal rate		
Age upto 30 years	5.00%	5.00%
Age 31 - 44 years	5.00%	5.00%
Age 45 - 50 years	5.00%	5.00%
Age above 50 years	5.00%	5.00%

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

Table showing changes in present value of expected interest rate shortfall:

In ₹ Million

Particulars	As at March 31, 2024	As at March 31, 2023
Present value of expected Interest rate shortfall as at the beginning of the period	3,813.10	3,460.44
Interest cost	274.08	242.93
Current service cost	137.06	95.47
Employee contribution	194.55	150.31
Benefits paid	(317.48)	(172.89)
Actuarial (gain) / loss on obligations	168.37	36.84
Present value of expected interest rate shortfall as at the end of the period	**4,269.68**	**3,813.10**

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

(c) Provident fund (Contd.):

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

In ₹ Million

Particulars	As at March 31, 2024	As at March 31, 2023
Fair value of plan assets as at the beginning of the period (surplus account)	3,809.32	3,430.86
Interest income	286.13	249.65
Employers contribution	134.48	95.47
Employee contribution	194.55	150.31
Benefits paid	(317.48)	(172.89)
Remeasurement- return on plan assets excluding amount included in interest income	162.38	55.92
Fair value of plan assets as at the end of the period (surplus account)	**4,269.38**	**3,809.32**

Net interest (income) / expense

In ₹ Million

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Interest expense on defined benefit obligation	274.08	242.93
Interest (income) on plan assets	(286.13)	(249.65)
Net Interest Expense / (Income) for the period	**(12.05)**	**(6.72)**

The amounts to be recognised in the balance sheet:

In ₹ Million

Particulars	As at March 31, 2024	As at March 31, 2023
Present value of Provident fund liability as at end of the period	4,269.68	3,813.10
Fair value of the plan assets as at the end of the period (surplus account)	4,269.38	3,809.32
(Deficit)	**(0.30)**	**(3.78)**
Net (liability) recognised in the balance sheet	(0.30)	(3.78)

Amount recognised in Statement of Other comprehensive Income (OCI):

In ₹ Million

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Remeasurement for the period-obligation (gain)/ loss	168.37	36.84
Remeasurement for the period-plan assets(gain)/loss	(162.38)	(55.92)
Total Remeasurement cost for the period recognised in OCI	**5.99**	**(19.08)**

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

(c) Provident fund (Contd.):

Expense recognised in the statement of profit and loss:

In ₹ Million

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Current service cost **[Refer note 28]**	137.06	95.47
Net interest expense **[Refer note 30]**	(12.05)	(6.72)
Net periodic benefit cost recognised in the statement of profit and loss	125.01	**88.75**

Sensitivity analysis

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

In ₹ Million

Discount rate	Year ended March 31, 2024	Year ended March 31, 2023
Decrease by 0.50%	4,344.43	3,877.73
Increase by 0.50%	4,199.07	3,784.05

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

In ₹ Million

PF interest rate	Year ended March 31, 2024	Year ended March 31, 2023
Decrease by 0.50%	4,199.18	3,784.05
Increase by 0.50%	4,340.16	3,875.31

(d) Pension and other obligation

The Holding Company has a defined benefit pension and medical reimbursement plan for certain key managerial personnel as approved by the remuneration committee. The plan provides life time monthly pension payments to such employees as stipulated in the policy. The Company accounts for liability of such future benefits based on an independent actuarial valuation on projected accrued credit method carried out for assessing the provision as on the reporting date.

1) Liability risks

a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Holding Company is successfully able to neutralise valuation swings caused by interest rate movements. 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) Unfunded plan risk

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

The principal assumptions used in determining pension for the Holding Company's plan is shown below:

	Year ended March 31, 2024
Mortality table	IALM(2012-14) ult
Discount rate	7.20%
Rate of increase in compensation levels	7.00%
Rate of increase in pension	5.50%
Medical inflation rate	14.00%
Expected average remaining working lives (in years)*	13.71*

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

The following tables states the net (asset)/ liability as at year end:

	Year ended March 31, 2024
Current pension and medical reimbursement obligation expected to be settled in next 12 months	12.53
Pension and medical reimbursement obligation expected to be settled beyond 12 months	223.98
	236.51

Notes forming part of consolidated financial statements for the year ended March 31, 2024

Sensitivity analysis :

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

	Year ended March 31, 2024
Decrease by 1%	258.45
Increase by 1%	238.88

B) Impact of change in pension increment rate and salary increment rate when base assumption is decreased / increased on defined benefit obligations

	Year ended March 31, 2024
Decrease by 1%	217.68
Increase by 1%	257.38

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

Overseas subsidiaries

(d) Pension plan and Early retirement plan

The overseas subsidiaries operate a pension scheme which is a defined benefit plan. The scheme pertains to employees who have left the organization. The present value of defined benefit obligation and the related current service costs are measured using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. An individual's estimated benefit obligation is the present value of the attributed benefit for valuation purposes at the beginning of the plan year, and the service cost is the present value of the benefit attributed to the year of service in the plan year.

The following table summarizes the components of net benefit expense recognized in the Statement of profit and loss and amounts recognized in the balance sheet for the pension plan.

The principal assumptions used in determining pension plan for the Group's overseas subsidiaries is shown below:

Particulars	As at March 31, 2024	As at March 31, 2023
Mortality table	RT Heubeck 2018 G, TGH05/TGF05 and DUS 21	RT Heubeck 2018 G, TGH05/TGF05 and DUS 21
Discount rate	3.2% to 3.83%	3.6% to 4.40%
Rate of increase in compensation levels	2.00%	2.00%

Changes in the present value of the defined benefit obligation recognized in consolidated balance sheet are as follows: **In ₹ Million**

Particulars	As at March 31, 2024	As at March 31, 2023
Opening defined benefit obligation	847.83	1,140.03
Foreign Currency Translation Reserve (FCTR) Impact on opening balance	(14.29)	19.24
Interest expense	36.02	10.18
Current service cost	8.42	-
Benefits paid	(40.43)	(33.69)
Remeasurements on obligation [Actuarial (Gain) / Loss]	85.22	(287.93)
Closing defined benefit obligation	**922.77**	**847.83**

Changes in the fair value of plan assets recognized in the consolidated balance sheet are as follows: **In ₹ Million**

Particulars	As at March 31, 2024	As at March 31, 2023
Opening fair value of plan assets	6.42	22.77
Foreign Currency Translation Reserve (FCTR) Impact on opening balance	(0.47)	(16.17)
Interest income	0.02	0.47
Benefits paid	(0.94)	(0.47)
Remeasurements-Actuarial gains / (losses)	0.61	(0.18)
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	-	-
Closing fair value of plan assets	**5.64**	**6.42**
Actual return on plan assets	0.63	0.29

Net Interest (Income/Expense) **In ₹ Million**

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Interest (Income) / Expense – Obligation	36.02	10.18
Interest (Income) / Expense – Plan assets	(0.02)	(0.47)
Net Interest (Income) / Expense for the period	**36.00**	9.71

Amount recognized in Statement of Other comprehensive Income (OCI) **In ₹ Million**

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Remeasurement for the period-Obligation (Gain)/Loss	85.22	(287.93)
Remeasurement for the period-Plan assets (Gain)/Loss	(0.61)	0.18
Total Remeasurement cost/(credit) for the period recognized in OCI	**84.61**	**(287.75)**

Weighted average duration of the defined benefit plan obligation (based on discounted cash flows using mortality, withdrawal and interest rate) is - 10.18 - 18.39 years (March 31, 2023: 6.7-18.83 years).

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

The amounts to be recognized in the Balance Sheet **In ₹ Million**

Particulars	As at March 31, 2024	As at March 31, 2023
Present value of defined benefit obligations	(922.77)	(847.83)
Fair value of plan assets	5.64	6.42
Net Asset / (liability) to be recognized in balance sheet	**(917.13)**	**(841.41)**

Expense recognized in the statement of profit and loss **In ₹ Million**

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Current service cost	8.42	-
Net Interest (Income) / Expense	36.00	9.71
Net periodic benefit cost recognized in the statement of profit & loss	**44.42**	**9.71**

Reconciliation of Net Asset/(Liability) recognized: **In ₹ Million**

Particulars	As at March 31, 2024	As at March 31, 2023
Net asset / (liability) recognized at the beginning of the period	(841.42)	(1,117.27)
Foreign Currency Translation Reserve (FCTR) Impact on Opening Balance	13.82	(35.41)
Benefits directly paid by the Group	39.49	33.22
Expense recognized for the year	(44.42)	(9.71)
Amount recognized in OCI	(84.60)	287.75
Net asset / (liability) recognized at the end of the period	**(917.13)**	**(841.42)**

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, 2024	As at March 31, 2023
Funds managed by insurer	100%	100%

Sensitivity analysis

Impact of change in discount rate when base assumption is present value of obligation decreased/increased in present value of obligation

In ₹ Million

Discount rate	As at March 31, 2024	As at March 31, 2023
Decrease by 0.50%	982.71	81.68
Increase by 0.50%	858.52	74.12

The pension scheme pertains to employees who have already left the organization. Hence the impact of change in salary increase rate and withdrawal rate is nil and hence not disclosed.

The followings are the expected contributions to the defined benefit plan in future years : **In ₹ Million**

Particulars	As at March 31, 2024	As at March 31, 2023
Within the next 12 months (next annual reporting period)	52.53	35.03
Between 2 and 5 years	232.46	159.81
Beyond 5 and 10 years	326.66	244.44
Beyond 10 years	1,305.10	1,378.16
Total expected payments	**1,916.74**	**1,817.45**

(e) Other long term benefits

Other long term benefits includes early retirement scheme as governed by the local laws amounting to ₹ 48.59 million (March 31, 2023: ₹ 57.90 million) and jubilee scheme as governed by the local laws amounting to ₹ 73.03 million (March 31, 2023: ₹ 89.81 million).

One of the subsidiary has an employees' savings plan which qualifies under Internal Revenue Code as governed by the local laws. The plan allows eligible employees to make voluntary contributions based on a specific percentage of compensation which may not exceed limitations under the said Internal Revenue Code. The Group has a discretionary matching contribution of 50% up to 6% of compensation. The total expense for employee retirement contribution plans for the year ended March 31, 2024 was ₹ 23.03 million (March 31, 2023: ₹ 19.87 million) included in note 28 as part of employee benefits expenses.

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

Indian subsidiaries

(f) Gratuity plans

The present value of defined benefit obligation and the related current service costs are measured using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date.
The gratuity benefits are governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. Majority of the schemes are funded with insurance companies in the form of qualifying insurance policy.

Risk exposure and asset liability matching

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

1) Liability risks
a) Asset-liability mismatch risk
Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Group is successfully able to neutralize valuation swings caused by interest rate movements.

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

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

2) Asset risks
All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India and other insurance companies. LIC and other insurance companies has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Group has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The respective subsidiary have no control over the management of funds but this option provides a high level of safety for the total corpus. Same account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured and also interest rate and inflation risk are taken care of.

The following table summarizes the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

The principal assumptions used in determining gratuity for the Indian subsidiary's plan is shown below:

Particulars	As at March 31, 2024	As at March 31, 2023
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	7.20% - 7.50%	7.30% - 7.50%
Rate of increase in compensation levels	5.00% - 10.00%	5.00% - 10.00%
Expected average remaining working lives (in years)	2.6-20.04	6.49-26.85
Withdrawal rate (based on grade and age of employees)		
Age unto 30 years	1% to 38%	1% to 15%
Age 31 - 44 years	1% to 38%	1% to 15%
Age 45 - 50 years	1% to 38%	1% to 15%
Age above 50 years	1% to 38%	1% to 15%

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

In ₹ Million

Particulars	As at March 31, 2024	As at March 31, 2023
Opening defined benefit obligation	81.13	17.08
Adjustment to defined benefit obligation	-	53.99
Interest expense	5.72	4.31
Current service cost	20.93	12.45
Benefits paid	(10.58)	(3.89)
Remeasurements on obligation [Actuarial (Gain) / Loss]	7.95	(2.81)
Closing defined benefit obligation	**105.15**	**81.13**

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

Changes in the fair value of plan assets recognized in the consolidated balance sheet are as follows: **In ₹ Million**

Particulars	As at March 31, 2024	As at March 31, 2023
Opening fair value of plan assets	8.01	3.50
Adjustment to fair value of plan asset	0.18	0.07
Interest Income	0.72	0.41
Contributions	11.63	7.14
Benefits paid	(8.26)	(3.04)
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	(0.07)	(0.07)
Closing fair value of plan assets	**12.21**	**8.01**
Actual return on plan assets	0.60	0.34

Net Interest (Income/Expense)

In ₹ Million

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Interest (Income) / Expense – Obligation	-	4.31
Interest (Income) / Expense – Plan assets	(0.72)	(0.41)
Net Interest (Income) / Expense for the period	**(0.72)**	**3.90**

Remeasurement for the period [Actuarial (Gain)/loss]

In ₹ Million

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Experience (Gain) / Loss on plan liabilities	5.39	(3.68)
Demographic (Gain) / Loss on plan liabilities	(0.97)	(0.01)
Financial (Gain) / Loss on plan liabilities	3.45	0.88
Experience (Gain) / Loss on plan assets	0.09	(0.01)
Financial (Gain) / Loss on plan assets	(0.01)	(0.05)

Amount recognized in Statement of Other comprehensive Income (OCI)

In ₹ Million

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Opening amount recognized in OCI outside profit and loss account	5.72	(1.72)
Adjustment to OCI	-	10.18
Remeasurement for the period-Obligation (Gain)/Loss	-	(2.81)
Remeasurement for the period-Plan assets (Gain)/Loss	0.07	0.07
Total Remeasurement cost/(credit) for the period recognized in OCI	0.07	(2.74)
Closing amount recognized in OCI outside profit and loss account	**5.79**	**5.72**

The amounts to be recognized in the Balance Sheet

In ₹ Million

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Present value of defined benefit obligations	(105.15)	(81.13)
Fair value of plan assets	12.21	8.01
Net Asset / (liability) to be recognized in balance sheet	**(92.94)**	**(73.12)**

Expense recognized in the statement of profit and loss **In ₹ Million**

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Current service cost	-	12.45
Net Interest (Income) / Expense	(0.72)	3.91
Net periodic benefit cost recognized in the statement of profit & loss	**(0.72)**	**16.36**

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

Reconciliation of Net Asset/(Liability) recognized:

In ₹ Million

Particulars	As at March 31, 2024	As at March 31, 2023
Net asset / (liability) recognized at the beginning of the period	(73.09)	(13.58)
Adjustment to opening balance due to business combinations	-	(53.90)
Contributions	-	5.09
Benefits paid by the Group	-	2.90
Expense recognized for the year	-	(16.34)
Amount recognized in OCI	-	2.74
Net (liability) recognized at the end of the period	**(73.09)**	**(73.09)**

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, 2024	As at March 31, 2023
Funds managed by insurer	100.00%	100.00%

Sensitivity analysis

A) Impact of change in discount rate when base assumption is decreased/increased in Present value of obligation

In ₹ Million

Discount rate	As at March 31, 2024	As at March 31, 2023
Decrease by 1%	47.39	31.22
Increase by 1%	39.90	25.99

B) Impact of change in salary increase rate when base assumption is decreased/increased in Present value of obligation

In ₹ Million

Salary increment rate	As at March 31, 2024	As at March 31, 2023
Decrease by 1%	39.89	25.86
Increase by 1%	46.36	30.57

C) Impact of change in withdrawal rate when base assumption is decreased/increased in Present value of obligation

In ₹ Million

Withdrawal rate	As at March 31, 2024	As at March 31, 2023
Decrease by 1%	38.27	23.93
Increase by 1%	37.25	23.44

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

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

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

In ₹ Million

	As at March 31, 2024	As at March 31, 2023
Year ending March 31		
Within one year	8.83	6.55
After one year but not more than five years	26.98	20.09
After five years but not more than ten years	61.82	44.05
Beyond 10 years	35.92	-
Total expected payments	**133.55**	**70.69**

Weighted average duration of the defined benefit plan obligation (based on discounted cash flows using mortality, withdrawal and interest rate) is in the range of 4.25-20.40 years (March 31, 2023: 10.96- 20.90 years).

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41. Contingent liabilities

In ₹ Million

Particulars	As at March 31, 2024	As at March 31, 2023
Claims against the Group not acknowledged as Debts - to the extent ascertained **[Refer note a]**	1,320.54	1,096.00
Guarantees given by Group's Bankers on behalf of the Group, against sanctioned guarantee limit of ₹ 7,250 million (March 31, 2023: ₹ 7,350 million) for contracts undertaken by the Group are secured by extension of charge by way of joint hypothecation of stock-in-trade, stores and spares etc., book debts, subject to prior charge in their favour.	3,857.66	3,437.88
Excise/Service tax demands - matters under dispute* **[Refer note b]**	129.66	141.27
Customs demands - matters under dispute* **[Refer note c]**	69.51	55.73
Sales tax demands - matters under dispute **[Refer note d]**	0.60	0.60
Income tax demands - matters under dispute **[Refer note e]**	215.32	190.33

* Excludes Interest and Penalty

(a) Includes:

- contingent liability to employees
- One of the subsidiaries is in the process of setting-up manufacturing facility at Additional Jejuri Industrial Area, MIDC, Jejuri, District Pune. MIDC had approved the building construction plan on March 9, 2021 and has specified a condition to commence construction within a period of 1 year. MIDC had given the time limit for obtaining building completion certificate/occupancy certificate and commencement of production till June 10, 2022. It has been further ammended and extended till 10th June, 2024. The Company has approached MIDC for further extension of the time limit for completion of contruction and commencement of activities and also paid the additional premium amounting to Rs. 78.94 million.

- The disputed claims including those related to various statutory dues that have been waived off and extinguished as per The Resolution Plan approved by the National Company Law Tribunal are not considered

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

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

(d) Includes amount pertaining to duty demand by authorities on non-taxable services and for non-receipt of various statutory forms, etc.

(e) Includes amount pertaining to matter relating to applicability of TDS.

- One of the subsidiary is contesting the demands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appeallate process. No tax expense has been accrued in the financial statements for the tax demand raised. the management based on its internal assessment and advice by its legal counsel believes that it is only possible/remote, but not probable, that the action will succeed.

- One of the subsidiary has received a transfer pricing demand order where an upward adjustment was proposed amonting to Rs. 68.80 millions having tax impact of Rs 25 millions. The company has appealed against the said order. The management on basis of opinion of legal consultant believes that the ultimate outcome of the above proceeding will not have a material adverse effect on the company's financial position and results of operations.

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

42. Capital and other commitments

In ₹ Million

Particulars	As at March 31, 2024	As at March 31, 2023
(a) Estimated value of contracts remaining to be executed on Property, plant & Equipment and not provided for, net of advances	5,925.40	5,928.64
(b) Guarantees given by the Holding Company on behalf of other companies		
Balance outstanding	8,012.05	-
(Maximum amount)	(8,123.68)	-

The Group, for its newly set up plant located at Mambattu, Nellore, Andhra Pradesh for the manufacture of aluminium casting, has imported capital goods under the Export Promotion Capital Goods Scheme of the Government of India, at concessional rates of duty on an undertaking to fulfil quantified exports. As at March 31, 2024; export obligation aggregates to USD 8.81 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.

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43. Leases

A. Group as lessee

The Group has lease contracts for various items of buildings, leasehold land, plant and machinery, office equipments, electrical installation, furniture fixtures, vehicles and other equipment used in its operations. Leases of Buildings, leasehold land, plant and machinery generally have lease terms between 2 and 18 years, while motor vehicles and other equipment generally have lease terms between 2 and 6 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further mentioned below:

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

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

In ₹ Million

	Buildings	Plant and machinery	Office equipments	Electrical installations	Furniture and fixtures	Vehicles	Leasehold Land	Total
At April 1, 2022	1,018.93	1,806.68	33.22	0.00	(0.00)	205.35	471.35	3,535.54
Additions	241.83	1,440.44	-	-	-	104.03	104.23	1,890.53
Addition due to acquisition	53.14	20.45	-	-	-	-	76.18	149.77
Depreciation charged to profit and loss account	(142.49)	(185.28)	(9.34)	-	-	(87.75)	(6.31)	(431.17)
Depreciation capitalised	(14.89)	-	-	-	-	-	-	(14.89)
Deletions	(44.75)	-	(0.13)	-	-	(5.77)	-	(50.65)
Foreign Currency Translation Reserve	17.45	4.68	2.89	-	-	7.87	-	32.89
As at March 31, 2023	**1,129.22**	**3,086.97**	**26.64**	**0.00**	**(0.00)**	**223.73**	**645.45**	**5,112.02**
Additions	38.75	141.10	13.93	-	-	45.72	9.71	249.21
Addition due to acquisition	-	-	-	-	-	-	125.79	125.79
Depreciation charged to profit and loss account	(159.13)	(334.87)	(10.27)	-	-	(84.63)	(5.30)	(594.20)
Depreciation capitalised	6.87	15.29	(15.82)	-	-	(42.80)	-	(36.46)
Deletions	(8.58)	(12.44)	(1.54)	-	-	(3.36)	(94.08)	(120.00)
Foreign Currency Translation Reserve	2.16	1.60	(0.57)	-	-	0.91	-	4.10
As at March 31, 2024	**1,009.29**	**2,897.65**	**12.37**	**-**	**-**	**139.57**	**681.57**	**4,740.46**

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

In ₹ Million

	Year ended March 31, 2024	Year ended March 31, 2023
Opening balance	4,609.04	3,170.88
Additions on acquisition	-	57.49
Additions	243.79	1,795.45
Disposal	(63.47)	(55.32)
Accretion of Interest	341.12	276.07
Payments	(854.59)	(644.91)
Foreign Currency Translation Reserve	(21.34)	9.38
Closing balance	**4,254.55**	**4,609.04**
Current	461.99	447.27
Non - Current	3,792.56	4,161.77

The maturity analysis of lease liabilities are disclosed in Note 55.

The effective interest rate for lease liabilities is between 8.40% to 9.85% for domestic entities and 1.90% to 4.4 % for Overseas entities with maturity between 2024-2029.

The following are the amounts recognised in profit or loss:

In ₹ Million

	Year ended March 31, 2024	Year ended March 31, 2023
Depreciation expense of right-of-use assets	594.20	431.17
Interest expense on lease liabilities	341.12	276.07
Expense relating to short-term leases and low value leases (included in Other expenses)	32.09	20.33
Total amount recognised in profit or loss	**967.41**	**727.57**

The Group had total cash outflows for leases of ₹ 854.59 million (March 31, 2023: ₹ 644.91 million). The Group also had non-cash additions to right-of-use assets and lease liabilities of ₹ Nil million (March 31, 2023: ₹ 1,795.45 million) and ₹ Nil million (March 31, 2023: ₹ 2,071.52 million) respectively.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised. (Refer note 35)

B. Group as a lessor

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

Future minimum rentals receivable under non-cancellable operating leases are as follows:

In ₹ Million

	Year ended March 31, 2024	Year ended March 31, 2023
Within one year	85.12	85.72
After one year but not more than five years	275.95	268.96
More than five years	60.28	76.01
Total	**421.35**	**430.69**

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44. Capital management

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

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a net debt equity ratio, which is net debt divided by equity. The Group's policy is to keep the net debt equity ratio below 1.00. The Group includes within its borrowings net debt and interest-bearing loans less cash and cash equivalents.

Particulars	As at March 31, 2024	As at March 31, 2023
Borrowings	75,220.75	68,523.33
Less: Cash and other liquid assets	30,186.38	30,016.56
Net debt	45,034.37	38,506.77
Equity	**71,166.32**	**66,597.78**
Net debt / equity Ratio	0.63	0.58

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

In ₹ Million

Particulars	As at March 31, 2024	As at March 31, 2023
Saarloha Advanced Materials Private Limited**		
Balance outstanding	-	1,350.00
Maximum amount outstanding during the year	1,350.00	1,350.00
Aeron Systems Private Limited ***		
Balance outstanding	-	-
Maximum amount outstanding during the year	-	8.00
Refu Drive GmbH @		
Balance outstanding	165.76	89.67
Maximum amount outstanding during the year	165.76	89.67

**Short term advance converted into a long term advance for a period of 4 years.

***Receivable after 1 year from the date of disbursement of loan. It can be repaid earlier than the maturity, based on mutual understanding.

@ term loan with bullet repayment at the end of 2 years, interest payable at the end of the loan term.

Loans and advances in the nature of loans granted to promoters, directors, key managerial personnel (KMP's) and other related parties either severally or jointly with any other person that are:
a) Repayable on demand or
b) without specifying any terms or period of repayment

In ₹ Million

Type of Borrower	March 31, 2024		March 31, 2023	
	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	-	-	-	-
KMP's	-	-	-	-
Related Party	-	-	-	-

Note: There are no investments by the loanee in the shares of the holding company and subsidiary company, when the respective company has made a loan or advance in the nature of loan.

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46. Business combinations and acquisition of non-controlling interests

Acquisition of Unit of Indo Shell Mould Limited (ISML) by JS Auto Cast Foundry India Private Limited

ISML is an unlisted public company incorporated on May 03, 1995 having its registered office at A9, SIDCO Industrial Estate Kurichi, Coimbatore, Tamil Nadu, India, 641021. Its authorized share capital is Rs 12,80,00,000 and paid up capital is 12,45,00,000, It is involved in manufacturing of ferrous and non ferrous castings.

JSA is a private limited company incorporated on 20 August 2004 having its operations at SF No 165/1, Sembagounden Pudur, Kuppepalayam, Coimbatore, Tamil Nadu, India. It is registered at Registrar of Companies, Coimbatore. Its authorized share capital is Rs.90,000,000 and its paid up capital is Rs.39,683,300. It is involved in the manufacturing of raw and machined ductile iron castings for numerous international brands.

On December 31, 2022, JSA entered into a Business Transfer Agreement to acquire the casting business (referred to as 'Identified Business Unit') from ISML for a consideration of ₹ 533.08 million. The acquisition completed on June 30, 2023 (the "Acquisition Date").

The Company has calculated the fair value of the acquired assets and liabilities in accordance with Ind AS 103 Business Combinations resulting in no goodwill or capital reserve.

	In ₹ Million
	As at June 30, 2023
Assets	
Property, plant and equipment	384.50
Intangibles assets	-
Right of Use assets	125.79
Cash and cash equivalents	-
Trade receivables	14.69
Inventories	42.48
Financial Assets (Non-current)	
Financial Assets (Current)	-
Other Assets	-
	567.46
Liabilities	
Trade payables	-
Other Financial liabilities	-
Other Current liabilities	9.09
Deferred tax liability	25.29
Provisions (Non-current)	-
Provisions (Current)	-
Borrowings	-
	34.38
Total identifiable net assets / (liabilities) at fair value	533.08
Non-controlling interest measured at fair value	-
Goodwill arising on acquisition	-
Purchase consideration transferred	**533.08**

None of the trade receivables is credit impaired and it is expected that the full contractual amounts can be collected.

	In ₹ Million
Particulars	**Amount**
Purchase Consideration	533.08
Less: Net Cash acquired in business Combination	-
Net Cashflow on acquisition	**533.08**

Acquisition of Zorya Mashproekt India Private Limited

The Group through its wholly owned subsidiary Kalyani Strategic Systems Limited (KSSL) has acquired 5,00,000 equity shares (64.93% of total shareholding) of face value Rs. 10/- each of Zorya Mashproekt India Private Limited (ZMI) on January 24, 2024. ZMI is a private limited company which is engaged in business of development of indigenous capabilities for build ups and repair and overhaul of all types of gas turbine engine.

	In ₹ Million
	As at January 24, 2024
Assets	
Property, plant and equipment	0.10
Intangibles assets	-
Right of Use assets	-
Cash and cash equivalents	0.10
Trade receivables	0.70
Inventories	-
Financial Assets (Non-current)	-
Financial Assets (Current)	0.65
Other Assets	1.89
	3.44
Liabilities	
Trade payables	-
Other Financial liabilities	-
Other Current liabilities	3.70
Deferred tax liability	-
Provisions (Non-current)	-
Provisions (Current)	-
Borrowings	0.40
	4.10
Total identifiable net assets / (liabilities) at fair value	(0.66)
Non-controlling interest measured at fair value	(1.52)
Goodwill arising on acquisition	2.18
Purchase consideration transferred	**-**

None of the trade receivables is credit impaired and it is expected that the full contractual amounts can be collected.

	In ₹ Million
Particulars	**Amount**
Purchase Consideration	-
Less: Net Cash acquired in business Combination	(0.10)
Net Cashflow on acquisition	**(0.10)**

46. Business combinations and acquisition of non-controlling interests (contd.)

Acquisition of Ferrovia Transrail Solutions Private Limited

The Group was holding 49% interest in Ferrovia Transrail Solutions Private Limited (FTSPL), investment through wholly owned subsidiary till March 2, 2023 and post acquisition of equity shares, the Group holds 100% interest in FTSPL as at March 31, 2023. FTSPL is involved in carrying out the project of design, procurement, construction of railway track and railway track related work.

The Company through its wholly owned subsidiary BF Infrastructure Limited has acquired Ferrovia Transrail Solutions Private Limited ("FTSPL") on March 2, 2023 for a consideration of ₹ 2.10 million.

The Group has calculated the fair value of the acquired assets and liabilities in accordance with Ind AS 103 Business Combinations resulting in goodwill of ₹ 19.38 million.

	In ₹ Million
	As at March 2, 2023
Assets	
Property, plant and equipment	-
Intangibles assets	-
Right of Use assets	-
Cash and cash equivalents	0.19
Trade receivables	118.86
Inventories	-
Financial Assets (Non-current)	
Financial Assets (Current)	0.01
Other Assets	5.36
	124.42
Liabilities	
Trade payables	0.24
Other Financial liabilities	0.02
Other Current liabilities	0.00
Provisions (Non-current)	0.05
Provisions (Current)	0.00
Borrowings	141.32
	141.63
Total identifiable net assets / (liabilities) at fair value	(17.22)
Non-controlling interest measured at fair value	-
Goodwill arising on acquisition	19.32
Purchase consideration transferred	**2.10**

None of the trade receivables is credit impaired and it is expected that the full contractual amounts can be collected.

	In ₹ Million
Particulars	**Amount**
Purchase Consideration	2.10
Less: Net Cash acquired in business Combination	(0.19)
Net Cashflow on acquisition	**1.91**

Acquisition of JS Auto Cast Foundry Private Limited

The Group through its wholly owned subsidiary BF Industrial Solutions Limited (BFISL) has acquired 100% stake in JS Auto Cast Foundry Private Limited ("JS Auto") a Coimbatore based casting and machining Company on July 1, 2022 for a consideration of ₹ 3,460.98 million.

The Group has calculated the fair value of the acquired assets and liabilities on a provisional basis in accordance with Ind AS 103 Business Combinations resulting in goodwill of ₹ 2,433.34 million. The goodwill is mainly attributable to the synergies expected to be achieved from integrating the company into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

For the nine month ended March 31, 2023, JS Auto contributed revenue of ₹ 3,449.26 million and profit of ₹ 178.75 million to the Group's results. If the acquisition had occured on April 1, 2022, mamagement estimates that the consolidated revenue for the Group would have been higher by ₹ 930.60 million and the profit after taxes would have been lower by ₹ 73.99 million for twelve months ended March 31,2023.

On December 31, 2022, J S Auto Cast Foundry India Private Limited (“JS Auto”), step-down subsidiary of the Company has entered into Business Transfer Agreement with Indo Shell Mould Limited (“ISML”) for acquiring their SEZ Unit in SIPCOT, Erode which supplies fully machined critical castings to marquee customers in the automotive industry. The closing of the transaction is subject to customary conditions and regulatory approvals.

	In ₹ Million
	As at July 1, 2022
Assets	
Property, plant and equipment	1,905.89
Intangibles assets	3.86
Right of Use assets	149.78
Cash and cash equivalents	13.68
Trade receivables	743.09
Inventories	534.59
Financial Assets (Current)	1.75
Other Assets	186.90
	3,539.54
Liabilities	
Trade payables	936.90
Other Financial liabilities	193.01
Other Current liabilities	79.12
Provisions (Non-current)	238.41
Provisions (Current)	58.63
Borrowings	1,005.81
	2,511.88
Total identifiable net assets at fair value	**1,027.66**
Non-controlling interest measured at fair value	-
Goodwill arising on acquisition	2,433.32
Purchase consideration	**3,460.98**

None of the trade receivables is credit impaired and it is expected that the full contractual amounts can be collected.

	In ₹ Million
Particulars	**Amount**
Purchase Consideration	3,460.98
Less: Net Cash acquired in business Combination	(13.68)
Net Cashflow on acquisition	**3,447.30**

47. Disclosures required under Sec 186(4) of the Companies Act, 2013

Name of the loanee	Purpose	Rate of Interest (p.a.)	Year ended March 31, 2024	Year ended March 31, 2023
Saarloha Advanced Materials Private Limited**	General corporate purpose	8.25%	-	1,350.00
Refu Drive GmbH @	General corporate purpose	2.00%	165.76	92.13

**During the previous year short term advance converted into a long term advance for a period of 4 years.
@ term loan with bullet repayment at the end of 2 years, interest payable at the end of the loan term.

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48. Related party disclosures

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

Related parties with whom transactions have taken place during the period	
Associates	Avaada MHVidarbha Private Limited Talbahn GmbH Aeron Systems Private Limited (upto February 23, 2023) Ratnakar Energy Private Limited (w.e.f. November 6, 2023) Ferrovia Transrail Solutions Private Limited (Upto March 02, 2023)
Joint Ventures	BF NTPC Energy Systems Limited, India (under liquidation) REFU Drive GmbH, Germany
Subsidiary of Joint Venture	REFU Drive India Private Limited, India
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, India Kalyani Cleantech Private Limited United Metachem Private Limited Harmony Electoral Trust Saarloha Advanced Materials Private Limited Nandi Economic Corridor Enterprises Limited Baramati Speciality Steels Limited Cogknit Semantics Private Limited Kalyani Technoforge Limited Elbit Systems Land Ltd Elbit Systems Land and C4I Limited Kalyani Transmission Technologies Private Limited KGEPL Engineering Solutions Private Limited Astra Rafael Comsys Pvt Ltd Aeternus, India Kalyani Technoweld Private Limited Yokoha Investment Private Limited (formerly known as Kalyani Medicomp Private Limited) Kalyani Strategic Management Services Limited (formerly Kalyani Technologies Limited) KTMS Properties Company Private Limited Kudje Management Services Private Limited KTMS Design and Engineering Private Limited KSMS Technologies Solutions Private Limited (formerly known as Kalyani Global Engineering Private Limited) Inmet Technology Solutions Private Limited Institute for Prostate Cancer, India Govalkonda Trading Company Private Limited Purandhar Trading Company Private Limited Raigad Trading Company Private Limited Growth Spurt Consultant LLP, India Vishalgad Trading Company Private Limited Akutai Kalyani Charitable Trust Tirupati Engineers, India Tirupati Enterprises M J Risbud & Co., India H M Risbud & Co., India Irbaris LLP,UK Siddtech Enterprises SBK Charitable Trust Peach Blossom Investment Private Limited Synise Technologies Limited Radium Merchandise Private Limited
Non controlling interest holders	Elbit Systems Land and C4I Limited, Israel Rafael Advanced Defence Systems Limited Mr. Rahul Pangare, India Mr. Vyankoji Shinde, India
Joint venture partners	NTPC Limited, India Premier Explosives Limited, India REFU Elektronik GmbH, Germany

48. Related party disclosures (contd.)

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

Key management personnel	Mr. B. N. Kalyani (Chairman and Managing Director) Mr. A. B. Kalyani (Executive Director and Deputy Managing Director) Mr. G. K. Agarwal (Deputy Managing Director) Mr. B. P. Kalyani (Executive Director) Mr. A. B. Ram (Non Executive Director) (w.e.f 1st September 2023) Mr. S. E. Tandale (Executive Director) Mr. K. M. Saletore (Executive Director & CFO) (upto 30th June 2023) Mr. K. P. Dixit (CFO) (w.e.f 1st July 2023) Ms. T. R. Chaudhari (Company secretary) Mr. P. G. Pawar (Independent Director) Mrs. L. D. Gupte (Independent Director) Mr. P. H. Ravikumar (Independent Director) 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 Smt. V. E. Tandale Mrs. S. S. Tandale Mr. P. S. Kalyani Mrs. V. B. Kalyani Ms. A. K. Saletore Mrs. S. J. Hiremath Ms. Neeraja Puranam Mrs. A. P. Kore Mrs. Deeksha Amit Kalyani
Post employment benefit trust	Bharat Forge Company Limited Staff Provident Fund Bharat Forge Company Limited Employees Group Gratuity Fund Bharat Forge Company Limited Officers Group Gratuity Fund Bharat Forge Company Limited Officers Superannuation Scheme Kalyani Powertrain Ltd Employee's Group Gratuity Cash Accumulation Scheme

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

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48. Related party disclosures (contd.)
(ii) Related party transactions

(In ₹ Million)

Sr. no.	Nature of transaction	Name of the related parties and nature of relationship	Year ended March 31, 2024	Year ended March 31, 2023
1	**Purchase of raw materials, components, stores, spares and traded goods**	**Associate**		
		Aeron Systems Private Limited	74.19	1.60
			74.19	**1.60**
		Other related parties		
		Kalyani Steels Limited	5,055.48	6,097.97
		Saarloha Advance Material Private Limited	14,191.22	15,584.14
		Kalyani Technoforge Limited	540.80	412.31
		Others	94.80	99.07
			19,882.30	**22,193.49**
		Joint venture		
		Refu Drive GMBH	38.78	41.03
			38.78	**41.03**
		Subsidiary of Joint Venture		
		REFU Drive India Private Limited, India	1.32	-
			1.32	**-**
		Non controlling interest holders		
		Rafael Advanced Defence Systems Limited	556.07	264.91
			556.07	**264.91**
			20,552.66	**22,501.03**
2	**Purchase of services**	**Other related parties**		
		Kalyani Strategic Management Services Limited	1.50	2.00
		Others	-	1.50
			1.50	**3.50**
3	**Other expenses - Power, fuel and water**	**Associate**		
		Ratnakar Energy Private Limited	30.84	-
		Avaada MHVidarbha Private Limited	169.35	-
			200.19	**-**
		Other related parties		
		BF Utilities Limited	57.01	31.79
		Avaada MHVidarbha Private Limited	-	23.39
			57.01	**55.18**
			257.20	**55.18**
	- Machining / subcontracting charges	**Other related parties**		
		Kalyani Technoforge Limited	98.01	76.13
		Synise Technologies Limited	31.42	-
		Kalyani Transmission Tecnologies Private Limited	4.47	25.49
		KTMS Design and Engineering Private Limited	82.25	-
		Baramati Speciality Steels Limited	-	3.63
		Others	3.56	1.31
			219.71	**106.56**
			219.71	**106.56**
	-Rent*	**Other related parties**		
		United Metachem Private Limited	11.01	10.01
		KTMS Properties Company Private Limited	20.58	18.71
		Tirupati Engineers	1.86	2.03
		Others	4.54	4.06
			37.99	**34.81**
	-Directors' fees and travelling expenses	**Key management personnel**		
		Mr. P. G. Pawar	1.45	0.58
		Mrs. L. D. Gupte	0.73	0.43
		Mr. P. H. Ravikumar	1.19	0.66
		Mr. A. B. Ram	0.22	-
		Mr. V. R. Bhandari	1.50	0.76
		Mr. Dipak Mane	1.39	1.75
		Mr. Kanwar Bir Singh Anand	0.59	0.36
		Mrs. Sonia Singh	0.68	0.37
		Mr. Murali Sivaraman	0.88	0.46
			8.63	**5.37**
	-Commission to directors other than managing and whole time directors	**Key management personnel**		
		Mr. P. G. Pawar	1.55	1.44
		Mr. S. M. Thakore	-	-
		Mrs. Lalita D. Gupte	0.56	0.56
		Mr. P. H. Ravikumar	1.13	1.13
		Mr. A. B. Ram	0.25	-
		Mr. Vimal Bhandari	1.50	1.38
		Mr. Dipak Mane	0.88	0.75
		Mr. Murali Sivaraman	0.75	0.63
		Mr. Kanwar Bir Singh Anand	0.38	0.38
		Mrs. Sonia Singh	0.50	0.38
			7.50	**6.65**

* The lease arrangements which have been considered for Ind AS 116 disclosures in note no. 43 and taken to right-of-use assets has been considered in rent expenses for disclosing actual transactions with related parties.

48. Related party disclosures (contd.)
(ii) Related party transactions

(In ₹ Million)

Sr. no.	Nature of transaction	Name of the related parties and nature of relationship	Year ended March 31, 2024	Year ended March 31, 2023
3	**Other expenses (contd:)**			
	- Legal and professional fees	**Other related parties**		
		Kalyani Strategic Management Services Limited	222.41	261.78
		KSMS Technologies Solutions Private Limited (formerly known as Kalyani Global Engineering Private Limited)	124.54	30.78
		Others	4.58	5.22
			351.53	**297.78**
	- Repairs and maintenance	**Other related parties**		
		KTMS Properties Company Private Limited	15.19	13.70
			15.19	**13.70**
	- Miscellaneous expenses	**Other related parties**		
		Kalyani Strategic Management Services Limited	176.27	164.94
		Kalyani Technoforge Limited	24.50	7.99
		Others	8.15	11.20
			208.92	**184.13**
		Joint Venture		
		BF Premier Energy Systems Private Limited	-	0.06
			-	**0.06**
		Non controlling interest holders		
		Rafael Advanced Defense Systems Limited	15.05	13.30
			15.05	**13.30**
			952.37	**717.54**
4	**Sale of goods, raw materials, stores and spares, manufacturing scrap and tooling income (net of returns,rebate etc.)**	**Other related parties**		
		Saarloha Advanced Materials Private Limited	3,237.09	2,876.05
		Automotive Axles Limited	202.81	410.96
		Kalyani Technoforge Limited	67.80	25.43
		Other	26.67	16.86
			3,534.37	**3,329.30**
		Non controlling interest holders		
		Rafael Advanced Defence Systems Limited	2,615.74	1,197.79
			2,615.74	**1,197.79**
			6,150.11	**4,527.09**
5	**Sale of services**	**Other related parties**		
		Automotive Axles Limited	207.84	182.24
		Saarloha Advanced Materials Private Limited	88.22	70.76
		Kalyani Technoforge Limited	1.34	35.79
		Others	-	0.01
			297.40	**288.80**
		Non controlling interest holders		
		Rafael Advanced Defence Systems Limited	33.90	20.08
			33.90	**20.08**
			331.30	**308.88**
6	**Sale of property, plant & equipments**	**Non controlling interest holders**		
		Rafael Advanced Defence Systems Limited	-	4.05
			-	**4.05**
7	**Other income** **-Rent***	**Other related parties**		
		Yokoha Investment Private Limited (formerly known as Kalyani Medicomp Private Limited)	13.26	14.06
		Kalyani Technoforge Limited	20.07	20.07
		Others	2.82	6.47
			36.15	**40.60**
	-Miscellaneous Income	**Non controlling interest holders**		
		Rafael Advanced Defense Systems Limited	-	1.88
			-	**1.88**
		Other related parties		
		Kalyani Technoforge Limited	14.11	1.86
		Others	0.67	-
			14.78	**1.86**
			14.78	**3.74**
			50.93	**44.34**

* The lease arrangements which have been considered for Ind AS 116 disclosures in note no. 43 and taken to right-of-use assets has been considered in rent expenses for disclosing actual transactions with related parties.

48. Related party disclosures (contd.)
(ii) Related party transactions

(In ₹ Million)

Sr. no.	Nature of transaction	Name of the related parties and nature of relationship	Year ended March 31, 2024	Year ended March 31, 2023
8	**Purchase of property, plant and equipment (including CWIP)**	**Other related parties**		
		Kalyani Strategic Management Services Limited	8.26	-
		KSMS Technologies Solutions Private Limited (formerly known as Kalyani Global Engineering Private Limited)	57.56	-
		KTMS Design and Engineering Private Limited	702.32	-
		Others	3.14	3.97
			771.28	**3.97**
9	**Finance provided: - Investments by Group**	**Other related parties**		
		Khed Economic Infrastructure Private Limited (includes fair valuation impact)	-	162.74
			-	**162.74**
		Associates		
		Avaada MHVidarbha Private Limited	-	113.75
		Aeron Systems Private Limited	-	137.18
		Others	-	0.20
			-	**251.13**
			-	**413.87**
	- Loan given	**Joint venture**		
		BF NTPC Energy Systems Limited	0.25	-
			0.25	**-**
		Other related party		
		Others	-	0.25
			-	**0.25**
			0.25	**414.12**
10	**Sale/Transfer of Investment**	**Associate**		
		Aeron Systems Private Limited	-	137.18
			-	**137.18**
11	**Interest income**	**Associate**		
		Aeron Systems Private Limited	-	0.63
			-	**0.63**
		Joint Ventures		
		REFU Drive GmbH	5.26	2.45
			5.26	**2.45**
		Other related party		
		Saarloha Advanced Materials Private Limited	42.43	111.38
		Kalyani Steels Limited	13.38	-
			55.81	**111.38**
			61.07	**114.46**
12	**Capital advance given**	**Other related party**		
		KTMS Design and Engineering Private Limited	397.65	-
		KGEPL Engineering Solutions Private Limited	21.48	-
		KSMS Technologies Solutions Private Limited (formerly known as Kalyani Global Engineering Private Limited)	-	44.71
			419.13	**44.71**
			419.13	**44.71**
13	**Advance from customers**	**Non controlling interest holders**		
		Rafael Advanced Defence Systems Limited	-	326.61
			-	**326.61**
		Other related party		
		Astra Rafael Comsys Pvt Ltd	-	2.34
			-	**2.34**
			-	**328.95**
14	**Advance given to vendors**	**Joint Venture**		
		Refu Drive GmbH, Germany	10.49	31.97
			10.49	**31.97**
			10.49	**31.97**
15	**Managerial remuneration * @**	**Key management personnel (Short-term employment benefits)**		
		Mr. B. N. Kalyani	327.98	200.45
		Mr. A. B. Kalyani	71.74	47.15
		Mr. G. K. Agarwal	204.07	45.10
		Mr. S. E. Tandale	55.22	47.41
		Mr. B. P. Kalyani	49.05	43.03
		Mr. K. M. Saletore (upto June 30, 2023)	11.42	31.31
		Mr. K. P. Dixit (w.e.f July 01, 2023)	9.69	-
		Ms. T. R. Chaudhari	4.69	4.29
			733.86	**418.74**

* As post-employment obligations and other long-term employee benefits obligation are computed for all employees in aggregate, the amounts relating to key management personnel cannot be individually computed and hence are not included in the above.

48. Related party disclosures (contd.)
(ii) Related party transactions

(In ₹ Million)

Sr. no.	Nature of transaction	Name of the related parties and nature of relationship	Year ended March 31, 2024	Year ended March 31, 2023
16	**Dividend paid**	**Key management personnel**		
		Mr. B. N. Kalyani	0.63	0.55
		Mr. A. B. Kalyani	5.60	4.90
		Mr. G. K. Agarwal	0.04	0.03
		Mr. B. P. Kalyani	0.05	0.05
		Mr. K. M. Saletore #	0.01	0.01
		Mr. P. H. Ravikumar	0.05	0.05
			6.38	**5.59**
		Relatives of key management personnel		
		Mr. G. N. Kalyani	5.52	4.83
		Others	1.28	1.13
			6.80	**5.96**
			13.18	**11.55**
17	**Repayment of loan given**	**Associate**		
		Aeron Systems Private Limited	-	58.00
			-	**58.00**
		Joint Venture		
		BF NTPC Energy Systems Limited	0.79	-
			0.79	**-**
		Other related parties		
		Others	-	0.79
			-	**0.79**
			0.79	**58.79**
18	**Reversal of provision for diminution in value of investment**	**Joint Venture**		
		BF Premier Energy Systems Private Limited	-	1.20
			-	**1.20**
			-	**1.20**
19	**Contributions paid ***	**Post employment benefit trusts**		
		Provident fund		
		Bharat Forge Company Limited Staff Provident Fund	329.03	266.08
			329.03	**266.08**
		Gratuity fund		
		Bharat Forge Company Limited Employees Group Gratuity fund	37.50	32.58
		Kalyani Powertrain Ltd Employee's Group Gratuity Cash Accumulation Scheme	3.57	5.28
		Bharat Forge Company Limited Officer's GroupGratuity fund	86.59	78.05
			127.66	**115.91**
		Superannuation fund		
		Bharat Forge Company Limited Officer's Superannuation scheme	17.10	16.59
			17.10	**16.59**
			473.79	**398.58**

@ Does not include gratuity and leave encashment since the same is considered for all employees of the Company as a whole.
* The above disclosure does not include on behalf payments done by any related parties to each other. For closing balances of above employee benefit trusts refer note 40.
# less than 0.01 million

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48. Related party disclosures (contd.)

(iii) Balance outstanding as at the year end

(In ₹ Million)

Sr. no.	Nature of Balances	Name of the related party and nature of relationship	As at March 31, 2024	As at March 31, 2023
1	**Trade payables**	**Other related parties**		
		Saarloha Advance Material Private Limited [Refer note 22]**	2,347.63	2,567.57
		Kalyani Steels Limited* [Refer note 22]	839.64	1,162.44
		Kalyani Technoforge Limited	196.83	118.28
		Kalyani Strategic Management Services Limited	83.48	77.34
		Others	54.06	23.05
			3,521.64	**3,948.68**
		Associate		
		Avaada MHVidarbha Private Limited	15.25	7.76
		Aeron Systems Private Limited	16.55	-
			31.80	**7.76**
		Joint Venture		
		Refu Drive Gmbh	-	9.79
			-	**9.79**
		Subsidiary of a Joint venture		
		Refu Drive India Private Limited	0.66	-
			0.66	**-**
		Non controlling interest holders		
		Rafael Advanced Defence Systems Limited	664.92	231.21
			664.92	**231.21**
			4,219.02	**4,197.44**
2	**Trade receivable**	**Other related parties**		
		Saarloha Advanced Materials Private Limited	1,009.93	924.43
		Automotive Axles Limited	135.57	203.95
		Kalyani Technoforge Limited	41.92	17.93
		Others	21.31	49.13
			1,208.73	**1,195.44**
		Non controlling interest holders		
		Rafael Advanced Defence Systems Limited	814.64	444.34
			814.64	**444.34**
		Associate		
		Aeron Systems Private Limited	19.00	20.00
			19.00	**20.00**
			2,042.37	**1,659.78**
3	**Receivable for property, plant and equipments**	**Non controlling interest holders**		
		Rafael Advanced Defence Systems Limited	-	4.05
			-	**4.05**
4	**Payables for capital goods**	**Other related parties**		
		Kalyani Cleantech Private Limited	0.85	0.49
			0.85	**0.49**
5	**Non-current investments**	**Other related parties**		
		Khed Economic Infrastructure Private Limited (including fair value)	-	988.00
			-	**988.00**
		Joint ventures (net of accumulated share of loss)		
		BF NTPC Energy Systems Limited	33.64	33.64
		Refu Drive GmbH	919.14	919.14
			952.78	**952.78**
		Associates (net of accumulated share of loss)		
		Avaada MHVidarbha Private Limited	113.75	113.75
		Aeron Systems Private Limited	137.18	-
		Talbahn GmbH	-	6.26
			250.93	**120.01**
			1,203.71	**2,060.79**
6	**Loans given**	**Joint Ventures**		
		REFU Drive GmbH	157.88	89.67
			157.88	**89.67**
		Associates		
		Talbahn GmbH	6.31	-
			6.31	**-**
			164.19	**89.67**

* Net of advance given amounting to ₹ 470 million (March 31, 2023 : ₹ 470 million)

** Net of advance given amounting to ₹ 250 million (March 31, 2023 : ₹ 250 million)

48. Related party disclosures (contd.)
(iii) Balance outstanding as at the year end

Sr. no.	Nature of Balances	Name of the related party and nature of relationship	As at March 31, 2024	As at March 31, 2023
7	**Security deposits given**	**Other related parties**		
		BF Utilities Limited	200.00	200.00
		Kalyani Strategic Management Services Ltd (erstwhile Kalyani Technologies Ltd)	89.40	89.40
		Radium Merchandise Private Limited	25.00	-
		Others	14.73	39.71
			329.13	**329.11**
9	**Advance to suppliers**	**Other related parties**		
		Saarloha Advanced Materials Private Limited	-	1,350.00
		Others	1.34	0.06
			1.34	**1,350.06**
9	**Interest accured**	**Joint venture partners**		
		REFU Drive GmbH	7.87	2.45
			7.87	**2.45**
10	**Advance from customers**	**Other related parties**		
		Automotive Axles Limited	-	12.50
		Astra Rafael Comsys Pvt Ltd	1.66	2.34
			1.66	**14.84**
		Non controlling interest holders		
		Rafael Advanced Defence Systems Limited	425.78	326.61
			425.78	**326.61**
			427.44	**341.45**
11	**Capital advances**	**Other related parties**		
		KGEPL Engineering Solutions Private Limited	-	21.48
		KTMS Design and Engineering Private Limited	233.41	-
		Khed Economic Infrastructure Private Limited	-	2,435.27
		Kalyani Global Engg. Pvt. Ltd.	-	44.71
			233.41	**2,501.46**
12	**Advance given**	**Joint Venture**		
		Refu Drive GmbH, Germany	10.98	-
			10.98	**-**
13	**Managerial remuneration payable***	**Key management personnel (Short-term employment benefits)**		
		Mr. B. N. Kalyani	154.40	41.34
		Mr. A. B. Kalyani	25.61	3.18
		Mr. G. K. Agarwal	152.08	3.00
		Mr. S. E. Tandale	20.91	15.79
		Mr. B. P. Kalyani	19.27	14.75
		Mr. K. M. Saletore	3.39	6.83
			375.66	**84.89**
14	**Commission to directors other than managing and whole time directors**	**Relatives of directors and other directors**		
		Mr. P. G. Pawar	1.55	1.44
		Mr. S. M. Thakore	-	-
		Mrs. Lalita D. Gupte	0.56	0.56
		Mr. P. H. Ravikumar	1.13	1.13
		Mr. A. B. Ram	0.25	-
		Mr. Vimal Bhandari	1.50	1.38
		Mr. Dipak Mane	0.88	0.75
		Mr. Murali Sivaraman	0.75	0.63
		Mr. Kanwar Bir Singh Anand	0.38	0.38
		Mrs. Sonia Singh	0.50	0.38
			7.50	**6.65**
15	**Provision for diminution in value of Investment in**	**Joint Ventures**		
		BF NTPC Energy Systems Limited	33.64	33.64
			33.64	**33.64**

Notes

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

1. Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured with a short term duration unless otherwise stated. For the year ended March 31, 2024 the Company has not recorded any impairment of receivables relating to amount owed by related parties other than those disclosed separately above (March 31, 2023: ₹ Nil). This assessment is undertaken in each financial year through examining the financial position of the related party and the market in which the related party operates.

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

3. For Details of guarantees to related parties **refer note 47.**

4. The Group has various other welfare trusts to administer the long term benefits for its employees for which no contribution is made in the current or previous year.

49. Segment Information

In accordance with paragraph 22 of notified Indian Accounting Standard 108 Operating Segments (Ind AS 108), the Group has disclosed segment information only on the basis of the consolidated financial statements which are presented together with the standalone financial statements. The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group's business is divided into three reporting segments which comprises of "Forgings", “Defence” and "Others", which represents the Group's businesses not covered in Forgings and Defence segment.

The "Forgings" segment produces and sells forged products comprising of forgings and machined components for automotive and industrial sectors and the Defence segment produces and sells products which have an application in defence related activities. Forged components used in Defence related activities and products are included as a part of the Forgings segment. "Others " primarily includes various initiatives which the Group is carrying out other than forging and defence related activities.

The Chief Operating Decision Maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment based on an analysis of various performance indicators. With the increased focus of the group on defence related activities, the group now has defence as a separate segment and the information with respect to the same is provided to and reviewed by the CODM.

In ₹ Million

Sr. No.		March 31, 2024	March 31, 2023
1	**Segment revenue**		
	Revenue from external customers		
a	Forgings	137,178.98	120,134.04
b	Defence	15,605.54	4,103.02
c	Others	8,183.38	5,843.88
	Total	**160,967.90**	**130,080.94**
	Less - Intersegment revenue	4,147.18	202.71
	Total	**156,820.72**	**129,878.23**
	Adjustments and eliminations *	-	(775.64)
	Revenue from operations	**156,820.72**	**129,102.59**
2	**Segment results**		
a	Forgings	18,426.17	13,424.92
b	Defence	1,824.64	(17.89)
c	Others	(716.04)	(749.81)
	Total segment profits before interest, tax and exceptional items from each reportable segment	**19,534.77**	**12,657.22**
	Less: Finance cost	4,911.67	2,986.21
	Less: Other unallocable expenditure net off unallocable income	109.94	943.63
		14,513.16	**8,727.38**
	Add: Exceptional items gain/(loss)		
a	Forgings	(20.97)	(457.91)
b	Defence	-	-
c	Others	(102.26)	-
	Total Exceptional items gain/(loss)	**(123.23)**	**(457.91)**
	profit/(Loss) before tax and adjustments	**14,389.93**	**8,269.47**
	Adjustments and eliminations *	-	-
	Profit/(Loss) before tax	**14,389.93**	**8,269.47**
3	**Segment income/(expense)**		
3.1	**Segment Depreciation, amortisation and impairment expense**		
a	Forgings	7,726.70	6,869.71
b	Defence	38.47	29.01
c	Others	703.29	443.65
d	Unallocable	13.51	13.47
	Total	**8,481.97**	**7,355.84**
	Adjustments and eliminations *	-	-
	Depreciation, amortisation and impairment expense	**8,481.97**	**7,355.84**
3.2	**Segment Income tax expense/(income)**		
a	Forgings	4,798.20	3,103.97
b	Defence	345.94	30.56
c	Others	144.19	51.93
	Total	**5,288.33**	**3,186.46**
	Adjustments and eliminations *	-	(0.87)
	Income tax expense (excluding impact of deferred tax in OCI)	**5,288.33**	**3,185.59**
3.3	**Share of (loss) of associates and joint ventures*** **		
a	Forgings	-	-
b	Defence	22.55	(0.74)
c	Others	43.16	(333.64)
	Total share of (loss) of associates and joint ventures	**65.71**	**(334.38)**

49. Segment Information (contd.)

In ₹ Million

Sr. No.		March 31, 2024	March 31, 2023
4	**Segment assets**		
a	Forgings	123,228.63	121,648.24
b	Defence	13,389.63	6,203.04
c	Others	13,804.29	12,479.78
d	Unallocable assets including unutilised fund	43,520.10	44,532.83
	Total	**193,942.65**	**184,863.89**
	Less - Intersegment assets	451.88	37.36
	Total	**193,490.77**	**184,826.53**
	Adjustments and eliminations *	-	(984.66)
	Total assets	**193,490.77**	**183,841.87**
5	**Segment liabilities**		
a	Forgings	28,151.14	27,229.23
b	Defence	8,018.01	9,367.91
c	Others	2,372.27	2,526.97
d	Unallocable	4,256.14	4,868.38
	Total	**42,797.56**	**43,992.49**
	Less - Intersegment liabilities	451.88	37.36
	Total	**42,345.68**	**43,955.13**
	Adjustments and eliminations *	-	(853.60)
	Total liabilities	**42,345.68**	**43,101.53**
	Net Capital employed	**151,145.09**	**140,740.34**
6	**Other disclosures**		
6.1	**Investments in associates and joint ventures******		
a	Forgings	-	-
b	Defence	126.90	114.90
c	Others	512.37	471.61
	Total	**639.27**	**586.51**
	Adjustments and eliminations *	-	-
	Investments in associates and joint ventures	**639.27**	**586.51**
6.2	**Increase in non-current non-financial asset for the year**		
a	Forgings	12,070.58	12,845.47
b	Defence	1,441.37	363.94
c	Others	3,139.04	5,325.61
	Total	**16,650.99**	**18,535.02**
	Adjustments and eliminations *	-	158.88
	Increase in non-current non-financial asset for the year	**16,650.99**	**18,693.90**
7	**Information in respect of geographical areas**		
7.1	**Segment revenue from external customers****		
a	Within India	**38,334.47**	**33,757.32**
b	Outside India		
	Europe	55,295.15	46,322.00
	USA	39,346.00	28,085.25
	Others	23,845.05	20,938.02
	Subtotal	**118,486.20**	**95,345.27**
	Total	**156,820.67**	**129,102.59**
7.2	**Segment non-current assets**		
a	Within India	49,534.85	47,234.39
b	Outside India	29,936.74	25,973.78
	Total	**79,471.59**	**73,208.17**

*Ind AS 108 requires disclosure of reconciliations between segment information and respective line item in Consolidated Financial Statements. Adjustments and eliminations include elimination of assets and liabilities of joint ventures and associates which have been accounted under equity method. Further, inter-segment transactions are eliminated upon consolidation. There are no other reconciling items, hence, no separate reconciliation has been presented.

**The revenue information above is based on location of the customers. No single external customer contributed more than 10% of Group's total revenue for the year ended March 31, 2024 and March 31, 2023.

***Excluding effects of share of OCI of associates and joint ventures amounting to ₹ 0.38 million (March 31, 2023 ₹ 0.89 million)

****Excluding loan to associate representing long term interest of the Group in the associate. (Refer note 39)

50. Hedging activities and derivatives

Cash flow hedges

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in US Dollar and Euro. These forecast transactions are highly probable.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

In ₹ Million

Particulars	As at March 31, 2024		As at March 31, 2023	
	Assets	Liabilities	Assets	Liabilities
Fair value of foreign currency forward contracts	1,832.07	17.11	2,069.22	46.38

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arises requiring recognition through profit and loss. Amounts of outstanding forward contracts are as follows:

Nature of instrument	Currency	Purpose	As at March 31, 2024		As at March 31, 2023	
			Foreign Currency in Million	In ₹ Million	Foreign Currency in Million	In ₹ Million
Forward Contracts	USD	Hedging of highly probable forecast sales	554.00	48,300.39	619.80	53,643.40
Forward Contracts	EUR	Hedging of highly probable forecast sales	169.50	17,048.01	163.02	16,552.79

The cash flow hedges of the expected future sales during the year ended March 31, 2024 were assessed to be highly effective and a net unrealised (loss) / gain of ₹ 1,807.64 million (March 31, 2023: ₹ 1,656.13 million), with a deferred tax liability of ₹ 455.79 million (March 31, 2023: ₹ 417.19 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, 2024 as detailed in note 33, totalling ₹ 1,224.03 million (gross of deferred tax) (March 31, 2023: ₹ 1,373.62 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, 2027.

Fair value hedges

At March 31, 2023, the Company has a cross currency swap agreement in place. During the current year, the company has converted its Rupee Preshipment Credit into USD/EUR. The said agreeement has been entered for interest cost arbitrage.

At March 31, 2023, one of the companies in the group has a cross currency agreements in place. The original lender shall make available to the Borrower, a term loan facility ("Facility A") upto an aggregate principal amount of 10 million euros and after Facility A has been disbursed, another facility ("Facility B") shall be utilised which will be made available upto an aggregate principal amount of 5 million euros. The rate of interest for Facility A and Facility B is fixed at EURIBOR + 250 basis points.

In earlier years, the Holding Company has converted one of its USD loans into a Euro loan for interest arbitrage. Under the original agreement the interest rate was fixed at LIBOR + 67 basis points, but due to the cross currency swap arrangement the revised interest rate has been fixed at EURIBOR + 87 basis points, decreasing the corresponding interest cost on the term loan.

Also as at March 31, 2023 the Company had certain forward contracts outstanding, which are being used to hedge the exposure to changes in fair value of its underlying trade receivables.

The impact of the derivative instrument on the balance sheet as at March 31, 2024 is, as follows:

Fair value hedge	Nominal amount (In Million)	Carrying amount (In ₹ Million)	Line item in balance sheet where hedging instrument is disclosed	Changes in fair value for calculating hedge ineffectiveness for March 2024
Cross currency swap #	EUR 13.17	130.59	Derivative instruments	Nil
Cross currency swap #	USD 14.50	-		
Forward Contracts	EUR 4.75	5.14	Derivative instruments	Nil

The impact of the derivative instrument on the balance sheet as at March 31, 2023 is as follows:

Fair value hedge	Nominal amount (In Million)	Carrying amount (In ₹ Million)	Line item in balance sheet where hedging instrument is disclosed	Changes in fair value for calculating hedge ineffectiveness for March 2023
Cross currency swap	EUR 10.21	76.42	Derivative instruments	Nil
Cross currency swap	USD 9.73	0.60	Derivative instruments	Nil
Cross currency swap #	EUR 15.00	175.67	Derivative instruments	Nil
Cross currency swap #	USD 17.40	-		
Forward Contracts	USD 2.28	1.47	Derivative instruments	Nil

The impact of the hedged item on the balance sheet as at March 31, 2024 is, as follows:

Fair value hedge	Nominal amount (In Million)	Changes in fair value for calculating hedge ineffectiveness for March 2023
Trade receivables	EUR 4.75	NIL

The impact of the hedged item on the balance sheet as at March 31, 2023 is as follows:

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

Derivatives not designated as hedging instruments

The Group has used foreign exchange forward contracts to manage repayment of some of its foreign currency denominated borrowings. These foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions i.e. the repayments of foreign currency denominated borrowings.

51. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosure fair value measurement hierarchy for assets as at March 31, 2024

Financial Instruments by category **(In ₹ Million)**

Particulars	Fair value measurement using		
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Financial assets at FVTOCI			
Unquoted equity instruments			
Khed Economic Infrastructure Private Limited	-	-	1,060.94
Avaada SataraMH Private Limited	-	-	166.38
Avaada MHBudhana Private Limited [Refer note 51 (c)]	-	-	23.76
TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)	-	-	16.46
Electron Transport Inc.	-	-	1,054.62
Ratnakar Energy Private Limited	-	-	13.00
SPI Power LLP	-	-	0.01
Quoted equity instruments			
Birlasoft Limited (erstwhile KPIT Technologies Limited)	454.85	-	-
KPIT Technologies Limited **[Refer note 51 (b)]**	911.16	-	-
Derivative instruments at fair value through OCI			
Cash flow hedges	-	1,832.06	-
Financial assets at FVTPL			
Unquoted equity instruments			
Gupta Energy Private Limited **[Refer note 51 (a)]**	-	-	-
Derivative instruments at FVTPL			
Fair value hedges	-	143.57	-
Derivatives not designated as hedge		7.83	
Unquoted funds			
Investments in private equity fund	-	113.34	-
Investments in mutual funds	-	8,243.06	-
Quoted funds/bonds			
Investments in mutual funds	2,307.02	-	-
Financial liability at FVTOCI			
Cash flow hedges	-	17.11	-

Quantitative disclosure fair value measurement hierarchy for assets / liabilities as at March 31, 2023

(In ₹ Million)

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Financial assets at FVTOCI			
Unquoted equity instruments			
Khed Economic Infrastructure Private Limited	-	-	988.00
Avaada SataraMH Private Limited	-	-	142.45
Avaada MHBudhana Private Limited [Refer note 51 (c)]	-	-	20.34
TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)	-	2,952.03	-
Electron Transport Inc.	-	-	350.21
Quoted equity instruments			
Birlasoft Limited (erstwhile KPIT Technologies Limited)	160.08	-	-
KPIT Technologies Limited **[Refer note 51 (b)]**	567.09	-	-
Derivative instruments at fair value through OCI			
Cash flow hedges	-	2,069.22	-
Financial assets at FVTPL			
Unquoted equity instruments			
Gupta Energy Private Limited **[Refer note 51 (a)]**	-	-	-
Derivative instruments at FVTPL			
Fair value hedges	-	254.16	-
Unquoted funds			
Investments in private equity fund	-	255.93	-
Investments in mutual funds	-	15,466.26	-
Quoted funds/bonds			
Investments in mutual funds	2,570.57	-	-
Financial liability at FVTOCI			
Cash flow hedges	-	-	-

51. Fair value hierarchy (contd.)

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at March 31, 2024 and March 31, 2023 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, 2024: ₹ 11.00 million to ₹ 12.60 million/acre (March 31, 2023: ₹ 10.60 million to ₹12.60 million/acre)	5% increase / (decrease) in realization rate would result in increase / (decrease) in fair value per share by ₹ 1.55 (March 31, 2023: ₹ 1.50)
		Estimated realisation rates for undeveloped land	Not Applicable	
Unquoted equity shares in Avaada SataraMH Private Limited (ASPL)	Current market value method	Other equity investments where quoted prices are not available, fair values are determined by reference to the expected current market value of net assets.	Not Applicable	Not Applicable
Unquoted equity shares in Avaada MHBuldhana Private Limited	Current market value method	Other equity investments where quoted prices are not available, fair values are determined by reference to the expected current market value of net assets.	Not Applicable	Not Applicable
Unquoted equity shares in TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited) [Refer note 7(f)]	Comparable transaction method (CTM)	Revenue multiple	Not Applicable	Not Applicable

(a) Gupta Energy Private Limited (GEPL)
The Group has an investment in equity instrument of GEPL. The same is classified as at fair value through profit and loss. Over the years GEPL has been making consistent losses. The management of the Holding Company has made attempts to obtain latest information for the purpose of valuation. However, such information is not available as GEPL has not filed the financial statements with Ministry Of Corporate Affaires (MCA) since FY 2014-15. In view of the above, the management believes that the fair value of the investment is Nil as at April 1, 2015 and thereafter.

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

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

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

The investment in shares has been classified under level 1 of the fair value hierarchy as on March 31,2024 and March 31,2023

(c) Avaada MHBuldhana Private Limited

The investment in equity shares of Avaada MHBudhana Private Limited which was made on September 30, 2021 is governed by the terms of the share purchase agreement and the shares held by the Company are subject to certain restrictions in terms of ability of the Company to sell the shares and the value at which this can be done. Considering the nature of restrictions and overall intension of the management in relation to the equity shares, the fair value of such shares for the Company is same as it cost i.e. the face value.

(d) Harbinger Motors Inc. (formerly known as Electron Transport Inc.)
The Group had made investment in preferred stock of Harbinger Motors Inc. (formerly known as Electron Transport Inc.) in the current year as at March 31, 2024. Considering the nature of the investment and overall intention of the management in relation to this investment, the fair value of such investment as at March 31, 2024 is fair valued through other comprehensive income.

(e) Ratnakar Energy Private limited
The Group had made investment in equity shares of Ratnakar Energy Private Limited on November 6, 2023. Considering the investment being short term in nature and overall intention of the management in relation to this investment, the fair value of such investment as at March 31, 2024 is fair valued through profit and loss.

Reconciliation of fair value measurement of financial assets classified as FVTOCI and FVTPL:

Particulars	Unquoted equity shares in Ratnakar Energy Private Limited	Unquoted equity shares in Avaada SataraMH Private Limited	Unquoted equity shares in Khed Economic Infrastructure Private Limited	Unquoted equity shares in Avaada MHBuldhana Private Limited	Unquoted equity shares in TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)	Unquoted prefered stocks in Electron Transport Inc.
As at April 1, 2022	-	**142.45**	**825.26**	**20.34**	**2,941.02**	**305.70**
Remeasurement recognised in OCI	-	-	162.74	-	-	-
Remeasurement recognised in Statement of profit and loss	-	-	-	-	11.01	-
Purchases	-	-	-	-	-	44.51
As at March 31, 2023	**-**	**142.45**	**988.00**	**20.34**	**2,952.03**	**350.21**
Remeasurement recognised in OCI	-	23.93	72.94	3.42	-2,942.31	159.00
Remeasurement recognised in Statement of profit and loss	-	-	-	-	-	-
Purchases	13.00	-	-	-	-	545.41
As at March 31, 2024	**13.00**	**166.38**	**1,060.94**	**23.76**	**9.72**	**1,054.62**

Notes forming part of consolidated financial statements for the year ended March 31, 2024

52. Financial Instruments by category

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments as of March 31, 2024 and 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, 2024	March 31, 2023	March 31, 2024	March 31, 2023
(i) Investments	6,959.90	14,601.13	6,959.90	14,601.13
(ii) Loans	60.26	56.78	60.26	56.78
(iii) Trade receivables	97.91	113.25	97.91	113.25
(iv) Derivative instruments	827.40	822.17	827.40	822.17
(v) Other non-current financial assets	671.67	570.14	671.67	570.14
Total financial assets	**8,617.14**	**16,163.47**	**8,617.14**	**16,163.47**
(i) Borrowings	18,589.80	17,512.72	18,589.80	17,512.72
(ii) Other non-current financial liabilities	253.09	391.09	253.09	391.09
(iii) Lease liabilities	3,792.56	4,161.77	3,792.56	4,161.77
Total financial liabilities	**22,635.45**	**22,065.58**	**22,635.45**	**22,065.58**

The management assessed that the fair value of cash and cash equivalent, trade receivables, derivative instruments, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

Further the management assessed that the fair value of security deposits and other non current receivables approximate their carrying amounts largely due to expected credit loss/discounting at rates which are an approximation of current lending rates.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

(i) Long-term fixed-rate and variable-rate receivables are evaluated by the Group based on parameters such as individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

(ii) The fair values of quoted instruments are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables above. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

(iii) The fair values of the unquoted equity shares have been estimated using a cost method (KEIPL), comparable transaction method (Tevva) as well as current market value method (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.

(iv) The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and forward rate curves of the underlying. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty and the Group's own non-performance risk. As at March 31, 2024, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

(v) The Group's borrowings and loans are appearing in the books at fair value since the same are interest bearing hence discounting of the same is not required. The own non-performance risk as at March 31, 2024 and March 31, 2023 was assessed to be insignificant.

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53. Statutory Group Information

In ₹ Million

Name of the entity in the group	Net assets (Total assets - total liabilities)		Share in profit and loss		Share in Other Comprehensive Income /(loss)		Share in Total Comprehensive Income	
	As a % of consolidated net assets	₹ Million	As a % of consolidated profit or loss	₹ Million	As a % of consolidated other Comprehensive income	₹ Million	As a % of consolidated total Comprehensive income	₹ Million
Parent								
Bharat Forge Limited								
Balance as at 31 March, 2024	119.59	85,687.81	156.56	14,249.58	(23.34)	(1,837.03)	282.97	12,412.55
Balance as at 31 March, 2023	114.22	76,999.97	205.64	10,454.72	185.46	(1,293.37)	208.85	9,161.35
Subsidiaries								
Foreign								
1) Bharat Forge Global Holding GmbH - Group								
Balance as at 31 March, 2024	3.33	2,388.54	(25.43)	(2,314.94)	(0.94)	(74.26)	(54.47)	(2,389.20)
Balance as at 31 March, 2023	3.54	2,388.54	(45.74)	(2,325.22)	28.48	(198.60)	(57.54)	(2,523.82)
2) Bharat Forge America Inc. - Group								
Balance as at 31 March, 2024	3.00	2,151.57	(26.69)	(2,429.17)	(1.10)	(86.66)	(57.35)	(2,515.83)
Balance as at 31 March, 2023	3.19	2,151.57	(37.71)	(1,916.99)	39.69	(276.81)	(50.01)	(2,193.80)
3) Bharat Forge International Limited								
Balance as at 31 March, 2024	3.42	2,451.38	4.31	392.01	(1.40)	(110.20)	6.42	281.81
Balance as at 31 March, 2023	3.22	2,169.45	8.07	410.02	(20.80)	145.08	12.65	555.10
Indian								
1) Kalyani Powertrain Private Limited - Group								
Balance as at 31 March, 2024	3.03	2,170.97	(19.13)	(1,741.08)	2.02	159.15	(36.06)	(1,581.93)
Balance as at 31 March, 2023	1.56	1,050.09	(22.46)	(1,141.80)	(1.91)	13.31	(25.73)	(1,128.49)
2) Kalyani Strategic Systems Limited - Group								
Balance as at 31 March, 2024	2.62	1,880.39	10.12	921.29	(0.03)	(2.31)	20.95	918.98
Balance as at 31 March, 2023	1.42	959.88	3.09	156.99	(0.04)	0.29	3.59	157.28
3) BF Industrial Solutions Limited - Group								
Balance as at 31 March, 2024	7.87	5,640.22	2.86	259.86	0.01	0.43	5.93	260.29
Balance as at 31 March, 2023	7.06	4,757.43	5.81	295.55	0.03	(0.23)	6.73	295.32
4) BF Infrastructure Limited - Group								
Balance as at 31 March, 2024	0.25	177.06	(0.95)	(86.04)	(0.00)	(0.21)	(1.97)	(86.25)
Balance as at 31 March, 2023	0.39	263.30	(0.95)	(48.50)	(0.05)	0.32	(1.10)	(48.18)
5) Kalyani Centre for Precision Technology Limited		-						
Balance as at 31 March, 2024	1.13	809.08	0.87	79.15	(0.00)	(0.01)	1.80	79.14
Balance as at 31 March, 2023	1.08	729.94	1.04	52.79	0.00	(0.01)	1.20	52.78
6) BF Elbit Advanced Systems Private Limited								
Balance as at 31 March, 2024	(0.24)	(168.40)	(0.22)	(20.29)	-	-	(0.46)	(20.29)
Balance as at 31 March, 2023	(0.22)	(148.11)	(0.38)	(19.13)	-	-	(0.44)	(19.13)
7) Eternus Performance Material Private Limited								
Balance as at 31 March, 2024	(0.01)	(4.23)	(0.03)	(2.51)	-	-	(0.06)	(2.51)
Balance as at 31 March, 2023	(0.00)	(1.72)	0.00	0.19	-	-	0.00	0.19
8)Kalyani Lightweighting Technology Solutions Limited								
Balance as at 31 March, 2024	(0.00)	(0.17)	(0.00)	(0.08)	-	-	(0.00)	(0.08)
Balance as at 31 March, 2023	(0.00)	(0.09)	(0.00)	(0.10)	-	-	(0.00)	(0.10)
Non-controlling interests in all subsidiaries								
Balance as at 31 March, 2024	0.03	19.70	(0.00)	(0.16)	-	-	(0.00)	(0.16)
Balance as at 31 March, 2023	0.54	360.72	(3.93)	(199.77)	0.04	(0.28)	(4.56)	(200.05)
Associates								
(accounting as per the equity method)								
Indian								
1) Ferrovia Transrail Solutions Private Limited								
Balance as at 31st March, 2024	-	-	-	-	-	-	-	-
Balance as at 31 March, 2023	-	(17.23)	(0.05)	(2.79)	(0.00)	0.02	(0.06)	(2.77)
2) Aeron Systems Private Limited								
Balance as at 31 March, 2024	-	(299.32)	(0.01)	(1.03)	0.41	32.33	0.71	31.30
Balance as at 31 March, 2023	-	242.22	(0.01)	(0.74)	(0.01)	(0.42)	(0.03)	(1.16)
3) Avaada MHVidarbha Private Limited								
Balance as at 31 March, 2024	-	96.84	0.04	3.46	0.21	16.90	0.46	20.36
Balance as at 31 March, 2023	-	422.46	(0.05)	(2.40)	-	-	(0.05)	(2.40)
Joint Ventures								
(accounting as per the equity method)								
Foreign								
1) REFU Drive GmbH (including subsidiary)								
Balance as at 31 March, 2024	-	(111.84)	0.40	36.37	-	-	0.83	36.37
Balance as at 31 March, 2023	-	(120.57)	(6.46)	(328.45)	(0.01)	(0.49)	(7.50)	(328.94)
Adjustments arising out of consolidation								
March 31, 2024	(44.03)	(31,550.83)	(2.26)	(206.03)	124.79	9,821.46	219.21	9,615.43
March 31, 2023	(36.48)	(24,591.65)	(12.49)	(634.88)	(130.91)	912.92	6.34	278.04
March 31, 2024 - Group	**100.00**	**71,653.09**	**100.00**	**9,101.59**	**100.00**	**7,870.36**	**386.91**	**4,386.49**
March 31, 2023 - Group	**100.00**	**67,415.98**	**100.00**	**5,083.87**	**100.00**	**(697.38)**	**100.00**	**4,386.49**

54.1 Details of funds advanced or loaned or invested to any other persons or entities by Holding Company, for lending or investing in other person or entities (Ultimate Beneficiaries)

For year ended March 31, 2024

Investments

The Holding Company has investments in following subsidiaries for being further invested in step-down subsidiaries of the Holding Company

Sl.No.	Name of the subsidiary	Date of investment into subsidiary	Amount invested in subsidiary (₹ in million)	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary (₹ in million)
1	Bharat Forge America Inc.	February 09, 2024	1,248.30	Bharat Forge Aluminium USA, Inc.	February 09, 2024	1,248.30
2	Kalyani Powertrain Limited	July 11, 2023	801.91	Kalyani Mobility Inc.	September 14, 2023	498.72
					December 22, 2023	83.19
				Electroforge Limited	December 21, 2023	150.00
					February 01, 2024	20.00
					February 09, 2024	20.00
					March 04, 2024	30.00
3	BF Industrial Solutions Limited	April 21, 2023	622.50	JS Auto cast Foundry India Private Limited	April 21, 2023	622.50

Loans

The Holding Company has given loans to following subsidiaries for being further invested in step-down subsidiaries of the Holding Company

Sl.No.	Name of the subsidiary	Date on which loan was given to subsidiary	Amount invested in Subsidiary (₹ in million)	Name of the beneficiary	Date on which loan was given by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary (₹ in million)
1	Bharat Forge America Inc.	January 29, 2024	999.12	Bharat Forge Aluminium USA, Inc.	January 29, 2024	999.12

For year ended March 31, 2023

Investments

The Holding Company has investments in following subsidiaries for being further invested in step-down subsidiaries of the Holding Company

Sl.No.	Name of the subsidiary	Date of investment into subsidiary	Amount invested in subsidiary (₹ in million)	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary (₹ in million)
1	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	3257.31
		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

Loans

The Holding Company has given loans to following subsidiaries for being further invested in step-down subsidiaries of the Holding Company

Sl.No.	Name of the subsidiary	Date on which loan was given to subsidiary	Amount invested in Subsidiary (₹ in million)	Name of the beneficiary	Date on which loan was given by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary (₹ in million)
1	Kalyani Powertrain limited	June 07, 2022	50.00	Tork Motors Private limited	June 08, 2022	50.00
		August 08, 2022	50.00	Tork Motors Private limited	August 12, 2022	50.00

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54.1. Details of funds advanced or loaned or invested to any other persons or entities, for lending or investing in other person or entities (Ultimate Beneficiaries) (Contd:)

Statement of compliance

With regard to the investments made, loan given and guarantees given during the year ended March 31, 2022 as well as March 31, 2021, the Company has complied with the relevant provisions of the Foreign Exchange Management Act, 1999 and the Companies Act, 2013 and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003).

Particulars of the intermediaries/ beneficiaries / ultimate beneficiaries

1 **Bharat Forge 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

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 **Electro Forge Limited**
Registered office : S No 49, Industry House, Opposite Kalyani Limited, Mundhwa, Pune 411036
Relationship with the beneficiary : Step-down subsidiary

8 **JS Auto cast Foundry India Private Limited**
SF No 165/1 Sembagounden Pudur Kuppepalayam Na Coimbatore - 641107 Tamil Nadu - India
Relationship with the beneficiary : Step-down subsidiary

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54.2 Details of funds received by components of the group from Holding Company (Financing party), for lending or investing in components or other person or entities (Ultimate Beneficiaries)

(a) Kalyani Powertrain Limited ('KPL')

Investments

Sl.No.	Name of the funding party	Date of receipt	Amount funded by holding company	Name of the beneficiary	Date of further investment into beneficiary (subsidiary)	Amount invested into beneficiary (subsidiary)
1	Bharat Forge Limited	July 11, 2023	801.91	Kalyani Mobility Inc.	September 14, 2023	498.72
					December 22, 2023	83.19
				Electroforge Limited	December 21, 2023	150.00
					February 01, 2024	20.00
					February 09, 2024	20.00
					March 04, 2024	30.00

Statement of compliance

With regard to the investments made by KPL into KMI, as on March 31, 2023, KPL has complied with the relevant provisions of the Foreign Exchange Management Act, 1999 and the Companies Act, 2013 and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003).

Particulars of the funding party

1 **Bharat Forge Limited**
Registered office : Mundhwa, Pune
Relationship with the beneficiary : Holding Company

Particulars of ultimate beneficiaries

1 **Kalyani Mobility Inc.**
Registered office : 160, Mine lake Court, Suite 200, Raleigh, North Carolina 27615, USA
Relationship with the beneficiary : Wholly owned subsidiary

2 **Electroforge Limited**
Registered office : S. No. 49, Industry House, Opp Kalyani Steels Ltd Mundhwa, Pune, Pune, Maharashtra, India, 411036
Relationship with the beneficiary : Wholly owned subsidiary

(b) BF Industrial Solutions Limited, India

Investments

Sl.No.	Name of the funding party	Date of receipt	Amount funded by holding company	Name of the beneficiary	Date of further investment into beneficiary (subsidiary)	Amount invested into beneficiary (subsidiary)
1	Bharat Forge Limited	April 21, 2023	622.50	JS Auto cast Foundry India Private Limited	April 21, 2023	622.50

Particulars of the funding party

1 **Bharat Forge Limited**
Registered office : Mundhwa, Pune
Relationship with the beneficiary : Holding Company

Particulars of ultimate beneficiaries

1 **JS Auto cast Foundry India Private Limited**
Registered office : SF No 165/1 Sembagounden Pudur Kuppepalayam, Coimbatore, Tamil Nadu, India, 641107
Relationship with the beneficiary : Wholly owned subsidiary

(c) Bharat Forge America Inc., USA

Investments

Sl.No.	Name of the funding party	Date of receipt	Amount funded by holding company	Name of the beneficiary	Date of further investment into beneficiary (subsidiary)	Amount invested into beneficiary (subsidiary)
1	Bharat Forge Limited	February 09, 2024	1,248.30	Bharat Forge Aluminium USA, Inc.	February 09, 2024	1,248.30

Loan

Sl.No.	Name of the subsidiary	Date on which loan was given to subsidiary	Amount invested in Subsidiary (₹ in million)	Name of the beneficiary	Date on which loan was given by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary (₹ in million)
1	Bharat Forge America Inc.	January 29, 2024	999.12	Bharat Forge Aluminium USA, Inc.	January 29, 2024	999.12

Particulars of the funding party

1 **Bharat Forge Limited**
Registered office : Mundhwa, Pune
Relationship with the beneficiary : Holding Company

Particulars of ultimate beneficiaries

1 **Bharat Forge Aluminium USA, Inc.**
Registered office : 2150, Schmiede St, Surgoinville, Tennessee 37873, USA
Relationship with the beneficiary : Wholly owned Subsidiary

55. Financial risk management objectives and policies

The Group's principal financial liabilities other than derivatives, comprise loans and borrowings, trade payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Group also holds FVTOCI and FVTPL investments and enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a Finance and Risk Management Committee (FRMC) that advises on financial risks and the appropriate financial risk governance framework for the Group. The FRMC provides assurance that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. Further, all the derivative activities for risk management purposes are carried out by experienced members from the senior management who have the relevant expertise, appropriate skills and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised as below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investment in mutual funds, FVTOCI investments and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at March 31, 2024 and March 31, 2023.

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, 2024.

The analysis excludes the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations and provisions.

The below assumptions have been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2024 and March 31, 2023 including the effect of hedge accounting.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group generally borrows in foreign currency, considering natural hedge it has against its export. Long-term and Short-term foreign currency debt obligations carry floating interest rates and in certain cases with fixed interest rates.

The Group avails short term debt in foreign currency up to tenor of 9 months, in the nature of export financing for its working capital requirements. LIBOR or EURIBOR for the said debt obligations is fixed for the entire tenor of the debt, at the time of availment.

The Group has an option to reset LIBOR/SOFR or EURIBOR either for 6 Months or 3 months for its long-term debt obligations. To manage its interest rate risk, the Group evaluates the expected benefit from either of the LIBOR resetting options and accordingly decides. The Group also has an option for its long-term debt obligations to enter into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

As at March 31, 2024, the Group's majority long term borrowings are at a floating rate of interest except for 5.97% Rated unsecured non-convertible debentures, 5.80% Rated Unsecured Non-Convertible Debentures and 7.80% Rated Unsecured Non-Convertible Debentures

Interest rate sensitivity

The Group's total interest cost for the year ended March 31, 2024 was ₹ 4,753.01 million and for year ended March 31, 2023 was ₹ 2,986.20 million. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, with all other variables held constant. The Group's profit/(loss) before tax is affected through the impact on floating rate long term borrowings, as follows:

Particulars	Change in basis points	Effect on profit before tax and equity	
		March 31, 2024	March 31, 2023
USD	+/- 50	13.35	21.37
EUR*	50	43.41	44.18
EUR*	-50	-43.41	-44.18

*During current as well as previous financial year, EURIBOR was trading in negative zone and some of the Euro borrowings were floored at zero EURIBOR while others were trading at floating EURIBOR. Further Euro borrowings includes USD borrowings swapped in to EURO borrowings through cross currency swap.

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

55. 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 an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's export revenue, long term foreign currency borrowings and Group's net investment in foreign subsidiaries and associates.

The Holding Company manages its foreign currency risk by hedging its forecasted sales up to 4 years to the extent of 25%-65% on rolling basis and keep its long-term foreign currency borrowings un-hedged which will be natural hedge against its un-hedged exports. The Holding Company may hedge its long term borrowing near to the repayment date to avoid rupee volatility in short term.

The Holding Company avails bills discounting facility in INR for some of its export receivables to avail interest subvention benefit. The Group manages foreign currency risk by hedging the receivables against the said liability. The Group also manages foreign currency risk in relation to export receivable balances through forward exchange contracts.

The following analysis has been worked out based on the net exposures of the Group as of the date of balance sheet which could affect the statement of profit and loss and other comprehensive income and equity. Further the exposure as indicated below is mitigated by some of the derivative contracts entered into by the Group.

The following table sets forth information relating to unhedged foreign currency exposure as at March 31, 2024:

₹ in Million

Particulars	USD	EUR	GBP	Others
Financial assests	25,240.04	5,955.87	399.07	3.84
Financial liabilities	-21,988.05	1,376.94	-263.85	-55.33

10% appreciation / depreciation of the functional currency of the Company with respect to various foreign currencies would result in increase / decrease in the Company's profit before taxes by approximately ₹ 1,066.85 Million for the year ended March 31, 2024.
The Group has not considered net non-current foreign currency loan exposure, being naturally hedged against future unhedged export receivables.

For the investments in subsidiaries, joint ventures and associates being strategic in nature, does not have any maturity or cash flow hence the same has not been considered for the purpose of unhedged foreign currency exposure.

The following table sets forth information relating to unhedged foreign currency exposure as at March 31, 2023:

₹ in Million

Particulars	USD	EUR	GBP	Others
Financial assests	23,132.53	7,714.77	533.54	0.00
Financial liabilities	-21,477.07	-7,900.08	-335.63	-69.89

10% appreciation / depreciation of the functional currency of the Group with respect to various foreign currencies would result in increase / decrease in the Group's profit before taxes by approximately ₹ 159.82 Million for the year ended March 31, 2023.

The Group has not considered net non-current loan exposure in foreign currency, being naturally hedged against future unhedged export receivables.

For the investments in joint ventures and associates being strategic in nature, does not have any maturity or cash flow hence the same has not been considered for the purpose of unhedged foreign currency exposure.
When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

The Group discloses fair value of the outstanding derivative in the financial statements. The impact on the Company's pre-tax equity due to changes in fair value of the outstanding forward contracts as follows:

(in ₹ million)

Change in rate	Effect on OCI		Effect on net profit / (Loss)	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
USD/INR -1	587.13	630.73	-	2.28
EUR/INR -1	214.51	164.52	4.75	-
EUR/USD -0.01	-	-	-	8.39

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Group's profit/loss before tax is due to changes in the fair value of un-hedged monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

(in ₹ million)

Change in rate	Effect on Other Comprehensive Income		Effect on net profit / (Loss) before tax and equity	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
USD/INR -1	55.21	66.53	-69.15	-115.13
EUR/INR -1	26.46	17.51	-45.17	-16.66

Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the on-going purchase of steel. Due to significant volatility of the price of the steel, the Group has agreed with its customers for pass-through of increase/decrease in prices of steel. There may be lag effect in case of such pass-through arrangement.

Commodity price sensitivity

The Group has a back-to-back pass through arrangements for volatility in raw material prices for most of the customers. However, in few cases there may be lag effect in case of such pass-through arrangements and might have some effect on the Group's profit/(loss) and equity.

55. Financial risk management objectives and policies (Cont.)

Equity price risk

The Group is exposed to price risk in equity investments and classified on the balance sheet as fair value through profit or loss and through Other comprehensive income. To manage its price risk arising from investments in equity, the Group diversifies its portfolio. Diversification and investment in the portfolio are done in accordance with the limits set by the Board of Directors of the Group.

At the reporting date, the exposure to unlisted equity securities at fair value was ₹ 2,441.75 million (March 31, 2023: ₹ 4,708.96 million). Sensitivity analysis of major investments has been provided in Note 51.

At the reporting date, the exposure to listed equity securities at fair value was ₹ 1,366.01 million (March 31, 2023: ₹ 727.17 million). Change of 10% on the NSE market index could have an impact of approximately ₹ 1,36.60 million (March 31, 2023: ₹ 72.72 million) on the OCI or equity attributable to the Group. These changes would not have an effect on profit or loss.

Other price risk

The Group invests its surplus funds in mutual funds, which are linked to debt markets. The Group is exposed to price risk for investments in such instruments that are classified as fair value through profit or loss. To manage its price risk arising from investments in mutual funds, the Group diversifies its portfolio. Diversification and investment in the portfolio is done in accordance with Holding Company's investment policy approved by the Board of Directors. An increase/decrease in interest rates by 0.25% will have an impact of ₹ 26.79 million (March 31, 2023: ₹ 45.09 million)

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, investment in mutual funds, other receivables and deposits, foreign exchange transactions and other financial instruments.

55. Financial risk management objectives and policies (Cont.)

Trade receivables

Customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Further, the Group's customers include marquee OEMs and Tier I companies, having long standing relationship with the Group. Outstanding customer receivables are regularly monitored and reconciled. At March 31, 2023, receivable from the Group's top 5 customers accounted for approximately 57.52% (March 31, 2023: 46.60%) of all the receivables outstanding. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix (refer table below). Further, an impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped in to homogeneous groups and assessed for impairment collectively. The calculation is based on historical data and subsequent expectation of receipts. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 12. The Group does not hold collateral as security except in case of few customers. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

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, 2024	% of loss allowance	1.75%	0.46%	1.19%	12.10%	28.35%	90.12%	2.33%
March 31, 2023	% of loss allowance	0.00%	3.60%	7.52%	25.27%	39.25%	12.62%	1.30%

Other receivables, deposits with banks, mutual funds and loans given

Credit risk from balances with banks, financial institutions and mutual funds is managed in accordance with the Group's approved investment policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on regular basis and the said limits gets revised as and when appropriate. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Group's maximum exposure to credit risk for the components of the balance sheet at March 31, 2024 and March 31, 2023 is the carrying amounts as illustrated in the respective notes except for financial guarantees. With respect to financial derivative instruments refer note 50.

Liquidity risk

Cash flow forecasting is performed by Treasury function. The Group's liquidity requirements are monitored at the Holding Company and individual component level by respective treasury functions to ensure availability of funds to meet operational needs. Such forecasting takes into consideration the compliance with internal cash management. The Group's treasury invests surplus cash in marketable securities as per the approved policy, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. At the reporting date, the Group held mutual funds of ₹ 10,550.08 million (March 31, 2023: ₹ 18,036.83 million) and other liquid assets of ₹ 16,780.15 million (March 31, 2023: ₹ 10,351.01 million) that are expected to readily generate cash inflows for managing liquidity risk.

As per the Group's policy, there should not be concentration of repayment of loans in a particular financial year. In case of such concentration of repayment, the Group evaluates the option of refinancing entire or part of repayments for extended maturity. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders and the Group is also maintaining surplus funds with short term liquidity for future repayment of loan.

The table below summarises the maturity profile of the Group's financial liabilities (in ₹ million)

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
March 31, 2024				
Borrowings	56,630.95	18,589.80	-	**75,220.75**
Trade and other payables	22,621.22	-	-	**22,621.22**
Lease Liabilities	484.56	1,641.48	2,366.47	**4,492.51**
Other financial liabilities	1,814.41	253.09	-	**2,190.53**
	81,551.14	**20,484.37**	**2,366.47**	**104,525.01**
March 31, 2023				
Borrowings	51,010.61	17,512.72	-	**68,523.33**
Trade and other payables	21,513.40	-	-	**21,513.40**
Lease Liabilities	447.27	1,493.30	2,668.47	**4,609.04**
Other financial liabilities	1,799.44	391.09	-	**2,190.53**
	74,770.72	**19,397.11**	**2,668.47**	**96,836.30**

The management believes that the probability of any outflow on account of financial guarantees and letter of support issued by the Group being called on is remote. Hence the same has not been included in the above table.

56. As per proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the companies incorporated in India w.e.f. April 1, 2023. The Holding Company and its subsidiaries incorporated in India have used accounting softwares for maintaining its books of account which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software, except for the instances mentioned below:

• In respect of Holding Company and its three subsidiaries, the feature of recording audit trail (edit log) facility was not enabled at the database level to log any direct data changes for the accounting software used for maintaining all books of account.
• In respect of Holding Company, the feature of recording audit trail (edit log) facility was not enabled for certain tables at the application layer of the accounting software used for maintaining the books of account relating to property, plant and equipment, financial reporting process, purchase to payables, revenue to receivables and production to inventory throughout the year.
• In respect of two subsidiaries, the feature of recording audit trail (edit log) facility was not enabled at the application layer of the accounting software relating to property, plant and equipment, financial reporting process, purchase to payables, payroll, revenue to receivables and production to inventory throughout the year .
• In respect of one subsidiary company, the feature of recording audit trail (edit log) facility was not enabled at the application layer of the accounting software used for maintaining the books of account relating to financial reporting process, purchase to payables and revenue to receivables throughout the year .
• In respect of Holding Company and one subsidiary company, the payroll accounting software does not have the feature of recording audit trail (edit log) facility.
• In respect of one subsidiary company, the inventory management software does not have the feature of recording audit trail (edit log) facility.
• In respect of 10 subsidiaries, the Companies have used the accounting softwares for maintaining its books of accounts which have a feature of recording audit trail (edit Log) facility for the part of the financial year. The accounting softwares did not have the audit trail features enabled throughout the year. The subsidiary companies are in the process of establishing necessary controls and documentation regarding audit trail

57. Standards issued but not yet effective

The Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under the Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2024, MCA did not issue any accounting standards that were effective on April 1, 2024.

58. Employee share-based payments

One of the step down subsidiary company, Tork Motors Private Limited ('TMPL') in the Group has provided share-based payment schemes to its employees. The relevant details of the scheme and the grant are as below:

TMPL had granted options under Employee Stock Option Plan I in the FY 2018-19 pursuant to approval of Shareholders at its meeting held on January 25, 2019 which was subsequently amended and approved in General meeting held on November 12, 2020 and Board meeting held on October 23, 2021 for achieving wider coverage and talent retention (TMPL Amended Employee Stock Option Plan – 2020). The said ESOP Plan 2020 was further amended and approved by the Board in its meeting held on 23th October, 2021 resolving thereby few discrepancies, ambiguities etc.

The fair value of the share options was estimated at the grant date using fair value at which shares were issued to the holding company considering the terms and conditions upon which the share options were granted. The exercise price of the share options is the face value i.e. Rs 10. The contractual term of each option granted is 3 years.

Particulars	March 31, 2024	March 31, 2023
Expense arising from equity-settled share-based payment transactions	89.97	21.11

Movement in share options post acquisition of TMPL by the Group:

Particulars	March 31, 2024	March 31, 2023
Outstanding at March 31, 2023	2,101.00	1,198.00
Granted during the period	-	1,027.00
Forfeited during the period	-	-
Exercised during the period	-	-
Expired during the period	-	124.00
Outstanding at March 31, 2024	2,101.00	2,101.00
Exercisable at March 31, 2024	2,101.00	1,198.00

The weighted average share price on the date of exercise of these options is ₹ 10. The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur.

Exercise price of the options grated in financial year ended March 31, 2022 was determined based on the price at which equity shares of the TMPL were issued to external investors. Exercise price of the options grated in financial year ended March 31, 2023 and March 31, 2024 has been determined by a category 1 merchant banker using Black and Scholes Option Pricing Model.

59. Other statutory information

59.1. Relationship with companies struck off under section 248 of the Companies Act 2013 or section 560 of the Companies Act 1956.

Name of the struck off company #	Transaction during the period	Balance outstanding	Nature of transaction	Relationship with the struck off company
March 31, 2024				
RBC Bearings Pvt Ltd	0.02	-	Expense	Vendor*
D J Share Trading Company Pvt Ltd	0.00	-	Dividend	Shareholder*
Dreams Broking Private Limited	0.00	-	Dividend	Shareholder*
Kothari Intergroup Ltd	0.00	-	Dividend	Shareholder*
Aditya Cyber Services And Management Solution	0.00		Dividend	Shareholder*
March 31, 2023				
Harinagar Sugar Mills Ltd.	0.72	-	Receivables	Customer
Havinhomes Reality & Consulting Services	0.01	-	Payables	Vendor
Dreams Broking Private Limited*	0.00	-	Dividend	Shareholder
Aditya Cyber Services and Management Solutions Private Limited*	0.00	-	Dividend	Shareholder

* These parties are not related parties as per the definition of 'related party' under section 2(76) of the Companies Act 2013.

Amounts disclosed as zero are below the milliion rounding off.

59.2. There are no proceedings initiated or pending against the Group for holding any Benami property under Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

59.3. The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

59.4. The Group does not have any charge, which is yet to be registered with Registrar of Companies ('ROC') beyond the statutory period. With regard to satisfaction of charges, few cases of the Holding Company are outstanding with ROC due to technical reasons and Holding Company is in the process of obtaining no dues certificates from the lenders, which the Holding Company will be filing with the Registrar of Companies for satisfaction of the related charges.

59.5. During the year ended March 31, 2024, none of the Group Companies incorporated in India has surrendered any transaction or disclosed as income in the tax assessments under the Income Tax Act, 1961, (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

59.6. The Group has not revalued any property, plant and equipment or intangible assets.

59.7. During the previous year, the holding Company transferred its interest in wholly owned Analogic Controls India Limited ('ACIL') to its another wholly owned subsidiary Kalyani Strategic Systems Limited ('KSSL'). After this transfer, KSSL filed scheme of amalgamation of ACIL with KSSL under section 233 of the Companies Act, 2013 read with Rule 25 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and the same was approved by the Ministry of Corporate Affairs through Regional Director (W.R), wide Order dated 24th February, 2023. Through this scheme the entire business and undertaking together with all the related assets and liabilities of ACIL were deemed to have been transferred to and vested in the KSSL.

59.8. In accordance with the requirements of Division II - Ind AS Schedule III to the Companies Act, 2013, analytical ratios have been disclosed only in standalone financial statements.

59.9 As per proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly the Company has used accounting software's for maintaining its books of account which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective software's. However the audit trail functionality is not enabled at database level and also in case of few fields in SAP at application layer. The company is in the process of evaluation of the feasibility of extending the audit trail facility on such fields in SAP as well as at database layer of accounting software's used for maintaining the books of accounts

As per our report of even date
For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Shiraz Vatsani
Partner
Membership Number: 103334

Place: Pune
Date: May 08, 2024

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

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

Amit Kalyani
Joint Managing Director
DIN : 00037678

Kedar Dixit
Senior Vice President and CFO

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 08, 2024

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Chartered Accountants

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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.

Revenue from Sale of Products	
See Note 2 F. and Note 24 to consolidated financial statements	
The key audit matter	**How the matter was addressed in our audit**
The Group's revenue is derived primarily from sale of goods. The Group manufactures specialized forged and machined products as per specifications provided by its customers. Revenue from sale of goods is recognised at a point in time when performance obligation is satisfied and is based on the transfer of control to the customer as per terms of the contract with them which may vary for each customer. The Group and its external stakeholders focus on revenue as a key performance metric. Revenue recognition has been identified as a key audit matter as there could be incentives or external pressures to meet expectations resulting in revenue being overstated or recognized before the control has been transferred.	In view of the significance of the matter we and other auditors applied the following audit procedures in this area, to obtain sufficient appropriate audit evidence: • We and other auditors assessed the appropriateness of Group's accounting policies for revenue recognition by comparing with applicable accounting standards. • We and other auditors evaluated the design, implementation and operating effectiveness (wherever applicable) of key internal controls over recognition of revenue. • On a sample basis, we and other auditors tested revenue transactions recorded during the year by verifying the underlying documents to assess whether revenue is recognised appropriately when control is transferred. • We and other auditors tested, on a sample basis specific revenue transactions recorded before and after the financial year-end date to assess whether revenue is recognised in the correct financial period in which control if transferred. • We and other auditors scrutinized journal entries related to revenue recognised during the year based upon specified risk-based criteria, to identify unusual or irregular items.

Assessment of impairment of Goodwill and Property, Plant and Equipment (PPE) in relation to Cash Generating Units (CGU) at certain wholly owned subsidiaries	
See Note 2 P. and Note 3 to consolidated financial statements	
The key audit matter	**How the matter was addressed in our audit**
The respective companies in the group periodically assess if there are any impairment indicators for recognising impairment loss in respect of the CGUs. An annual impairment test is done for those CGUs which include Goodwill.	The audit procedures performed by the respective auditors of those subsidiaries included the following: • Obtained understanding of the respective subsidiary's process for assessing the indicators of impairment of the CGU and the process followed for estimation of the recoverable value

As at 31 March 2023, certain subsidiaries in India, Germany, USA and Sweden identified indicators for impairment. The impairment assessment of the CGUs of such subsidiaries involves significant judgements and estimates including future business projections, discount rates and other assumptions. Accordingly, this matter has been identified as a key audit matter.	• Evaluated the design and implementation of controls. • Assessed the methodology used by the subsidiary to estimate the recoverable value of the relevant CGU. • Evaluated the assumptions around key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates. • Performed sensitivity analysis of key assumptions used to determine which assumptions could change the outcome of impairment assessment. • Involved specialists to assist in evaluating the impairment model, assumptions and estimates, where applicable.

Other Information

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

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

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

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

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

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

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

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

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

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

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

carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph (a) of the section titled "Other Matters" in this audit report.

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

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

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

Other Matters

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

b. We did not audit the financial information of 30 subsidiaries, whose financial information reflects total assets (before consolidation adjustments) of Rs.92,138 million as at 31 March 2023, total revenues (before consolidation adjustments) of Rs.83,919 million and net cash outflows (before consolidation adjustments) amounting to Rs. 697 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Holding Company's share of net loss (and other comprehensive loss) of Rs. 1 million for the year ended 31 March 2023, in respect of one associate, whose financial information has not been audited by us. These financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate is based solely on the reports of the other auditors.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022

Shiraz Vastani

Partner

Place: Pune

Membership No.: 103334

Date: 05 May 2023

ICAI UDIN:23103334BGYMRM1107

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

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

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

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

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

Sr. No.	Name of the entities	CIN	Holding Company/ Subsidiary/ JV/ Associate	Clause number of the CARO report which is unfavourable or qualified or adverse
12	Ferrovia Transrail Solution Private Limited	U45300DL2012PTC239645	Subsidiary	(xvii)
13	Tork Motors Private Limited	U34104PN2010PTC135855	Subsidiary	(ix) (a) (xvii)
14	BF Elbit Advanced Systems Private Limited	U29270PN2012PTC144268	Subsidiary	(xvii)
15	Kalyani Rafael Advanced Systems Private Limited	U29270PN2015PTC156252	Subsidiary	(vii) (a)

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

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

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

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

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

Place: Pune
Date: 05 May 2023

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

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

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

Opinion

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

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

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

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies and associate company in terms of their reports referred to in the

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

Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Other Matters

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

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

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

Our opinion is not modified in respect of above matters.

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

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

Place: Pune
Date: 05 May 2023

BHARAT FORGE LIMITED
Consolidated Balance Sheet as at March 31, 2023

In ₹ Million

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

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

As per our report of even date
For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

Shiraz Vastani
Partner
Membership Number: 103334

Place: Pune
Date: May 05, 2023

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

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

G. K. Agarwal
Deputy Managing Director
DIN : 00037678

Kishore Saletore
Executive Director and CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 05, 2023

BHARAT FORGE LIMITED

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

In ₹ Million

	Notes	Year ended March 31, 2023	Year ended March 31, 2022 (Ref note 58)
Income			
Revenue from operations	24	129,102.59	104,610.78
Other income	25	1,728.57	1,959.00
Total income [i]		**130,831.16**	**106,569.78**
Expenses			
Cost of raw materials and components consumed	26	60,649.93	46,175.79
Purchase of traded goods		1,664.03	1,883.13
(Increase) in inventories of finished goods, work-in-progress, traded goods, dies and scrap	27	(2,700.43)	(5,899.30)
Employee benefits expense	28	15,631.00	14,646.83
Finance costs	29	2,986.20	1,604.05
Depreciation, amortisation and impairment expense	30	7,355.86	7,303.01
Other expenses	31	36,182.83	27,644.98
Total expenses [ii]		**121,769.42**	**93,358.49**
Profit before share of (loss) of associates and joint ventures, exceptional items and tax [i - ii]		**9,061.74**	**13,211.29**
Share of (loss) of associates and joint ventures		(333.48)	(329.30)
Income tax expense / (credit)		0.90	0.90
Share of (loss) of associates and joint ventures		**(334.38)**	(330.20)
Profit before exceptional items and tax		**8,727.36**	**12,881.09**
Exceptional items gain/(loss)	32	(457.91)	924.05
Profit before tax		**8,269.45**	13,805.14
Income tax expense	21		
Current tax		3,951.57	3,529.58
Deferred tax (credit)		(765.99)	(495.05)
Income tax expense		**3,185.58**	**3,034.53**
Profit for the year		**5,083.87**	10,770.61
Other comprehensive income			
Other comprehensive income / (loss) not to be reclassified to profit and loss in subsequent periods (net of tax)			
- Re-measurement gains on defined benefit plans	33	358.64	362.73
- Net gain on FVTOCI equity securities	33	242.59	2,025.46
- Share of other comprehensive income of associates and joint ventures	33	(0.89)	0.57
		600.34	**2,388.76**
Income tax effect	33	(121.04)	(499.29)
(A)		**479.30**	**1,889.47**
Other comprehensive income / (loss) to be reclassified to profit and loss in subsequent periods (net of tax)			
- Non-controlling interest reserve [**Refer note 59**]	33	-	(148.19)
- Net movement on cash flow hedges	33	(2,103.56)	1,008.09
- Foreign Currency Translation reserve	33	397.45	(152.11)
		(1,706.11)	**707.79**
Income tax effect	33	529.43	(245.85)
(B)		**(1,176.68)**	**461.94**
Other comprehensive income for the year (net of tax) [A+B]		**(697.38)**	**2,351.41**
Total comprehensive income for the year (net of tax)		**4,386.49**	**13,122.02**
Of the total comprehensive income above,			
Attributable to:			
Equityholders of the parent		4,586.54	13,168.82
Non-controlling interests		(200.05)	(46.80)
Of the total comprehensive income above,			
Profit for the year			
Attributable to:			
Equityholders of the parent		5,283.64	10,817.56
Non-controlling interests		(199.77)	(46.95)

BHARAT FORGE LIMITED

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

In ₹ Million

	Notes	Year ended March 31, 2023	Year ended March 31, 2022 (Ref note 58)
Of the total comprehensive income above,			
Other comprehensive income / (loss) for the year			
Attributable to:			
Equityholders of the parent		(697.10)	2,351.26
Non-controlling interests		(0.28)	0.15
Earnings per equity share [nominal value per share ₹ 2/- (March 31, 2021: ₹ 2/-)]	34		
Basic		11.35	23.23
Diluted		11.35	23.23

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

As per our report of even date

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

Shiraz Vastani
Partner
Membership Number: 103334

Place: Pune
Date: May 05, 2023

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

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

G. K. Agarwal
Deputy Managing Director
DIN : 00037678

Kishore Saletore
Executive Director and CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 05, 2023

BHARAT FORGE LIMITED

Consolidated statement of changes in equity for the year ended March 31, 2023

A. Equity share capital:
Equity shares of ₹ 2/- each issued, subscribed and fully paid

Particulars	No.	In ₹ Million
As at March 31, 2023	465,588,632	931.27
As at March 31, 2022	465,588,632	931.27
As at April 1, 2021	**465,588,632**	**931.27**

(1) For the year ended 31st March 2023 — In ₹ Million

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

(2) For the year ended 31st March 2022 — In ₹ Million

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

B. Other equity — In ₹ Million

Particulars	Attributable to the equity holders of the parent									Sub Total	Non Controlling interests	Total
	Reserves and Surplus (Refer note 16)					Items of OCI (Refer note 16)						
	Securities premium	Capital reserves	Employee stock option outstanding	General reserve	Retained Earnings	Foreign currency translation reserve (FCTR)	Equity instruments through other comprehensive income	Non-controlling interest reserve	Cash flow hedge reserve			
Balance as at April 1, 2022	**6,930.89**	**15.50**	**16.29**	**3,230.48**	**48,867.41**	**1,074.38**	**1,974.15**	**(148.19)**	**2,814.56**	**64,775.47**	**560.77**	**65,336.24**
- Profit / (Loss) for the year	-	-	-	-	5,283.64	-	-	-	-	**5,283.64**	**(199.77)**	**5,083.87**
- Other Comprehensive Income / (Loss)	-	-	-	-	248.48	397.45	231.10	-	(1,574.14)	**(697.11)**	**(0.28)**	**(697.39)**
- Compensation options granted during the year [Refer note 16 (d)]	-	-	21.11	-	-	-	-	-	-	**21.11**	-	**21.11**
	-	**-**	**21.11**	**-**	**5,532.12**	**397.45**	**231.10**	**-**	**(1,574.14)**	**4,607.64**	**(200.05)**	**4,407.59**
Transaction with owners in their capacity as owners												
- Final Equity dividend	-	-	-	-	(2,560.74)	-	-	-	-	**(2,560.74)**	-	**(2,560.74)**
- Interim equity dividend	-	-	-	-	(698.38)	-	-	-	-	**(698.38)**	-	**(698.38)**
Balance as at March 31, 2023	**6,930.89**	**15.50**	**37.40**	**3,230.48**	**51,140.41**	**1,471.83**	**2,205.25**	**(148.19)**	**1,240.42**	**66,123.99**	**360.72**	**66,484.71**
Balance as at April 1, 2021	**6,930.89**	**15.50**	**16.29**	**3,230.48**	**39,417.42**	**1,226.49**	**346.82**	**-**	**2,052.32**	**53,236.21**	**316.95**	**53,553.16**
- Profit / (Loss) for the year	-	-	-	-	10,817.56		-	-	-	**10,817.56**	**(46.95)**	**10,770.61**
- Other Comprehensive Income / (Loss)	-	-	-	-	261.99	(152.11)	1,627.33	(148.19)	762.24	**2,351.26**	**0.15**	**2,351.41**
- Compensation options granted during the year [Refer note 16 (d)]	-	-	-	-	-	-	-	-	-	**-**	-	**-**
	-	**-**	**-**	**-**	**11,079.55**	**(152.11)**	**1,627.33**	**(148.19)**	**762.24**	**13,168.82**	**(46.80)**	**13,122.02**
Acquisition of subsidiary's non-controlling interest (net) [Refer note 59]	-	-	-	-	-	-	-		-	**-**	**290.62**	**290.62**
Transaction with owners in their capacity as owners												
- Final Equity dividend	-	-	-	-	(931.18)	-	-	-	-	**(931.18)**	-	(931.18)
- Interim equity dividend	-	-	-	-	(698.38)	-	-	-	-	**(698.38)**	-	(698.38)
Balance as at March 31, 2022	**6,930.89**	**15.50**	**16.29**	**3,230.48**	**48,867.41**	**1,074.38**	**1,974.15**	**(148.19)**	**2,814.56**	**64,775.47**	**560.77**	**65,336.24**

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

As per our report of even date

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

For and on behalf of the Board of Directors of
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Company Secretary
Membership Number: 18907

Place : Pune
Date: May 05, 2023

Place : Pune
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BHARAT FORGE LIMITED

Consolidated cash flow statement for the year ended March 31, 2023

Particulars	March 31, 2023	March 31, 2022
Operating activities		
Profit after exceptional items & before tax	**8,269.45**	**13,805.14**
Add/(Less): Share of (loss) of associates and joint ventures (net of tax)	**(334.38)**	**(330.20)**
	8,603.83	**14,135.34**
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	7,355.86	7,303.01
Unrealised foreign exchange (gain)/MTM (net)	(412.88)	(502.98)
Interest income	(291.94)	(219.86)
Liabilities/provision no longer required written back	(98.10)	(246.41)
Provision for doubtful debts and advances (net) including expected credit loss	70.44	111.88
Bad debts/advances written off	72.46	5.16
Finance costs	2,986.03	1,604.26
(Gain) on sale of property, plant and equipment (net)	(42.72)	(223.46)
Dividend income from investment	(5.11)	(4.41)
Net loss/ (gain) on sale of financial investments	(1,432.67)	(903.83)
Net loss/ (gain) on fair valuation of financial instruments (FVTPL)	654.12	129.10
Share based payment expense	21.11	16.29
Non-cash exceptional items	-	(1,140.06)
Effects of consolidation	-	788.35
Operating profit before working capital changes	**17,480.43**	**20,852.38**
Working capital adjustments		
(Increase)/decrease in trade receivables	(7,687.58)	(8,035.43)
(Increase)/decrease in inventories	(3,623.38)	(9,076.27)
(Increase) /decrease in other financial assets	247.03	711.99
(Increase)/decrease in other assets	(1,531.41)	(799.59)
Increase/(decrease) in provisions	(320.57)	(166.82)
Increase/(decrease) in trade payables	4,338.99	4,328.65
Increase/(decrease) in other financial liabilities	62.51	37.14
Increase/(decrease) in other liabilities	8,150.97	731.76
Cash generated from operations	**17,116.99**	**8,583.81**
Income taxes paid (net of refunds)	(4,172.33)	(3,525.33)
Net cash flow from operating activities (I)	**12,944.66**	**5,058.48**
Investing activities		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress, capital creditors and capital advances)	(9,961.82)	(10,683.30)
Proceeds from sale of property, plant and equipment and intangible assets	263.18	1,036.96
Investments in joint venture/associates	(113.75)	-
Acquisition of a subsidiary, net of cash acquired	(3,376.73)	(1,441.80)
Loan given to joint venture/associates	(4.28)	(122.41)
Proceeds from loan given to joint venture/associates	11.56	67.49
Loan given to employees/others	-	(121.84)
Proceeds from loan given to employees/others	-	90.54
Investments in mutual funds, fixed deposits and other deposits	(113,521.16)	(83,807.90)
Proceeds from sale of financial instruments including fixed deposits	109,816.43	87,853.52
Interest received	168.13	223.83
Dividend received	5.11	4.41
Net cash flows (used in) investing activities (II)	**(16,713.33)**	**(6,900.50)**
Financing activities		
Dividend paid on equity shares	(3,252.83)	(1,641.68)
Interest paid on lease liability	(276.07)	
Interest paid on borrowing and other liabilities	(2,111.42)	(1,444.12)
Acquisition of non-controlling interest	-	(329.68)
Payment of principal portion of lease liabilities	(368.84)	(579.81)
Proceeds from borrowings including bill discounting	77,101.66	66,810.15
Repayment of borrowings including bill discounting	(68,289.81)	(59,713.20)
Net cash flows from financing activities (III)	**2,802.69**	**3,101.66**
Net (decrease) / increase in cash and cash equivalents (I + II + III)	**(965.98)**	**1,259.64**
Net foreign exchange difference	**57.58**	**3.56**
Cash and cash equivalents at the beginning of the year*	**5,584.24**	**4,473.15**
Cash and cash equivalents at the end of the year*	**4,675.84**	**5,736.35**
Foreign currency translation reserve movement	**397.42**	**(152.11)**
Cash and cash equivalents on acquisition of subsidiary	**13.87**	**-**
Cash and cash equivalents at the end of the year*	**5,087.13**	**5,584.24**

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

Consolidated cash flow statement for the year ended March 31, 2023 (contd.):

Cash and Cash equivalents for the purpose of cash flow statement

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

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

As per our report of even date
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Company Secretary
Membership Number: 18907

Place: Pune
Date: May 05, 2023

Place: Pune
Date: May 05, 2023

1. Corporate information

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

2. Significant accounting policies

2.1 Basis of preparation

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

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

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

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

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

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

2.2 Basis of consolidation

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

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

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

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

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

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

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

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

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

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

Consolidation procedure:

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

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

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

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

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

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

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

2.3 Summary of significant accounting policies

A. Business combinations and goodwill

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

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

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

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

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

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

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

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

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

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

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

B. Investment in associates and joint ventures

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

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

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

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

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

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

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

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

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

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

C. Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

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

D. Foreign currencies

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

Transactions and Balance

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

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

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

Exchange Differences

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

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

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

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

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

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

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

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

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

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

E. Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

F. Revenue from contracts with customers

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

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

Sale of goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on date of bill of lading for export sales and generally on delivery for domestic sales. In case of certain subsidiaries, revenue recognition is based on ex-factory/ex works incoterms wherein the goods are made available at subsidiary company's factory location to be picked up by the customers. The performance obligation is met at the time of goods being made available for pick up by customers. The normal credit term is 30 to 240 days upon delivery.
In case of bill and hold arrangements, revenue is recognized when the Group completes its performance obligation to transfer the control of the goods to the customer in accordance with the agreed upon specifications in the contract for which customer has accepted the control. Such goods are identified and kept ready for delivery based on which revenue is recognized.

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

Tooling income

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

Sale of services

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

Trade receivables

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

Contract liabilities

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

G. Other Income

Interest income

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

Dividends

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

H. Government grants

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

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

I. Taxes

Current income tax

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

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

Deferred tax

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

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

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

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

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

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

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

Indirect taxes paid on acquisition of assets or on incurring expenses

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

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

J. Property, plant and equipment

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

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

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

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

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

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

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

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

Freehold land is carried at cost.

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

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

K. Investment Properties

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

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

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

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

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

L. Intangible Assets

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

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

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

Group amortizes intangible assets on Straight line basis over the useful life of the asset as mentioned below:

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

Research and development costs

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

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

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

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

M. Borrowing costs

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

N. Leases

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

Group as a lessee

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

i) Right-of-use assets

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

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

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

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

ii) Lease liabilities

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

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

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

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

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

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

Group as a lessor

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

O. Inventories

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

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

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

Traded goods are valued at lower of Costs are determined on weighted average basis and net realizable value.

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

Scrap is valued at net realizable value.

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

P. Impairment of non-financial assets

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

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

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

Intangible assets under development are tested for impairment annually.

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

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

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

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

Q. Provisions and contingent liabilities

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

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

R. Post-employment and other employee benefits

Provident fund

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

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

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

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

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

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

Gratuity

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

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

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

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

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

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

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

Superannuation

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

Privilege leave benefits

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

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

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

Termination benefits

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

Other long-term employee benefits

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

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

S. Financial instruments

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

• Financial assets at amortized cost

• Financial assets, derivatives and equity instruments at fair value through profit and loss (FVTPL)

• Financial assets, Equity and derivative instruments measured at fair value through other comprehensive income (FVTOCI)

Financial assets at amortized cost

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

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

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

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

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

Financial assets at FVTOCI

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

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

• The asset's contractual cash flows represent SPPI.

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

Financial assets at FVTPL

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

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

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

Equity investments

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

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

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

Derecognition

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

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

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

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

Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

- Debt instruments measured at FVTOCI:

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

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

The Group does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit and loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss include financial liabilities designated upon initial recognition as at fair value through profit and loss. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the DE recognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognized in the statement of profit and loss.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit and loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the statement of profit and loss, unless designated as effective hedging instruments.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

T. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit and loss, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to the statement of profit and loss when the hedge item affects the statement of profit and loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group’s risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument’s fair value in offsetting the exposure to changes in the hedged item’s fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognized in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the statement of profit and loss as a charge.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through the statement of profit and loss over the remaining term of the hedge using the EIR method. EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in trade receivables. The change in fair value is recognized as an asset or liability with corresponding gain or loss recognized in the statement of profit and loss.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in the statement of profit and loss. When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in the statement of profit and loss.

Cash flow hedges

Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit and loss.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognized in the statement of profit and loss. Refer to note 50 for more details.

Amounts recognized as OCI are transferred to the statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

U. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group’s cash management.

V. Dividend to equity holders of the Group

The Group recognizes a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorized and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

W. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

X. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Y. Share based payments

- Employees of one of the components of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in Note 61.
- For options which are granted post acquisition date, the cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.
- Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

2.4 Changes in accounting policies and new and amended standards

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 Apr 2022. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective:

(a) Ind-AS 101: First-time Adoption of Indian Accounting Standards
Simplifies the application of Ind AS 101 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences. The amendment does not have any impact on the financial statements of the Group

(b) Ind-AS 103: Business Combinations
The amendment adds a new exception in Ind AS 103 for liabilities and contingent liabilities. The amendment does not have any material impact on the financial statements of the Group.

(c) Ind-AS 109: Financial Instruments
The amendment clarifies which fees an entity includes when it applies the '10%' test in assessing whether to derecognise a financial liability. The amendment does not have any material impact on the financial statements of the Group.

(d) Ind-AS 16: Property, plant and equipment
The amendment clarifies that an entity shall deduct from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The amendment does not have any material impact on the financial statements of the Group.

(e) Ind-AS 37: Provisions, Contingent liabilities and contingent assets
The amendment explains that the cost of fulfilling a contract comprises: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The amendment does not have any material impact on the financial statements of the Group.

(f) Ind AS 41 : Agriculture
The amendment removes the requirement in Ind AS 41 for entities to exclude cash flows for taxation when measuring fair value. The amendment does not have any impact on the financial statements of the Group.

BHARAT FORGE LIMITED

Notes to consolidated financial statements for the year ended March 31, 2023

3. Property, plant and equipment

In ₹ Million

	Freehold land	Buildings	Plant and machinery (Notes b)	Railway sidings	Office equipments	Electrical installations	Factory equipments	Sub Total (A)
Cost								
As at April 1, 2021	814.34	11,282.12	52,776.92	0.02	179.54	258.06	3,662.87	68,973.87
Foreign Currency Translation Reserve	(18.92)	(224.25)	(849.86)	-	1.16	-	(157.94)	(1,249.81)
Additions	-	477.71	5,848.54	-	21.19	-	467.03	6,814.47
Additions on acquisition of subsidiary	30.38	193.27	343.68	-	1.81	-	-	569.14
Disposals	-	(0.52)	(735.93)	-	(23.31)	-	(250.56)	(1,010.32)
Other adjustments								
- Borrowing cost (Refer note a)	-	0.81	64.47	-	-	-	0.30	65.58
- Exchange differences	(1.02)	-	-	-	0.67	-		(0.35)
As at March 31, 2022	**824.78**	**11,729.13**	**57,447.82**	**0.02**	**181.06**	**258.06**	**3,721.70**	**74,162.58**
Foreign Currency Translation Reserve	19.06	397.79	907.77	-	3.91	0.28	179.15	1,507.96
Additions	-	2,304.73	10,010.72	-	58.60	7.06	522.45	12,903.56
Additions on acquisition of subsidiary	295.84	245.58	1,362.67	-	4.47	50.68	-	1,959.24
Disposals	(28.61)	(37.43)	(1,066.32)	-	(3.47)	(0.01)	(43.21)	(1,179.05)
Other adjustments - Borrowing Cost			24.53					24.53
As at March 31, 2023	**1,111.07**	**14,639.80**	**68,687.19**	**0.02**	**244.57**	**316.07**	**4,380.09**	**89,378.82**
Depreciation and impairment								
As at April 1, 2021	-	2,181.57	22,486.69	-	93.19	149.68	2,007.42	26,918.55
Foreign Currency Translation Reserve	-	(66.41)	(483.67)	-	0.74	-	(101.69)	(651.03)
Charge for the year	-	536.55	5,237.55	-	26.82	6.74	496.58	6,304.24
Disposals	-	(0.51)	(739.34)	-	(22.15)	-	(127.00)	(889.00)
Other adjustments								
- Others (Refer note c)	-	-	-	-	-	-	-	-
As at March 31, 2022	**-**	**2,651.20**	**26,501.23**	**-**	**98.60**	**156.42**	**2,275.31**	**31,682.76**
Foreign Currency Translation Reserve	-	80.75	504.35	-	2.50	0.28	124.40	712.28
Additions	-	-	-	-	-	-	-	-
Additions on acquisition of subsidiary	-	16.14	109.62	-	0.46	7.44	-	133.66
Charge for the year	-	496.44	5,593.75	-	33.07	10.37	368.57	6,502.20
Disposals	-	(21.47)	(900.11)	-	(2.71)	-	(32.45)	(956.74)
Other adjustments	-	-	0.07	-	(0.07)	-	-	-
As at March 31, 2023	**-**	**3,223.06**	**31,808.91**	**-**	**131.85**	**174.51**	**2,735.83**	**38,074.16**
Net block								
As at March 31, 2022	**824.78**	**9,077.93**	**30,946.59**	**0.02**	**82.46**	**101.64**	**1,446.39**	**42,479.82**
As at March 31, 2023	**1,111.07**	**11,416.74**	**36,878.28**	**0.02**	**112.72**	**141.56**	**1,644.26**	**51,304.66**

3. Property, plant and equipment (contd.)

In ₹ Million

	Furniture and fixtures	Vehicles and aircraft	Power line	Sub Total (B)	Grand Total (A+B)	Capital work-in-progress
Cost						
As at April 1, 2021	311.37	3,108.75	16.17	3,436.29	72,410.16	9,013.37
Foreign Currency Translation Reserve	0.00	0.31	-	0.31	(1,249.50)	59.50
Additions	11.68	10.70	-	22.38	6,836.85	7,333.40
Additions on acquisition of subsidiary	4.56	1.91	-	6.47	575.61	100.38
Disposals	(12.28)	(1,421.28)	-	(1,433.56)	(2,443.88)	(5,367.74)
Transferred to asset block	-	-	-	-	-	-
Other adjustments						
- Borrowing cost (Refer note a)	-	-	-	-	65.58	106.47
- Exchange differences	(0.67)	-	-	(0.67)	(1.02)	14.40
As at March 31, 2022	**314.66**	**1,700.40**	**16.17**	**2,031.23**	**76,193.81**	**11,259.78**
Foreign Currency Translation Reserve	(18.74)	1.20	-	(17.54)	1,490.42	559.20
Additions	72.10	24.21	-	96.31	12,999.87	7,126.77
Additions on acquisition of subsidiary	22.90	26.43	-	49.33	2,008.57	37.26
Disposals	(2.26)	(8.43)	-	(10.69)	(1,189.74)	(12,025.10)
Other adjustments				-	-	-
- Borrowing cost (Refer note a)	-	-	-	-	24.53	18.18
As at March 31, 2023	**388.66**	**1,743.81**	**16.17**	**2,148.64**	**91,527.46**	**6,976.09**
Depreciation and impairment						
As at April 1, 2021	106.28	1,241.87	6.64	1,354.79	28,273.34	12.23
Foreign Currency Translation Reserve	-	0.01	-	0.01	(651.02)	-
Charge for the year	29.37	262.63	1.43	293.44	6,597.68	-
Disposals	(10.15)	(1,091.68)	-	(1,101.84)	(1,990.84)	-
As at March 31, 2022	**125.49**	**412.83**	**8.07**	**546.39**	**32,229.15**	**12.23**
Foreign Currency Translation Reserve	(4.07)	0.71	-	(3.36)	708.92	-
Additions	-	-	-	-	-	-
Additions on acquisition of subsidiary	3.48	2.79	-	6.27	139.93	
Charge for the year	41.23	143.52	1.43	186.18	6,688.38	-
Disposals	(0.88)	(4.31)	-	(5.19)	(961.93)	-
As at March 31, 2023	**165.25**	**555.54**	**9.50**	**730.29**	**38,804.45**	**12.23**
Net block						
As at March 31, 2022	**189.17**	**1,287.57**	**8.10**	**1,484.84**	**43,964.66**	**11,247.55**
As at March 31, 2023	**223.41**	**1,188.27**	**6.67**	**1,418.35**	**52,723.01**	**6,963.86**

Note 3 Property, plant and equipment (Contd:)

(a) Capitalised borrowing costs :

The Group capitalises these borrowing costs in the capital work-in-progress (CWIP) first. The amount of borrowing costs capitalised as other adjustments in the above note reflects the amount of borrowing cost transferred from Capital work-in-progress (CWIP) balances. The borrowing costs capitalised during the year ended March 31, 2023 was ₹ 133.95 million (March 31, 2022: ₹ 151.49 million). The capitalisation rate ranges from LIBOR + 60 bps to LIBOR + 100 bps p.a. and EURIBOR + 60 bps to EURIBOR + 95 bps p.a. refer to note 18(a).

(b) Assets include assets lying with third parties amounting to ₹ 406.56 Million (March 31, 2022: ₹ 156.40 Million)

(c) Other adjustments are related to reclassification within block of assets

(d) None of the components in the Group have revalued any property, plant and equipment during the year.

(e) Capital work in progress (CWIP) ageing schedule

In ₹ Million

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
March 31, 2023					
Projects in progress	5,305.00	390.58	232.35	1,046.42	**6,974.35**
Projects temporarily suspended	-	37.26	-	-	37.26
Total	**5,305.00**	**427.83**	**232.35**	**1,046.42**	**7,011.61**
March 31, 2022					
Projects in progress	5,995.06	3,992.75	682.82	576.92	11,247.55
Projects temporarily suspended	-	-	-	-	-
Total	**5,995.06**	**3,992.75**	**682.82**	**576.92**	**11,247.55**

There are no projects whose completion is overdue or have exceeded their cost compared to original plan.

4. Investment property

In ₹ Million

	Total
Cost	
As at April 1, 2021	**2.89**
Additions	-
Disposals	-
As at March 31, 2022	**2.89**
Additions	-
Disposals	-
As at March 31, 2023	**2.89**
Depreciation and impairment	
As at April 1, 2021	-
Depreciation for the year	-
As at March 31, 2022	-
Depreciation for the year	-
As at March 31, 2023	-
Net block	
As at March 31, 2022	**2.89**
As at March 31, 2023	**2.89**

Information regarding income and expenditure of investment property

In ₹ Million

	March 31, 2023	March 31, 2022
Rental income derived from investment properties **[included in Rent in note 25]**	3.86	3.12
Direct operating expenses (including repairs and maintenance) generating rental income	-	-
Direct operating expenses (including repairs and maintenance) that did not generate rental income	1.03	1.03
[included in Rates and taxes in note 31]	-	-
Profit arising from investment properties before depreciation and indirect expenses	**2.83**	**2.09**
Less : Depreciation	-	-
Profit arising from investment properties before indirect expenses	**2.83**	**2.09**

The Group's investment properties consist of three parcels of land situated at Pune, Satara and Chakan.

As at March 31, 2023 and March 31, 2022, the fair values of the properties are ₹ 1,139.56 million and ₹ 2,432.95 million respectively. The Group obtains independent valuations for its investment properties at least annually. These valuations are performed by an accredited independent valuer firm and this firm is a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.The best evidence of fair value is current prices in an active market for similar properties, where such information is not available, the Group considers ready reckoner rates. The main input used is the ready reckoner rate. All resulting fair value estimates for investment properties are included in Level 2.

The Group has no restrictions (other than the land for which matter is being subjudice and for which no income has been considered) on the realisability of its investment properties and has no contractual obligations to either construct or develop investment properties or for repairs, maintenance and enhancements. The Group's investment properties consist of three parcels of land situated at Pune, Satara and Chakan. Freehold land parcel includes 25 acres of land situated at Pune and 24.13 acres of land situated at Satara and 8.40 acres of land situated at Chakan, which have been given on lease. Due to certain matters being sub- judice, the Group has not executed lease deed with related party for one of the said land.

Reconciliation of fair value

In ₹ Million

Investment properties	**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 current year is on account of change in basis of ready reckoner rate used for the valuation. Till earlier periods fair value was derived basis the most approximate ready reckoner rate while for the current year, since the notified ready reckoner rate is available, it has been used as the fair value for disclosure purposes. There is no other change in the basis of fair valuation disclosure.

5 Intangible assets and Goodwill

In ₹ Million

	Computer and Software	Customer contracts	Technical know-how	Development cost	Patents	Technology License	Total	Goodwill	Intangible assets under development
Cost									
As at April 1, 2021	526.12	7.84	8.65	158.63	3.01	193.73	897.98	583.73	-
Foreign Currency Translation Reserve	(7.23)	-	-	(9.07)	(0.19)	-	(16.49)	(32.52)	
Additions	54.73	-	-	1.19	-	369.20	425.12	-	-
Business combination **[Refer note 5(a)]**	14.45			47.11		293.96	355.52	285.39	
Disposals	(304.94)	-	-	-	-	-	(304.94)	-	
As at March 31, 2022	**283.13**	**7.84**	**8.65**	**197.86**	**2.82**	**856.89**	**1,357.18**	**836.60**	**-**
Foreign Currency Translation Reserve	17.79	-	-	8.74	0.19	-	26.72	29.31	
Additions	154.56	-	-	201.83	0.03	-	356.42	-	106.45
Additions on acquisition of subsidiary	7.59	-	-	-	-	-	7.59	2,433.33	
Disposals/Adjustment	(12.82)	-	-	-	-	-	(12.82)	-	(60.58)
Other adjustments									
- Borrowing cost									1.88
As at March 31, 2023	**450.25**	**7.84**	**8.65**	**408.43**	**3.04**	**856.89**	**1,735.09**	**3,299.24**	**47.75**
Amortisation/Impairment									
As at April 1, 2021	449.80	7.84	4.75	158.63	2.71	98.75	722.48	260.40	-
Foreign Currency Translation Reserve	(6.31)	-	-	(9.07)	(0.18)	-	(15.56)	(17.00)	-
Charge for the year	59.16	-	3.12	3.20	0.17	76.44	142.09	-	-
Disposals	(304.03)	-	-	-	-	-	(304.03)	-	-
Impairment	-	-	-	-	-	-	-	86.77	-
Other adjustments									
- Borrowing cost	5.62			13.35	-	102.88	121.86	-	-
As at March 31, 2022	**204.25**	**7.84**	**7.87**	**166.11**	**2.70**	**278.07**	**666.84**	**330.17**	**-**
Foreign Currency Translation Reserve	12.44	-	-	8.74	0.18	-	21.36	14.35	-
Additions on acquisition of subsidiary	3.73	-	-	-	-		3.73		
Charge for the year	79.90	-	-	35.37	0.03	121.01	236.31	-	-
Disposals	(9.60)	-	-	-	-	-	(9.60)	-	-
As at March 31, 2023	**290.72**	**7.84**	**7.87**	**210.22**	**2.91**	**399.08**	**918.64**	**344.52**	**-**
Net Block									
at March 31, 2022	**78.88**	**-**	**0.78**	**31.75**	**0.12**	**578.82**	**690.35**	**506.43**	**-**
at March 31, 2023	**159.53**	**-**	**0.78**	**198.21**	**0.13**	**457.81**	**816.46**	**2,954.72**	**47.75**

(a) During the previous year the group had acquired Tork Motors Private Limited which is engaged in the business of design, development, manufacture and distribution of electric motor cycles and three wheeler electric drive train. Accordingly as part of the overall business combination, the group recognised the goodwill amounting to ₹ 285.39 million based on the valuation reports obtained as part of purchase price allocation.

(b) The Group has identified the Company Mécanique Générale Langroise (MGL) as the CGU, to which goodwill has been allocated. MGL is involved in machining of Oil & Gas and other industrial sector components. The goodwill generated through business combination has been entirely allocated to CGU 'MGL' which pertains to the forging segment. The carrying amount of goodwill as at March 31, 2023 is ₹ 270.87 million (March 31, 2022 : ₹ 255.91 million) net of impairment. **Updated Note**

(c) During the current year the group has acquired JS Auto Cast Foundry India Private Limited which is engaged in the business of ducticle iron foundry manufacturing raw and machined castings Accordingly as part of the overall business combination, the group recognised the goodwill amounting to ₹ 2433.34 million based on the valuation reports obtained as part of purchase price allocation [refer to note 46].

Impairment of Goodwill:

1. BF Infrastructure Limited

The Group performed its annual impairment test for the year March 31, 2023. The Group considers the discounted cash flows, among other factors, when reviewing for indicators of impairment. The calculations use pre-tax cash flow projections based on financial budgets/forecasts approved by the management.

Key assumptions used for value in use calculations

Weighted Average Cost of Capital % (WACC) before tax (discount rate) : 21.55% (March 31, 2022 : 21.55%)

Terminal growth rate : 5.00% (March 31, 2022 : 5.00%)

The discount rate is calculated as follows : WACC = Cost of equity x (1- gearing) + Cost of debt x (1- tax rate) x gearing. The terminal growth rate used is in line with long term inflation rate.

The Group has performed sensitivity analysis around the base assumptions and have concluded that no reasonable changes in key assumptions would cause the recoverable amount of the CGU to be less than the carrying value.

Based on the above assessment, there is no need for impairment of goodwill.

2. Mécanique Générale Langroise (MGL)

The Group performed its annual impairment test for the year March 31, 2023. The Group considers the discounted cash flows, among other factors, when reviewing for indicators of impairment. The calculations use pre-tax cash flow projections based on financial budgets/forecasts approved by the management.

Key assumptions used for value in use calculations

Weighted Average Cost of Capital % (WACC) before tax (discount rate) : 12.50% (March 31, 2022 : 10.90%)

Terminal growth rate : 1.50% (March 31, 2022 : 1.50%)

The discount rate is calculated as follows : WACC = Cost of equity x (1- gearing) + Cost of debt x (1- tax rate) x gearing. The terminal growth rate used is in line with long term inflation rate.

The Group has performed sensitivity analysis around the base assumptions and have concluded that no reasonable changes in key assumptions would cause the recoverable amount of the CGU to be less than the carrying value after impairment.

Based on the above assessment, there is no need for impairment of goodwill in March 31, 2023 (March 31, 2022: ₹ 86.77 million).

3. Tork Motors Private Limited

The Group performed its annual impairment test for the year March 31, 2023. The Group considers the discounted cash flows, among other factors, when reviewing for indicators of impairment. The calculations use pre-tax cash flow projections based on financial budgets/forecasts approved by the management.

Key assumptions used for value in use calculations

Weighted Average Cost of Capital % (WACC) before tax (discount rate) : 25.50%
Terminal growth rate : 2.00%
The discount rate is calculated as follows : WACC = Cost of equity x (1- gearing) + Cost of debt x (1- tax rate) x gearing. The terminal growth rate used is in line with long term
The Group has performed sensitivity analysis around the base assumptions and have concluded that no reasonable changes in key assumptions would cause the recoverable amount of the CGU to be less than the carrying value after impairment.

Based on the above assessment, there is no need for impairment of goodwill.

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In ₹ Million

6. Investment in associates and joint ventures	**As at March 31, 2023**	**As at March 31, 2022**
At cost		
Unquoted equity instruments (fully paid)		
- Investment in associates		
Talbahn GmbH **[note 6 (a)]**	0.30	0.30
Less: Provision for diminution	- 0.30	(0.30)
	-	-
4,900 (March 31, 2022: 4,900) equity shares of ₹ 10/- each fully paid up in Ferrovia Transrail Solutions Private Limited **[Refer note 6 (g) and note 39 (1)]**	-	-
14,208 (March 31, 2022: 14,208) equity shares of ₹ 10/- each fully paid up in Tork Motors Private Limited **[Refer note 6 (b), note 37 and 39]**	-	-
1,36,500 (March 31, 2022: 1,36,500) equity shares of ₹ 10/- each fully paid up in Aeron Systems Private Limited **[Refer note 6 (d) and note 39]**	114.90	116.06
11,375,000 (March 31, 2022 : Nil) equity shares of ₹ 10/- each fully paid up in Avaada MHVIDARBHA Private Limited **[Refer note 6 (i) and note 39]**	111.35	-
Nil (March 31, 2022 : Nil) ordinary shares of £ 0.00001 each in TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited) [10,094,948 (March 31, 2020 : GBP 10,094,948)] [Refer note 6 (c), note 39 and note 32 (d)]	-	-
Add: Conversion of Loan note of GBP 3.50 million along with Interest accrued	-	-
Less : Provision for impairment in value of investments **[refer note 32(d)]**	-	-
	-	-
- Investments in joint ventures		
7,128,219 (March 31, 2022: 7,128,219) equity shares of ₹ 10/- each fully paid up in BF NTPC Energy Systems Ltd. (BFNTPCESL) **[Refer note 6 (a) and (f)]**	-	-
Nil (March 31, 2022: 100,000) equity shares of ₹ 10/- each fully paid up in BF Premier Energy Systems Pvt. Ltd. (BFPESPL) **[Refer note 6 (h) and 38]**	-	-
12,500 (March 31, 2022: 12,500) ordinary shares of Eur 1.00 each in Refu Drive GmbH [11,350,000 (March 31, 2022: Euro 11,350,000)] **[Refer note 6 (e) and note 38]**	360.27	689.16
Total	**586.52**	**805.22**

a. Not included in the consolidation based on materiality

b. During the earlier year, the Group had made further investment in Tork Motors Private Limited of ₹ 39.99 million by acquiring 1,895 equity shares of ₹ 10/- each. During the previous year, the Group has made an investments of ₹ 400 million in form of zero coupon optionally convertible debentures (ZOCD) . The Group was holding 48.86% interest in Tork Motors Private Limited ('TMPL') till November 21, 2021 and post conversion of such ZOCDs, Group holds 64.29% interest in TMPL as at March 31, 2022 and is classified as subsidiary post that date.

c. The Group holds investments in Tevva Motors Limited (held through TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)), collectively referred to as Tevva. Tevva is a start-up engaged in modular electrification system for medium range of commercial vehicles. During the previous year, the Group had further extended the tenure of the convertible loan note amounting to GBP 3.50 million to December 31, 2021. Considering the management's intention to convert the said loan (along with interest accrued thereon) into equity at GBP 13.38 per share, the Group had disclosed the amount of loan as investment in associate as of March 31, 2021. During the previous year, this loan has been converted into equity share capital.

During the previous year, Tevva Motors raised additional funding to finance its operations. Post allotment of equity shares by Tevva Motors to the new investors, Tevva has ceased to be an associate of the Group. Accordingly, the Company has classified it to be an equity instrument held as fair value through other comprehensive income. For further details refer note 32.

d. During the previous year, the Group has made further investment in Aeron Systems Private Limited of ₹ 60.00 million by acquiring 58,500 equity shares of ₹ 10/- each. On 23rd February, 2023 the holding Company sold 136,500 Equity shares having face value ₹ 10/- each of Aeron Systems Private Limited to Kalyani Strategic Systems Limited at a fair value of ₹ 1,005/- per share amounting to ₹ 1,371.83 Lakhs on a private placement basis for a consideraion other than cash and the same shall rank pari passu with existing Equity shares of the Company.

e. During the earlier year, the Group had entered into a Joint Venture Agreement with Refu Elektronik GmbH, Germany and its affiliates / Promoters (REFU) for incorporating a Joint Venture Company i.e. Refu Drive GmbH (JV), under the laws of Germany. During the earlier year, the Holding Company has made an investment of ₹ 892.34 million by acquiring 12,500 equity shares of Eur 1/- each and balance portion pertains transactions costs that are directly attributable to the investment.

f. During the earlier year, the shareholders of BFNTPCESL at their EGM held on October 9, 2018 decided to voluntarily liquidate the Company and engaged liquidator to liquidate the Company under the provisions of Section 59 of Insolvency and Bankruptcy Code 2016.

g. During the year the Group acquired additional equity in Ferrovia Transrail Solutions Private Limited (FTSPL) post which, the Group's acquired a 100% interest in FTSPL. Accordingly FTSPL has ceased to be an associate w.e.f March 02, 2023. For further details refer note 39.

h. During the year BF Premier Energy System Pvt. Ltd. has applied with Registered of company's for removing its name persuant to section 248 (2) of the Company Act 2013 and Rule 4(1) of the Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016 vide form no STK - 2 on 2nd March, 2023. The said strike of is approved by the Group and also by its JV partner . The order for the same has not been passed by ROC till 31st March, 2023.

i. During the current year, the Group has invested an amount of ₹ 113.75 million by acquiring 11,375,000 equity shares of ₹ 10 each for procurement of solar power.

In ₹ Million

7. Investments		**As at March 31, 2023**	**As at March 31, 2022**
Non-current investment			
(a) Investments designated at amortised cost			
- Debt instruments (unquoted) (fully paid)		1,628.73	500.22
	(a)	**1,628.73**	**500.22**
(b) Investments designated at fair value through OCI (FVTOCI) (Refer note 7 (a))			
- Equity instruments (unquoted)			
- Investments in others (Group holds 5% or more of the share capital) fully paid			
38,384,202 (March 31, 2022: 38,384,202) equity shares of ₹ 10/- each fully paid up in Khed Economic Infrastructure Private Limited		988.00	825.26
14,245,000 (March 31, 2022 : 14,245,000) equity shares of ₹ 10/- each in Avaada SataraMH Private Limited **[Refer note 7(e)]**		142.45	142.45
2,033,850 (March 31, 2022 : 2,033,850) equity shares of ₹ 10/- each in Avaada MHBuldhana Private Limited **[Refer note 7(e)]**		20.34	20.34
1,160,668 (March 31, 2022 : 1,160,668) ordinary shares of £ 0.00001 each in TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited) **[Refer note 7(f)]**		2,952.03	2,941.02
8,491,812 (March 31, 2022 : 8,491,812) Preferred Stock having par value $ 0.00001 in Electron Transport Inc. **[Refer note 7(h)]**		350.21	305.70
- Equity instruments (quoted)			
Investment in others			
613,000 (March 31, 2022: 613,000) equity shares of ₹ 10/- each fully paid up in KPIT Technologies Limited		160.08	368.44
613,000 (March 31, 2022: 613,000) equity shares of ₹ 2/- each fully paid up in Birlasoft Limited		567.09	278.88
Total FVTOCI Investments	**(b)**	**5,180.20**	**4,882.09**
(c) Investments at fair value through profit or loss (FVTPL)			
Equity instruments (unquoted)			
Investments in others (Group holds 5% or more of the share capital)			
504,432 (March 31, 2022: 504,432) equity shares of ₹ 10/- each fully paid up in Gupta Energy Private Limited **[Refer note 7(b)]**		-	-
Investments in private equity fund (unquoted funds)			
1,538,810.22 (March 31, 2022 : 1,179,546.87) Units of ₹ 100/- each of Paragon Partners Growth Fund - I		255.92	307.78
Investment in Limited Liability Partnership 14% (31 March 2022 : Nil) share in SPI Power LLP **[Refer note 7(i)]**		0.01	-
Investments in mutual funds (quoted funds)		1,129.77	338.52
Investments in mutual funds (unquoted funds)		6,406.50	123.49
Total FVTPL Investments	**(c)**	**7,792.20**	**769.79**
	Total (a) + (b) + (c)	**14,601.13**	**6,152.10**
Current investments			
Investments at fair value through profit or loss (fully paid)			
Investments in mutual funds (quoted funds)		1,440.80	2,942.97
Investment in mutual funds (quoted funds) by subsidiary companies [Refer note 7(g)]		-	74.54
Investments in mutual funds (unquoted funds)		6,086.17	16,051.97
Investment in mutual funds (unquoted funds) by subsidiary companies [Refer note 7(g)]		2,973.59	10.76
	Total	**10,500.56**	**19,080.24**
Aggregate book value of quoted investments		**1,925.09**	**2,955.87**
Aggregate market value of quoted investments		**3,297.74**	**4,003.35**
Aggregate value of unquoted investments		**21,803.94**	**21,228.99**

(a) These investments are designated as FVTOCI as they are not held for trading purpose and are not in similar line of business as the Group.

(b) Gupta Energy Private Limited

Shares of GEPL pledged against the facility obtained by Gupta Global Resources Private Limited. This investment is carried at fair value of ₹ Nil.

(c) Investments at fair value through OCI (fully paid) reflect investment in quoted and unquoted equity securities and quoted debt securities. Refer note 51 for determination of their fair values.

(d) Investments at fair value through profit or loss (fully paid) reflect investment in quoted / unquoted equity and debt securities. Refer note 51 for determination of their fair values.

(e) Avaada MHBuldhana Private Limited [ABPL]

During the previous year, the Group had made an investment in Avaada MHBuldhana Private Limited (ABPL) of ₹ 20.24 million by acquiring 2,033,850 equity shares of ₹ 10/- each, as a pre-condition for seeking approval from MSEDCL for Open Access permission by ABPL.Hence, the said investment is made subject to, amongst other conditions, obtaining permission by ABPL from relevant government authorities for consumption of renewable energy by the Company under open access for solar plant of ABPL.

(f) TMJ Electric Vehicles Limited (Foremerly Tevva Motors (Jersey) Limited)

The Company holds investments in Tevva Motors Limited (held through TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)), collectively referred to as Tevva. Tevva is a start-up engaged in modular electrification system for medium range of commercial vehicles raised additional funding to finance its operations. Post allotment of equity shares by Tevva Motors to the new investors, Tevva has ceased to be an associate of the Group from November 8, 2021. Accordingly, the Company has classified it to be an equity instrument held through fair value through other comprehensive income. Also refer note 32.

(g) Includes investment in quoted mutual funds amounting to ₹ Nil (March 31,2022 : ₹ 74.54 million) with respect to Nil (March 31, 2022: 2) the subsidiaries.
Investment in unquoted mutual funds amounting to ₹ 2,973.59 million (March 31,2022 : ₹ 10.76 million) with respect to 2 (March 31, 2022: 1) of the subsidiaries.

Name of the mutual fund plan	March 31, 2023		March 31, 2022	
	Units held	Amount	Units held	Amount
Quoted				
Units of Axis Liquid Fund (G)	-	-	4,518.416	10.62
Units of HDFC Liquid Fund (G)	-	-	6,608.465	27.44
Units of ICICI Pru Liquid Fund (G)	-	-	48,058.997	15.04
Units of Kotak Liquid Fund Reg (G)	-	-	633.136	2.71
Units of SBI Liquid Fund Reg Plan (G)	-	-	3,186.088	10.55
Units of Tata Liquid Fund (G)	-	-	2,453.567	8.18
		-		**74.54**
Unquoted				
Units of Axis Liquid Fund (G)	273,756.39	679.23	4,577.593	10.76
Units of ICICI Pru Liquid Fund (G)	1,782,068.85	589.25	-	-
Units of Kotak Liquid Fund Reg (G)	115,302.05	520.86	-	-
Units of Kotak Money Market Fund(G)	110,618.13	420.71		
Units of Nippon India Liquid Fund (G)	181,504.41	763.54	-	-
		2,973.59		**10.76**

(h) During the previous year, the Group had made an investment in the preferred stock of Electron Transport Inc, USA having par value of $ 0.00001 amounting to ₹ 305.70 million.

(i) During the current year, the Group has made an investment in SPI Power LLP amounting to ₹ 0.01 million.

In ₹ Million

8. Loans	As at March 31, 2023	As at March 31, 2022
Non-current (Unsecured, considered good)		
Other loans		
Loans to employees	56.78	59.68
Loans to associates and joint ventures **[Refer note 6 (c), 45, 47]**	-	109.93
Total	**56.78**	**169.61**
Current (Unsecured, considered good)		
Other loans		
Loans to employees	33.53	33.06
Loans to associates and joint ventures **[Refer note 6 (c), 45, 47]**	-	110.71
Loans to others	93.49	23.00
Total	**127.02**	**166.77**

No loans are due from directors or other officers of the Group, firms in which director is a partner or private companies in which director is a director or member either severally or jointly with any other person, except for loans/advances disclosed in Note 45 and 47.

Loans are non derivative financial assets which generate fixed interest income for the Company. The carrying value may be affected by changes in the credit risk of the counter parties.

During the previous year, the Group through its wholly owned subsidiary, Kalyani Powertain Limited, acquired additional stake in Tork Motors and hence it is classified as a subsidiary as on March 31, 2022. Hence the amount receivable from TMPL has been included as part of loans to subsidiaries in financial statements (Current ₹ 10.50 million and non-current ₹ 17.50 million).

In ₹ Million

9. Derivative instruments	**As at March 31, 2023**	**As at March 31, 2022**
Non-current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	822.17	2,525.66
Fair value hedges (FVTPL)		
Cross currency swap	-	136.66
Total	**822.17**	**2,662.32**
Current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	1,247.05	1,317.73
Fair value hedges (FVTPL)		
Cross currency swap	77.02	7.14
Foreign currency forward contracts	1.46	36.47
Total	**1,325.53**	**1,361.34**

Derivative instruments at fair value through OCI reflect the positive change in fair value of foreign currency forward contracts, designated as cash flow hedges to hedge highly probable forecast sales in US Dollars (USD) and Euro (EUR).

Derivative instruments at fair value through profit or loss reflect the positive change in fair value of cross currency swaps, designated as fair value hedge through which the Holding Company has converted one of its USD loans into a Euro loan to avail the benefit of the negative EURIBOR interest rates. Further, one of the subsidiary has cross currency swap agreeement, designated at fair value hedge through which the company has converted its USD loan to Euro loan to avail the benefit of negative EURIBOR interest rates. They also reflect positive changes in fair value of foreign currency forward contracts to hedge exposure to changes in fair value of underlying trade receivables.

In ₹ Million

10. Other financial assets	**As at March 31, 2023**	**As at March 31, 2022**
Non current		
Government grants*	48.57	350.05
Security deposits	420.03	318.30
Deposits with original maturity for more than twelve months** @	101.54	9.44
Total	**570.14**	**677.79**
Current		
Government grants*	624.62	579.20
Energy credit receivable - windmills	10.32	10.56
Interest accrued on fixed deposits, loan to various parties and others	-	72.62
Security deposits	65.66	1.12
Interest Recoverable	22.77	-
Other receivables***	10.70	90.27
Total	**734.07**	**753.77**

* Includes receivable against various schemes of export incentives and Industrial Promotion Subsidy (IPS) under Package Scheme of Incentives (PSI) 2007, Energy Tax refund, compensation for short time work (Kurzarbeit) and subsidy for capital expansion with respect to some of the subsidiaries. There are no unfulfilled conditions or other contingencies attached to the these Government grants.

** ₹ 1.23 (March 31, 2022: ₹ 1.17 million) held as security for various Government authorities and ₹ 1.23 million (March 31, 2022: 1.17 million) under bank lien for bank guarantees issued.

***Other receivables included sundry balances receivables.

@ During the year, Bharat Forge Limited through the Company has entered into a share purchase agreement with the shareholders of J S Autocast Foundry India Private Limited ("JSA") to purchase 39,68,330 equity shares for a total consideration of Rs. 3,460.98 millions as on 01 July 2022. In accordance with the aforementioned share purchase agreement, out of the total purchase consideration a sum of Rs. 100.00 millions is payable to the erstwhile shareholders of JSA after a period of 3 years from the date of purchase and the amount so payable is to be deposited in a separate Escrow account to be maintained with ICICI Bank Limited. Also, in accordance with the ESCROW agreement, the balance in aforementioned ESCROW account is restricted and not available for general use by the Company.

In ₹ Million

11. Inventories	**As at March 31, 2023**	**As at March 31, 2022**
Raw materials and components*	7,256.59	6,349.74
Work-in-progress	9,564.13	7,777.52
Finished goods**	11,839.86	10,422.00
Stock of traded goods	3.25	355.26
Stores, spares and loose tools	2,218.16	1,933.80
Dies and dies under fabrication	241.19	187.14
Scrap	139.36	79.11
Total	**31,262.54**	**27,104.57**

* Includes goods in transit March 31, 2023 : ₹ 182.73 million

** Includes goods in transit March 31, 2023 : ₹ 6,424.67 million

During the year ended March 31, 2023: ₹ 46.05 million [March 31, 2022: ₹ 7.96 million] was recognised as (reversal of expense)/expenses for inventories carried at net realisable value.

In ₹ Million

12. Trade receivables	As at March 31, 2023	As at March 31, 2022
Non current		
Unsecured		
Considered good	117.36	117.36
Significant increase in credit risk	-	-
Total	**117.36**	**117.36**
Less :		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Unsecured (Considered good)	4.11	**4.11**
Significant increase in credit risk	-	-
	4.11	**4.11**
	113.25	**113.25**
Current		
Secured		
Considered good	87.82	83.33
Credit impaired	-	-
	87.82	**83.33**
Unsecured		
Considered good (including related parties receivable)	31,081.82	21,755.55
Significant increase in credit risk	-	-
Credit impaired	109.13	104.73
	31,190.95	**21,860.28**
Less:		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Credit impaired	109.13	104.73
Unsecured (considered good)	295.07	215.93
	404.20	**320.66**
Total	**30,874.57**	**21,622.95**

No trade receivables are due from directors or other officers of the Group either severally or jointly with any other person.

For terms and conditions relating to related party receivables, refer note 48.

Trade receivables are non-interest bearing and are generally on terms of 30 to 240 days.

For details of debts due from firms or private companies in which any director is a partner, a director or a member, refer note 48.

Trade receivable ageing schedule

As at March 31, 2023

Particulars	Not yet due	Outstanding for following periods from due date of payment					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues							
(a) Considered good	24,051.77	5,924.47	824.88	234.50	49.93	82.59	31,168.14
(b) Which have significant increase in credit risk	-	-	-	-	-	-	-
(c) Credit impaired	-	-	-	59.07	26.84	23.22	109.13
Unbilled revenue	-	-	-	-	-	-	-
Disputed dues	-	-	-	-	-	118.86	118.86
(a) Considered good	-	-	-	-	-	-	-
(b) Which have significant increase in credit risk	-	-	-	-	-	-	-
(c) Credit impaired	-	-	-	-	-	-	-
Unbilled revenue	-	-	-	-	-	-	-
Total	**24,051.77**	**5,924.47**	**824.88**	**293.57**	**76.77**	**224.67**	**31,396.13**
Loss Allowance	**-**	**(213.57)**	**(62.07)**	**- 74.19**	**(30.13)**	**(28.35)**	**(408.31)**

As at March 31, 2022

Particulars	Not yet due	Outstanding for following periods from due date of payment					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues							
(a) Considered good	17,387.88	4,003.38	275.63	126.23	39.59	123.53	21,956.24
(b) Which have significant increase in credit risk	-	-	-	-	-	-	-
(c) Credit impaired	-	0.04	28.50	24.74	2.83	14.65	70.76
Unbilled revenue	-	-	-	-	-	-	-
Disputed dues							
(a) Considered good	-	-	-	-	-	-	-
(b) Which have significant increase in credit risk	-	-	-	-	-	-	-
(c) Credit impaired	-	-	-	-	-	33.97	33.97
Unbilled revenue	-	-	-	-	-	-	-
Total	**17,387.88**	**4,003.43**	**304.13**	**150.96**	**42.42**	**172.15**	**22,060.97**
Loss Allowance	**-**	**(170.94)**	**(53.80)**	**- 36.60**	**(5.15)**	**(58.28)**	**(324.77)**

(48)

The amount repayable under the bill discounting arrangement is presented as borrowing. The relevant carrying amounts are as follows:

In ₹ Million

	As at March 31, 2023	As at March 31, 2022
Transferred receivables	5,081.35	3,208.58
Associated borrowing **[bank loans - Refer note 18]**	5,081.35	3,210.65

In ₹ Million

13. Cash and bank balances	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalent		
Balances with banks:		
In cash credit and current accounts	4,924.34	4,889.16
Deposits with original maturity of less than three months**	160.21	549.93
Cash on hand	2.58	145.15
Total	**5,087.13**	**5,584.24**
Other bank balances		
Earmarked balances (on unclaimed dividend accounts and unspent CSR account)	44.18	47.61
Deposits with original maturity of less than twelve months*	5,263.88	398.32
Total	**5,308.06**	**445.93**

Bank deposits earns interest at fixed rates. Short term deposits are generally made for varying periods between seven days to twelve months, depending on the cash requirements of the Company and earn interest at the respective deposit rates.

*Includes deposits of ₹ 9.24 million (March 31, 2022: ₹ 21.23 million) under bank lien for bank guarantees issued.

** Interest accured is included in the carrying value of deposits with orginal maturity of less than three months for FY 2022-23

In ₹ Million

14. Other assets	As at March 31, 2023	As at March 31, 2022
Non-current (Unsecured, considered good)		
Capital advances	4,304.14	2,770.70
Balances with government authorities	405.70	367.31
Advances to suppliers#	1,350.00	1,363.78
Others*	91.67	28.95
Employees' benefits - employees' provident fund	1.70	-
Total	**6,153.21**	**4,530.74**
Current (Unsecured, considered good)		
Balances with government authorities	2,307.41	1,564.37
Government grant - Export incentives receivable	1.54	-
Advance to suppliers	1,357.59	737.01
Others *	1,134.16	888.39
Total	**4,800.70**	**3,189.77**

* Includes prepaid expenses, sundry debit balances etc.

No advances are due from directors or other officers of the Group, firms in which a director is a partner or private companies in which director is a director or a member either severally or jointly with any other person except as disclosed in note 45.

For terms and conditions relating to related party receivables, refer note 48.

Pertains to non-current advance given to Saarloha Advanced Materials Private Limited for continuous supply of goods, which carries interest rate at 8.25% p.a. Frequency of interest payment is quarterly.

In ₹ Million

Break up of financial assets carried at amortised cost	As at March 31, 2023	As at March 31, 2022
Investments **[Refer note 7]**	1,628.73	500.22
Loans **[Refer note 8]**	183.80	336.38
Other financial assets **[Refer note 10]**	1,304.21	1,431.56
Trade receivables **[Refer note 12]**	30,987.82	21,736.20
Cash and cash equivalents **[Refer note 13]**	5,087.13	5,584.24
Other bank balances **[Refer note 13]**	5,308.06	445.93
Total	**44,499.75**	**30,034.53**

In ₹ Million

Break up of financial assets carried at fair value through OCI	As at March 31, 2023	As at March 31, 2022
Investments **[Refer note 7]**	5,180.20	4,882.09
Derivative instruments **[Refer note 9]**	2,069.22	3,843.39
Total	**7,249.42**	**8,725.48**

In ₹ Million

Break up of financial assets carried at fair value through profit and loss	As at March 31, 2023	As at March 31, 2022
Investments **[Refer note 7]**	18,292.76	19,850.03
Derivative instruments **[Refer note 9]**	78.48	180.27
Total	**18,371.24**	**20,030.30**

In ₹ Million

15. Equity share capital	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	430.00	430.00
2,000,000 (March 31, 2022 : 2,000,000) unclassified shares of ₹ 10/- each	20.00	20.00
Issued (No.)		
465,768,492 (March 31, 2022: 465,768,492) equity shares of ₹ 2/- each	931.54	931.54
Subscribed and fully paid-up (No.)		
465,588,632 (March 31, 2022 : 465,588,632) equity shares of ₹ 2/- each	931.18	931.18
Add:		
172,840 (March 31, 2022 : 172,840) forfeited equity shares comprising of 15,010 equity shares (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)	0.09	0.09
Total issued, subscribed and fully paid-up share capital	**931.27**	**931.27**

(a) Terms / rights attached to equity shares

The Holding Company has only one class of issued equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. The Holding Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(b) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

Equity Shares	As at March 31, 2023		As at March 31, 2022	
	No.	In ₹ Million	No.	In ₹ Million
At the beginning of the year	465,588,632	931.18	465,588,632	931.18
Issued during the year	-	-	-	-
Outstanding at the end of the year	465,588,632	931.18	465,588,632	931.18

In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Disclosure of shareholding of promoter and promoter group

Name of the promoter / promoter group member	Number of shares held at March 31, 2023	% of total shares	% Change during the year
Promoter			
Babasaheb Neelkanth Kalyani	78,150	0.02%	0.00%
Promoter group			
Amit Babasaheb Kalyani	700,350	0.15%	0.00%
Deeksha Amit Kalyani	50	0.00%	0.00%
Gaurishankar Neelkanth Kalyani	690,440	0.15%	0.00%
Rohini Gaurishankar Kalyani	101,460	0.02%	0.00%
Sheetal Gaurishankar Kalyani	22,980	0.00%	0.00%
Viraj Gaurishankar Kalyani	22,800	0.00%	0.00%
KSL Holdings Private Limited	46,285,740	9.94%	0.00%
Ajinkya Investment & Trading Company	14,981,850	3.22%	0.00%
Sundaram Trading and Investment Private Limited	55,240,174	11.86%	0.00%
Kalyani Investment Company Limited	63,312,190	13.60%	0.00%
BF Investments Limited	15,614,676	3.35%	0.00%
Rajgad Trading Company Private Limited	1,360,260	0.29%	0.00%
Tangmarg Trading and Investment Private Limited	904,200	0.19%	0.00%
Yusmarg Trading and Investment Private Limited	1,847,000	0.40%	0.00%
Kalyani Consultants Private Limited	936,472	0.20%	0.00%
Janhavi Investment Private Limited	4,686,640	1.01%	0.00%
Dronacharya Trading and Investment Private Limited	152,980	0.03%	0.00%
Cornflower Investment & Finance Limited	533,900	0.11%	0.00%
Dandkaranya Trading and Investment Private Limited	1,107,350	0.24%	0.00%
Campanula Investment & Finance Limited	739,980	0.16%	0.00%
Hastinapur Trading and Investment Private Limited	178,800	0.04%	0.00%
Kalyani Export & Investment Pvt Ltd	1,003,240	0.22%	0.00%
Aboli Investment Pvt Ltd	127,872	0.03%	0.00%
Wathar Investment & Trading Co. Pvt Ltd	61,320	0.01%	0.00%

15. Equity share capital (Contd.):

Name of the promoter / promoter group member	Number of shares held at March 31, 2022	% of total shares	% Change during the year
Promoter			
Babasaheb Neelkanth Kalyani	78,150	0.02%	0.00%
Promoter group			
Amit Babasaheb Kalyani	700,350	0.15%	0.00%
Deeksha Amit Kalyani	50	0.00%	0.00%
Gaurishankar Neelkanth Kalyani	690,440	0.15%	0.00%
Rohini Gaurishankar Kalyani	101,460	0.02%	0.00%
Sheetal Gaurishankar Kalyani	22,980	0.00%	0.00%
Viraj Gaurishankar Kalyani	22,800	0.00%	0.00%
KSL Holdings Private Limited	46,285,740	9.94%	0.00%
Ajinkya Investment & Trading Company	14,981,850	3.22%	(23.71%)
Sundaram Trading and Investment Private Limited	55,240,174	11.86%	0.00%
Kalyani Investment Company Limited	63,312,190	13.60%	0.00%
BF Investments Limited	15,614,676	3.35%	0.00%
Rajgad Trading Company Private Limited	1,360,260	0.29%	0.00%
Tangmarg Trading and Investment Private Limited	904,200	0.19%	0.00%
Yusmarg Trading and Investment Private Limited	1,847,000	0.40%	0.00%
Kalyani Consultants Private Limited	936,472	0.20%	0.00%
Jannhavi Investment Private Limited	4,686,640	1.01%	0.00%
Dronacharya Trading and Investment Private Limited	152,980	0.03%	0.00%
Cornflower Investment & Finance Limited	533,900	0.11%	0.00%
Dandkaranya Trading and Investment Private Limited	1,107,350	0.24%	0.00%
Campanula Investment & Finance Limited	739,980	0.16%	0.00%
Hastinapur Trading and Investment Private Limited	178,800	0.04%	0.00%
Kalyani Export & Investment Pvt Ltd	1,003,240	0.22%	0.00%
Aboli Investment Pvt Ltd	127,872	0.03%	0.00%
Wathar Investment & Trading Co. Pvt Ltd	61,320	0.01%	0.00%

(d) Shares held by holding/ ultimate holding company and /or their subsidiaries/ associates

The Company being ultimate holding company, there are no shares held by any other holding, ultimate holding company and their subsidiaries/ associates.

(e) Aggregate number of bonus shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

Particulars	As at March 31, 2023	As at March 31, 2022
Equity shares allotted as fully paid bonus shares by capitalisation of capital redemption reserve and securities premium account during the year ended March 31, 2018	232,794,316.00	232,794,316

(f) Details of shareholders holding more than 5% shares in the Company

Name of shareholder	As at March 31, 2023		As at March 31, 2022	
	No.	% of Holding	No.	% of Holding
Equity Shares of ₹ 2/- each fully paid				
Kalyani Investment Company Limited	63,312,190	13.60%	63,312,190	13.60%
Sundaram Trading and Investment Private Limited	55,240,174	11.87%	55,240,174	11.87%
KSL Holding Private Limited	46,285,740	9.94%	46,285,740	9.94%

(g) Shares reserved for issue under option

Particulars	As at March 31, 2023	As at March 31, 2022
4680 (March 31, 2022: 4,680) equity shares of ₹ 2/- each out of the previous issue of equity shares on a right basis together with 234 (March 31, 2022: 234) detachable warrants entitled to subscription of 2340 (March 31, 2022: 2,340) equity shares of ₹ 2/- each, have been kept in abeyance and reserve for issue pending adjudication of title to the pre-right holding.	7,020.00	7,020.00

(h) Global depository receipts

The Company had issued 3,636,500 equity shares of ₹ 10/- each (later sub-divided into 18,182,500 equity shares of ₹ 2/- each) in April 2005 represented by 3,636,500 Global Depository Receipts (GDR) (on sub division 18,182,500 GDRs) evidencing "Master GDR Certificates" at a price of USD 27.50 per GDR (including premium). GDRs outstanding as at year end are 800 (March 31, 2022 : 800). The funds raised had been 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.

In ₹ Million

16. Other equity	As at March 31, 2023	As at March 31, 2022
Capital reserves		
Special capital incentive [refer note 16 (a)]		
Balance as per the last financial statements	2.50	2.50
Add: Arising during the year		-
Closing balance	**2.50**	**2.50**
Warrants subscription money [Refer note 16(b)]		
Balance as per the last financial statements	13.00	13.00
Closing balance	**13.00**	**13.00**
Closing balance	**15.50**	**15.50**
Securities premium [Refer note 16(c)]		
Balance as per the last financial statements	6,930.89	6,930.89
Add: Arising during the year	-	-
Closing balance	**6,930.89**	**6,930.89**
Employee stock option outstanding [Refer note 16(d)]		
Balance as per the last financial statements	16.29	-
Add: Compensation options granted during the year	21.11	16.29
Less: Exercise of shares options	-	-
Closing balance	**37.40**	**16.29**
General reserve [Refer note 16(e)]		
Balance as per the last financial statements	3,230.48	3,230.48
Add: Amount transferred from surplus balance in the statement of profit and loss	-	-
Closing balance	**3,230.48**	**3,230.48**
Retained earnings in the statement of profit and loss [Refer note 16(f)]		
Balance as per the last financial statements	**48,867.41**	**39,417.42**
Add:		
- Net profit for the year	5,283.64	10,817.56
- Items of other comprehensive income :		
(1) Re-measurement of defined benefit obligations	248.48	261.99
Less:		
- Final equity dividend of previous year	2,560.74	931.18
- Interim equity dividend	698.38	698.38
Closing balance	**51,140.41**	**48,867.41**
Cash flow hedge reserve [Refer note 2.3 (s)]		
Balance as per the last financial statements	2,814.56	2,052.32
Add: Arising during the year	(546.23)	1,772.42
Less: Adjusted during the year	1,027.91	1,010.18
Closing balance	**1,240.42**	**2,814.56**
Foreign currency translation reserve (FCTR) [Refer note 2.3 (d)]		
Balance as per the last financial statements	1,074.38	1,226.49
Add: Arising during the year	397.45	(152.11)
Closing balance	**1,471.83**	**1,074.38**
Non-controlling interest reserve		
Balance as per the last financial statements	(148.19)	-
Add: Acquisition of non-controlling interest in KSSL **[Refer note 57]**	-	(148.19)
Closing balance	**(148.19)**	**(148.19)**
Equity instruments through other comprehensive income		
Balance as per the last financial statements	**1,974.15**	**346.82**
Add: Arising during the year	231.10	1,627.33
Closing balance	**2,205.25**	**1,974.15**
Closing balance Total:	**66,123.99**	**64,775.47**

(a) Special capital incentive:

Special capital incentive has been created during the financial year 1999-2000, amounting to ₹ 2.50 million under the 1988 Package Scheme of Incentives.

(b) Warrants subscription money:

The Company had issued and allotted to Qualified Institutional Buyers, 10,000,000 equity shares of ₹ 2/- each at a price of ₹ 272/- per share aggregating to ₹ 2,720 million on April 28, 2010, simultaneous with the issue of 1,760, 10.75% Non Convertible Debentures (NCD) of a face value of ₹ 1,000,000/- at par, together with 6,500,000 warrants at a price of ₹ 2/- each entitling the holder of each warrant to subscribe for 1 equity share of ₹ 2/- each at a price of ₹ 272/- at any time within 3 years from the date of allotment. Following completion of three years term, the subscription money received on issue of warrants was credited to capital reserve as the same is not refundable / adjustable. Further the warrants had lapsed and ceased to be valid from April 28, 2013.

(c) Securities premium account:

Securities premium is used to record the premium on issue of shares. The reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

(d) Employee stock option outstanding

One of the subsidiaries in India has issued equity settled stock options to its employees. Refer note 59 for details.

(e) General reserve

General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

(f) Surplus in the statement of profit and loss

Surplus in the statement of profit and loss represents the undistributed profits of the Company accumulated as on Balance Sheet date.

In ₹ Million

17. Distribution made and proposed to be made	As at March 31, 2023	As at March 31, 2022
Cash dividends on equity shares declared and paid :		
Final dividend		
For the year ended on March 31, 2022 : ₹ 5.50 per share (March 31, 2021 : ₹ 2 per share)	2,560.74	931.18
Interim dividend		
For the year ended on March 31, 2023: ₹ 1.50 per share (March 31, 2022: ₹ 1.50 per share)	698.38	698.38
Proposed dividend on equity shares :		
Final cash dividend		
For the year ended on March 31, 2023 : ₹ 5.50 per share (March 31, 2022 : ₹ 5.50 per share)	2,560.74	2,560.74

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at year end.

The Company has complied with the provisions of Section 123 of the Companies Act 2013 related to dividend declared and dividend paid.

In ₹ Million

18. Borrowings	As at March 31, 2023	As at March 31, 2022
Non-current borrowings		
- Debentures		
5.97% Rated unsecured non-convertible debentures **[Refer note 18 (c)]**	3,981.19	4,969.27
5.80% Rated Unsecured non-convertible debentures **[Refer note 18 (d)]**	1,995.44	-
- Term loans from banks		
Foreign currency term loans (other than Rupee loans) (secured)		
On bilateral basis **[Refer note 18 (a)]**	1,265.71	4,863.71
On syndication basis **[Refer note 18 (a)]**	3,327.11	-
Foreign currency term loans (other than Rupee loans) (unsecured)		
On bilateral basis **[Refer note 18 (a)]**	4,055.15	7,127.68
On syndication basis **[Refer note 18 (a)]**	-	909.57
Rupee term loans (secured)		
On bilateral basis **[Refer note 18 (b)(i)]**	2.62	3.20
Rupee term loans (unsecured)	2,885.50	-
On bilateral basis **[Refer note 18 (b)(iii)]**		
Total	**17,512.72**	**17,873.43**
Current borrowings		
- Debentures		
5.97% Rated unsecured non-convertible debentures **[Refer note 18 (c)]**	999.22	-
- Current maturity of term loans from banks		
Foreign currency term loans (other than Rupee loans) (secured)		
On bilateral basis **[Refer note 18 (a)]**	855.10	507.62
Foreign currency term loans (other than Rupee loans) (unsecured)		
On bilateral basis **[Refer note 18 (a)]**	4,028.92	4,087.71
On syndication basis **[Refer note 18 (a)]**	1,040.23	682.18
- From banks		
- Foreign currency loans		
Preshipment credit (secured) **[Refer note 18 (e)(i)]**	5,390.78	4,606.28
Preshipment credit (unsecured) **[Refer note 18 (e)(i)]**	600.00	-
Bill discounting with banks (secured) **[Refer note 18 (e)(ii)]**	13,696.56	12,461.28
Bill discounting with banks (unsecured) **[Refer note 18 (e)(ii)]**	6,439.44	3,795.61
Overdraft facilities (secured) **[Refer note 18 (e)(iii)]**	645.22	12,080.91
- Rupee loans		
Cash credit (secured) **[Refer note 18 (e)(iv)]**	16,484.55	29.63
Bill discounting with banks (unsecured) **[Refer note 18 (e)(ii)]**	259.53	352.31
Loans from companies and directors (unsecured) **[Refer note 18 (e)(vi)]**	17.97	68.42
Interest accrued but not due on borrowings	553.09	-
Total	**51,010.61**	**38,671.95**
Total secured loans	41,667.65	34,552.63
Total unsecured loans	26,855.68	21,992.75
Total	**68,523.33**	**56,545.38**

18. Borrowings (contd.)

Changes in liabilities arising from financing activities — **In ₹ Million**

Particulars	Current borrowings	Non-current borrowings
Balance as on April 1, 2021	**27,817.02**	**22,180.03**
Net cash flows	6,681.99	1,013.69
Foreign exchange management	(894.86)	(146.05)
Reclassified from non-current to current	5,196.76	(5,196.76)
Others	(143.43)	25.65
Balance as on March 31, 2022	**38,657.48**	**17,876.56**
Net cash flows	4,257.95	4,553.90
Foreign exchange movement	940.09	1,664.16
Reclassified from non-current to current	6,596.26	(6,596.26)
Others	558.83	14.36
Balance as on March 31, 2023	**51,010.61**	**17,512.72**

(a) Term loans

Foreign currency term loans on syndicated and bilateral basis (Secured & unsecured)

Repayable in half yearly / yearly instalments along with interest ranging from LIBOR + 60 bps to LIBOR + 100 bps p.a. and EURIBOR + 60 bps to EURIBOR + 95 bps p.a.

Date of repayment	Repayment schedule			
	As at March 31, 2023		As at March 31, 2022	
	USD in Million	In ₹ Million	USD in Million	In ₹ Million
From				
- August, 2021 (Yearly installment over 3 years)	12.00	986.31	21.00	1,591.75
- October, 2021 (Yearly installment over 3 years)	20.00	1,643.85	35.00	2,652.91
- December, 2022 (18 months installment over 4.5 years)	32.00	2,630.16	40.00	3,031.90
- December 2023 (Quarterly installment for 12 quarters)	17.40	1,434.37	17.40	1,269.90
	EUR in Million	In ₹ Million	EUR in Million	In ₹ Million
From				
- August, 2020 (Yearly installment over 3 years)	-	-	8.00	673.68
- May, 2022 (Yearly installment over 3 years)	28.00	2,505.58	40.00	3,368.40
- February, 2020 (Yearly installment over 5 years)	10.00	894.85	18.00	1,515.78
- June 21 (Half yearly installment for 8 half years)	4.50	403.23	6.75	571.45
- January 23 (Monthly installment for 16 months)	9.90	887.12	9.90	838.13
- April 2021 (Quarterly installment for 32 quarters)	30.42	2,725.50	30.52	2,583.48
- December 2023 (Monthly installment for 12 months)	0.63	56.70	0.70	59.26

(a) Term loans are secured against general property, plant and equipment and specific property, plant and equipment of the Group.

(b) (i) Rupee term loan on bilateral basis (Secured)

Repayable in 84 monthly installments from date of start of repayment, along with interest at base rate + 3.45% . The loan is secured against land and guarantee given by directors of the concerned subsidiary.

(b) (ii) Rupee Term Loan (unsecured)

During the current year, the group has availed the term loan of ₹ 1,037.30 million which ranges from 7.63% p.a. to 7.90% p.a from bank.

Date of repayment	Repayment schedule	
	As at March 31, 2023	As at March 31, 2022
From	In ₹ Million	In ₹ Million
- December 2022 (Quarterly installment for 4 years)	228.00	-
- March 2023 (Quarterly installment for 5 years)	569.95	-
- February 2024 (Quarterly installment over 3 years)	239.35	-

(b) (iii) Rupee Term Loan (unsecured)

During the current year, the Company has availed the term loan of ₹ 2,000 million @ 5.90% p.a. from bank.

Date of repayment	Repayment schedule	
	As at March 31, 2023	As at March 31, 2022
From	In ₹ Million	In ₹ Million
- April 2025 (Yearly installment over 3 years)	2,000.00	-

(c) Unsecured Non-convertible debentures (NCDs) Repayable in yearly instalments along with interest of 5.97% p.a.

The Company has issued 5,000 5.97% BFL 2025 listed, rated, unsecured, redeemable, non-convertible debentures having 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
From	In ₹ Million	In ₹ Million
- August 2023 (Yearly installment over 3 years)	5,000.00	5,000.00

18. Borrowings (contd.)

(d) Unsecured Non-convertible debentures (NCDs) Repayable in yearly instalments along with interest of 5.80% p.a.

During the current year, the Company issued 2,000 5.80% BFL 2025 listed, rated, unsecured, redeemable, non-convertible debentures having 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
On	In ₹ Million	In ₹ Million
- April 2025	2,000.00	2,000.00

(e) Working capital loans

(i) Preshipment packing credit

The loan is secured against hypothecation of inventories (refer note 11) and trade receivables (refer note 12).

Preshipment packing credit - Rupee (secured and unsecured) is repayable within 90 days and carries interest @ 7.00% to 8.50% p.a.

Preshipment credit - foreign currency (secured and unsecured) is repayable within 90 days to 180 days and carries interest @ SOFR + 55 bps to SOFR + 150 bps p.a.

(ii) Bill discounting with banks

The loan is secured against hypothecation of inventories (refer note 11) and trade receivables (refer note 12).

Bill discounting (secured and unsecured) with banks is repayable within 30 to 210 days.

Rupee and Foreign bill discounting (secured and unsecured) with banks carries interest @ 7.00% p.a. to 7.75% p.a. and SOFR + 55 bps to SOFR + 150 bps p.a. & EURIBOR + 55 bps to EURIBOR + 150 bps p.a. respectively.

(iii) Overdraft facility (Foreign currency) (secured)

The loan is secured against hypothecation of inventories and trade receivables.

Overdraft is repayable on demand and carries interest at Euribor/LIBOR + 2 to 3% per annum.

(iv) Cash credits (Rupee) (secured)

The loan is secured against hypothecation of inventories and trade receivables.

Overdraft is repayable on demand and is secured by current assets, the interest for at 3 month MCLR plus 1%, presently at 7.35% p.a. This facility is secured by first pari-passu charge on the current assets.

For 6 months rate of Interest applicable is I-MCLR-6M + spread. Currenly I-MCLR-6M is 7.20% and Spread is 3.71% p.a.

Cash credit is repayable on demand and carries interest @ 8.05% to 14.00% per annum.

(v) Letter of credit discounting (secured)

Letter of credit discounting facility covers discounting of inland bills drawn by suppliers of raw material, consumable stores and spares and backed by letters of credit issued by banks. The facility carries interest as informed by bank from time to time.

(vi) Loans from companies and directors (unsecured)

Loans from companies and directors are repayable on demand carrying interest in the range of 13% to 18% per annum.

(vii) Working Capital Demand Loan (Secured)

The secured loan is secured against hypothecation of inventories and trade receivables.

Working Capital Demand Loan is repayable within 7 to 30 days and carries interest @ 7.00% to 8.50% p.a.

(g) Loan availed for specific purpose and not used for the same :

During the year a component in the Group has availed fresh term loans of ₹ 3,037.30 Million and these funds have been utilised for the intended purpose. The Holding Company has raised term loans in form of external commercial borrowings and non convertible debentures during the previous year.

During the year ended March 31, 2023, the Company has availed unsecured term loan and issued listed, rated, unsecured, redeemable, non-convertible debentures on private placement basis. Proceeds from this term loan and debentures have been utilised for the intended purpose.

(h) Working capital facilities and statements filed with bank

Companies of the group have availed working capital facilities from banks in form of packing credit, bill discounting and cash credit. These companies have filed the quarterly statements with banks with regard to the securities provided against such working capital facilities on periodic basis. The statements filed by the respective company's are in agreement with the books of accounts of the Holding Company.

(i) 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, Company's working capital borrowings denominated in USD has been earmarked to new benchmark rate i.e. SOFR. The alternative reference rate for US dollar LIBOR is the Secured Overnight Financing Rate (SOFR). As at 31 March 2023, the Company's Foreign Currency Term loans denominated in USD is indexed to US dollar LIBOR. Company is in process of implementing appropriate fallback clauses for all US dollar LIBOR indexed exposures in 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).

(j) None of the Indian companies in the Group has been declared as wilful defaulter by any bank or financial institution or government or any government authority.

In ₹ Million

19. Other financial liabilities	As at March 31, 2023	As at March 31, 2022
Other non-current financial liabilities at amortised cost		
Voluntary retirement scheme compensation	273.12	227.31
Security deposits	117.97	20.34
Total	**391.09**	**247.65**
Other current financial liabilities at amortised cost		
Interest accrued but not due on borrowings	-	151.77
Payables for capital goods	1,325.36	615.46
Security deposits	92.30	247.30
Directors commission	7.00	6.95
Investor Education and Protection Fund (as and when due) #	-	
- Unpaid dividend	38.00	35.14
- Unpaid matured deposits	0.04	0.04
Voluntary retirement scheme compensation	239.68	155.06
Purchase consideration payable	89.62	-
Others ***	7.44	52.65
Total	**1,799.44**	**1,264.37**

The Holding Company has declared interim as well as final dividend in past years. Though a large portion of this dividend has been paid to members of the Holding Company, an amount of Rs. 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 relevant form, containing details of shareholders. Considering that all the particulars required for filing are not available, the Holding Company has not transferred the unclaimed dividend to IEPF and the relevant funds are available in separate banks accounts (Refer Other Bank Balances in note 13)

*** Other include commission payable and other liabilities.

In ₹ Million

19. (a) Derivative instruments	As at March 31, 2023	As at March 31, 2022
Non-current		
Fair value hedges (FVTPL)		
Cross currency swap	146.08	-
Total	**146.08**	**-**
Current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	46.38	-
Total	**46.38**	**-**

Derivative instruments at fair value through profit or loss reflect the negative change in fair value of cross currency swaps, designated as fair value hedge through which the Company has converted one of its USD loans into a Euro loan to avail the benefit of the negative EURIBOR interest rates.

In ₹ Million

20. Provisions	As at March 31, 2023	As at March 31, 2022
Non-current		
Provision for gratuity **[Refer note 40]**	136.63	125.86
Provision for special gratuity **[Refer note 40]**	148.05	169.57
Provision for leave benefits	10.98	-
Provision for pension and similar obligation **[Refer note 40]**	830.04	1,097.46
Provision for jubilee scheme **[Refer note 40]**	89.81	85.95
Provision for early retirement **[Refer note 40]**	57.90	3.69
Provision for employee's provident fund **[Refer note 40]**	3.79	29.58
Provision for manpower cost optimization **[Refer note 32(b)]**	134.53	248.60
Total	**1,411.73**	**1,760.71**
Current		
Provision for gratuity **[Refer note 40]**	116.62	111.63
Provision for special gratuity **[Refer note 40]**	19.47	11.33
Provision for leave benefits	650.91	640.30
Provision for commitment*	11.36	18.06
Provision for pension and similar obligation **[Refer note 40]**	11.39	19.81
Provision for manpower cost optimization **[Refer note 32(b)]**	91.57	115.32
Total	**901.32**	**916.45**

* In case of one of the subsidiaries of the Group, the erstwhile management had entered into contracts with various customers, which have been classified as onerous on account of cost overruns and delays in timely execution. Accordingly, a provision for expected losses on such contracts has been recognised to the extent of present obligation under the contract.

Provision for onerous contracts

	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	18.06	-
Add: Provision made during the year	6.71	31.77
Less: Provision reversed during the year	(13.41)	(13.71)
Balance at the end of the year	**11.36**	**18.06**

Provision for manpower cost optimization

In ₹ Million

	As at March 31, 2023	As at March 31, 2022
Opening balance	363.92	291.91
Add: Created during the year	143.36	195.26
Less: Utilised/ reversed during the year	(302.65)	(106.73)
Less: Foreign currency transaction reserve	21.47	(16.52)
Closing balance	**226.10**	**363.92**

21. Income and deferred taxes

The major components of income tax expense/(income) recognised for the year ended March 31, 2023 and March 31, 2022 are :

Statement of profit and loss:

In ₹ Million

Profit or loss section	As at March 31, 2023	As at March 31, 2022
Current income tax :		
Current income tax charge	3,951.57	3,529.58
Deferred tax		
Relating to origination and reversal of temporary differences	(765.99)	(495.05)
Income tax expense reported in the statement of profit and loss	**3,185.58**	**3,034.53**

In ₹ Million

OCI section	As at March 31, 2023	As at March 31, 2022
Deferred tax related to items recognised in OCI:		
Net movement on cash flow hedges	(529.43)	245.85
Net loss on re-measurement of defined benefit plans	90.04	101.16
Net (loss)/gain on FVTOCI equity securities	(31.00)	(398.13)
Tax charged to / (Released from) OCI	**(408.39)**	**745.14**

Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for March 31, 2023 and March 31, 2022

In ₹ Million

Particulars	As at March 31, 2023	As at March 31, 2022
Accounting profit before tax from operations	8,269.45	13,805.14
Accounting profit before income tax		
At India's statutory income tax rate of 25.168% (March 31, 2021: 25.168%)	2,081.26	3,474.48
Exceptional items	-	(353.31)
Tax impact of losses on which deferred tax asset is not recognised	1,332.84	20.66
Effect of differential rates	24.19	114.58
Adjustments in respect of reversal of tax expenses of earlier years	(98.74)	(157.50)
Effects of deferred tax asset on tax losses in Germany	-	(159.67)
Utilisation of previously unrecognised tax losses	-	(226.06)
Other disallowances (including consolidation adjustments)	(153.97)	321.35
At the effective income tax rate of (38.53%) (March 31, 2022: 23.08%)	**3,185.58**	**3,034.53**
Income tax expense reported in the statement of profit and loss	**3,185.58**	**3,034.53**
	-	-

Major components of deferred tax as at March 31, 2023 and March 31, 2022:

In ₹ Million

Deferred tax liability (net)	Balance Sheet	
	As at March 31, 2023	As at March 31, 2022
Deferred tax relates to the following:		
Property, plant and equipment and intangible assets	1,801.81	1,963.37
Fair valuation of cash flow hedges	418.34	946.61
Fair valuation of FVTOCI equity securities	446.12	434.64
Temporary differences in accounting treatment as required by Income tax standards	(513.00)	(455.46)
Net deferred tax liability	**2,153.27**	**2,889.16**

21. Income and deferred taxes (contd.)

In ₹ Million

Deferred tax asset (net)	Balance Sheet	
	As at March 31, 2023	As at March 31, 2022
Deferred tax relates to the following:		
Property, plant and equipment and intangible assets	2.01	3.57
Temporary differences in accounting treatment as required by Income tax standards	(290.78)	(464.05)
Unrealised profit on inventory	(1,206.53)	(710.59)
Net deferred tax asset	**(1,495.30)**	**(1,171.07)**

Major components of deferred tax for the year ended March 31, 2023 and March 31, 2022:

In ₹ Million

Deferred tax expense/(income)	Statement of Profit and Loss	
	Year ended March 31, 2023	Year ended March 31, 2022
Deferred tax relates to the following:		
Property, plant and equipment and intangible assets	(163.12)	(87.65)
Unrealised profit on inventory	(495.94)	(205.67)
Temporary differences in accounting treatment as required by Income tax standards	(106.93)	(201.73)
Deferred tax (income)	**(765.99)**	**(495.05)**

In ₹ Million

Reflected in the balance sheet as follows	As at March 31, 2023	As at March 31, 2022
Deferred tax assets	(66.88)	(20.82)
Deferred tax liabilities	2,220.15	2,909.98
Deferred tax liabilities (net)	**2,153.27**	**2,889.16**
Deferred tax assets	(1,497.31)	(1,174.64)
Deferred tax liabilities	2.01	3.57
Deferred tax assets (net)*	**(1,495.30)**	**(1,171.07)**

*Relates to temporary differences arising in different tax jurisdiction

In ₹ Million

Reconciliation of deferred tax liabilities and assets	As at March 31, 2023	As at March 31, 2022
Reconciliation of deferred tax liabilities (net)		
Opening balance	2,889.16	2,345.76
Tax (expense) during the period recognised in profit or loss	(369.80)	(145.54)
Deferred tax liabilities on hedge	(529.43)	-
Deferred tax liabilities on business combination	134.76	-
Tax income during the period recognised in OCI	28.58	688.94
Closing balance	**2,153.27**	**2,889.16**
Reconciliation of deferred tax assets (net)		
Opening balance	(1,171.07)	(900.66)
Tax income/(expense) during the period recognised in profit or loss	(396.19)	(349.51)
Tax (expense)/income during the period recognised in OCI	93.25	56.20
Other adjustments (including FCTR)	(21.29)	22.90
Closing balance	**(1,495.30)**	**(1,171.07)**

(a) The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

(b) The Group has tax losses which arose due to carried forward business losses in India ₹ 1,193.63 million (March 31, 2022: ₹ 1,372.88 million) that are available for offsetting for eight years against future taxable profits of the Group under the head income from business. This loss will expire in eight years from the end of the respective year to which it pertains.

(c) The Group has tax losses which arose due to carried forward business losses in the USA of ₹ 2,361.32 million (March 31, 2022: ₹ 2,177.22 million) that are available for offsetting for twenty years and ₹ 3,501.30 million (March 31, 2022: ₹ 317.79 million) that are available for offsetting indefinitely against future taxable profits under relevant heads of income of the companies in which the losses arose. These losses will expire in various years between tax years 2026 and 2037.

(d) The Group has tax losses which arose due to carried forward business losses in Sweden of ₹ 2,032.00 million (March 31, 2022: ₹ 1,994.21 million) that are available for offsetting for an indefinite period against future taxable profits under relevant heads of income of the subsidiary in which the losses arose. Also the Group has tax losses which arose due to carried forward business losses in Germany of ₹ 2,488.65 million (March 31, 2022: ₹ Nil) that are available for offsetting for an indefinite period against future taxable profits under relevant heads of income of the subsidiaries in which the losses arose.

(e) Deferred tax assets have not been recognised in respect of the above mentioned loss as they may not be used to offset taxable profits, they have arisen on account of carried forward business losses and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Group was able to recognise all unrecognised deferred tax assets, the profit would increase by ₹ 2,755.32 million (March 31, 2022: ₹ 1,296.64 million).

(g) During the years ended March 31, 2023 and March 31, 2022, the Group has not surrendered any transaction or disclosed as income in the tax assessments under the Income Tax Act, 1961, (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

In ₹ Million

22. Trade payables	**As at March 31, 2023**	**As at March 31, 2022**
Dues to micro enterprises and small enterprises	493.46	100.91
Dues to other than micro enterprises and small enterprises (including related parties payables)	21,019.94	16,212.74
Total	**21,513.40**	**16,313.65**

Terms and conditions of the above financial liabilities:
- Trade payables are non-interest bearing and are generally settled on 60 to 90 days terms.
- Other payables (under note 19 and 23) are non-interest bearing and have an average term of 90 days
- For terms and conditions with related parties, refer note 48.

Trade payable includes acceptances given by the Group for invoices of its supplier which were financed by the supplier with banks.

The above amount of trade payables is net off certain advances given to suppliers (Related parties) amounting to ₹ 720 million (March 31, 2022 : ₹ 720 million). The Group currently has a legally enforceable right to set off the advance against the respective payables. The Group intends to settle these amounts on a net basis.

For Group's credit risk management processes, refer Note 55.

Trade payables Ageing

As at 31 March 2023 In ₹ Million

Particulars	**Outstanding for following periods from due date of payment**						
	Unbilled*	**Not due**	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Total outstanding dues of micro enterprises and small enterprises (Undisputed)	-	270.23	223.23		-	-	493.46
Total outstanding dues of creditors other than micro enterprises and small enterprises (Undisputed)	4,038.13	6,463.97	9,612.86	267.49	182.89	174.75	20,740.09
Total outstanding dues of creditors other than micro enterprises and small enterprises (Disputed)	-	-	279.85	-	-	-	279.85
Total	**4,038.13**	**6,734.20**	**10,115.94**	**267.49**	**182.89**	**174.75**	**21,513.40**

*Unbilled represents accrual for expenses

As at 31 March 2022 In ₹ Million

Particulars	**Outstanding for following periods from due date of payment**						
	Unbilled*	**Not due**	**Less than 1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
Total outstanding dues of micro enterprises and small enterprises (Undisputed)	-	64.43	36.20	0.23	0.04	-	100.90
Total outstanding dues of creditors other than micro enterprises and small enterprises (Undisputed)	2,269.84	4,594.72	7,529.16	995.82	137.31	674.55	16,201.40
Total outstanding dues of creditors other than micro enterprises and small enterprises (Disputed)	-	-	4.70	3.59	3.06	-	11.35
Total		**4,659.15**	**7,570.06**	**999.64**	**140.41**	**674.55**	**16,313.65**

*Unbilled represents accrual for expenses

In ₹ Million

23. Other liabilities	As at March 31, 2023	As at March 31, 2022
Non-current		
Contract liabilities (Advance from customers) $	5,384.00	-
Government grant*	148.81	541.49
Settlement for anti-trust proceedings **[Refer note 32]**	2,271.40	2,531.93
Others**	76.45	0.10
Total	**7,880.66**	**3,073.52**
Current		
Contract liabilities (Advance from customers) $	3,702.22	959.21
Employee contributions and recoveries payable ****	620.14	612.53
Statutory dues payable including tax deducted at source **** #	963.43	1,071.74
Government grant*	425.79	85.97
Settlement for anti-trust proceedings **[Refer note 32]**	448.04	304.37
Others **	404.36	107.21
Total	**6,563.98**	**3,141.03**

* Government grants include grants and subsidies for investments in property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

** Others include rent received in advance, rent equalisation reserve and miscellaneous liabilities.

$ The contract liabilities primarily relate to the advance consideration received on contracts entered with customers for which performance obligations are yet to be performed, therefore, revenue will be recognized when the goods are passed on to the customers.

**** Includes payable on account of deferral given in relation to overseas subsidiaries granted on account of COVID support measures.

Includes payable with respect to Goods and Service Tax, Gram Panchayat Tax, With holding taxes, provident fund etc.

Government grant - investment subsidies and grants In ₹ Million

	As at March 31, 2023	As at March 31, 2022
Opening balance	627.46	746.84
Add: Received during the year	7.33	19.56
Less: Released to the statement of profit and loss	(91.24)	(98.64)
Less: Foreign currency transaction reserve	31.05	(40.30)
Closing balance	**574.60**	**627.46**

In ₹ Million

Break up of the financial liabilities at amortised cost	As at March 31, 2023	As at March 31, 2022
Borrowings **[Refer note 18]**	68,523.33	56,545.38
Lease liabilities **[Refer note 43]**	4,609.04	3,170.88
Other financial liabilities **[Refer note 19]**	2,190.53	1,512.02
Trade payables **[Refer note 22]**	21,513.40	16,313.65
Total financial liabilities carried at amortised cost	**96,836.30**	**77,541.93**

In ₹ Million

Break up of the financial liabilities at fair value through profit or loss	As at March 31, 2023	As at March 31, 2022
Derivative instruments **[Refer note 19(a)]**	146.08	-

In ₹ Million

24. Revenue from operations	Year ended March 31, 2023	Year ended March 31, 2022
Sale of products		
- Sale of goods	121,496.31	97,961.67
- Tooling income	708.00	421.88
Total sale of products	**122,204.31**	**98,383.55**
Sale of services		
- Job work charges	684.79	596.13
Other operating revenues		
- Manufacturing scrap	5,127.15	4,715.88
- Government grants - export incentives **[Refer note 10]**	1,039.83	859.17
- Sale of electricity / REC - Windmills	46.51	56.05
	6,213.49	**5,631.10**
Total Revenue from operations	**129,102.59**	**104,610.78**

Set out below is the amount of revenue recognised from

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Amounts included in contract liabilities at the beginning of the year	497.17	229.37
Changes in contract liabilities during the year	-	-

For balances in respect of contract liabilities refer note 23 and trade receivables refer note 12

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Sale of products	122,204.31	98,383.55
Sale of services	684.79	596.13
Manufacturing scrap	5,127.15	4,715.88
Revenue from contract with customers	**128,016.25**	**103,695.56**
Less: Adjustments (sales returns, discounts, etc.)	(343.20)	(776.90)
Revenue as per contracted price	**128,359.45**	**104,472.46**

In ₹ Million

25. Other income	Year ended March 31, 2023	Year ended March 31, 2022
Dividend income from investments	5.11	4.41
Net gain on fair valuation of financial instruments (FVTPL)	(654.12)	(129.64)
Net gain on sale of financial investments	1,432.67	903.83
Government grants*	120.17	114.45
Provision for doubtful debts and advances written back (net)	18.06	
Liabilities / provisions no longer required written back	98.10	246.41
Interest income on assets measured at amortised cost		
- Fixed deposits and others**	291.94	182.36
- Loan to associates	1.33	39.33
Rent **[Refer note 43(b)]**	43.34	20.58
Gain on sale/discard of property, plant and equipment (net)	42.72	223.46
Miscellaneous income ***	329.25	353.81
Total	**1,728.57**	**1,959.00**

*Includes government grant on pre shipment credit and bill discounting where the Holding Company has availed the benefit of interest equalisation scheme of the Reserve Bank of India. There are no unfulfilled conditions or contingencies attached to these grants.

** Includes interest on account of unwinding of security deposits and interest income on fixed income securities

*** Miscellaneous income includes sundry sale, discount received, miscellaneous recoveries, etc.

In ₹ Million

26. Cost of raw materials and components consumed	Year ended March 31, 2023	Year ended March 31, 2022
Inventory at the beginning of the year **[Refer note 11]**	6,349.74	3,111.38
Inventory on acquisition	170.97	37.63
Add: Purchases	61,385.81	49,376.52
Less: Inventory as at end of the year **[Refer note 11]**	7,256.59	6,349.74
Total	**60,649.93**	**46,175.79**

In ₹ Million

27. Decrease/(Increase) in inventories of finished goods, work-in-progress, traded goods, dies and scrap	Year ended March 31, 2023	Year ended March 31, 2022
Inventories at the end of the year [Refer note 11]		
Work-in-progress [includes items lying with third parties]	9,564.13	7,777.52
Finished goods [includes items lying with third parties and items in transit]	11,839.86	10,422.00
Stock of traded goods [includes items lying with third parties and items in transit]	3.25	355.26
Dies and dies under fabrication	241.19	187.14
Scrap	139.36	79.11
	21,787.79	**18,821.03**
Inventories at the beginning of the year [Refer note 11]		
Work-in-progress [includes items lying with third parties]	7,777.52	5,947.02
Finished goods [includes items lying with third parties and items in transit]	10,422.00	5,940.34
Stock of traded goods [includes items lying with third parties and items in transit]	355.26	526.67
Dies and dies under fabrication	187.14	438.45
Scrap	79.11	30.36
	18,821.03	**12,882.84**
Add: Inventory on acquisition	266.33	38.89
Total	**(2,700.43)**	**(5,899.30)**

In ₹ Million

28. Employee benefits expense	Year ended March 31, 2023	Year ended March 31, 2022
Salaries, wages and bonus (including managing and whole time director's remuneration)*	13,361.62	12,128.51
Contributions to provident and other funds / scheme (net) # *	695.26	730.11
Gratuity expense **[Refer note 40 (a,f)]**	90.69	83.30
Special gratuity expense **[Refer note 40 (b)]**	3.38	20.87
Share based payments **[Refer note 61]**	21.11	16.29
Staff welfare expenses	1,458.94	1,667.75
Total	**15,631.00**	**14,646.83**

Other funds / scheme includes 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 has been released by The Ministry of Labour and Employment on November 13, 2020. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

*Net of government grant in the nature of short time work (Kurzarbeit) and Paycheck Protection Program ("PPP") loan for COVID support with respect to some of the subsidiaries amounting to Nil (March 31, 2022: ₹ 258.61 million).

In ₹ Million

29. Finance costs	Year ended March 31, 2023	Year ended March 31, 2022
Interest on bank facilities under ammortised cost method	2,382.57	1,049.89
Exchange differences regarded as an adjustment to borrowing costs **	250.03	181.75
Interest on lease liabilities (Refer note 43)	276.07	232.15
Others#	77.53	140.26
Total	**2,986.20**	**1,604.05**

* Includes unwinding impact of transaction cost on borrowings.

** Represents exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Others includes net interest expense on defined benefit plans [Refer note 40] etc.

In ₹ Million

30. Depreciation, amortisation and impairment expense	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation on property, plant and equipment **[Refer note 3]**	6,688.38	6,597.68
Amortisation on other intangible assets **[Refer note 5]**	236.31	142.09
Depreciation on right of use asset **[Refer note 43]**	431.17	476.47
Impairment of goodwill **[Refer note 5]**	-	86.77
Total	**7,355.86**	**7,303.01**

In ₹ Million

31. Other expenses	Year ended March 31, 2023	Year ended March 31, 2022
Consumption of stores, spares and tools	5,419.98	4,655.91
Machining/subcontracting charges	4,422.03	4,343.35
Power, fuel and water*	8,343.53	5,830.69
Less: Credit for energy generated	64.69	62.33
	8,278.84	5,768.36
Repairs and maintenance		
- Building repairs and road maintenance	254.24	234.09
- Plant and machinery	1,756.48	1,585.06
Contract labour charges	1,634.12	752.09
Rent (Refer note 43 (a))	195.34	126.05
Rates and taxes	220.76	165.10
Insurance	309.44	238.55
CSR Expenditure	160.50	170.77
Legal and professional fees	1,144.75	997.28
Commission	133.34	121.60
Donations	1.25	28.33
Packing material	1,159.75	1,033.25
Freight and forwarding charges	6,217.71	4,331.47
Directors' fees and travelling expenses	5.63	3.38
Commission to directors other than managing and whole time directors	7.00	6.95
Loss on sale/discard of property, plant and equipment (Net)	25.69	-
Provision for doubtful debts and advances (includes expected credit loss) (net)	70.44	111.88
Bad debts / advances written off/back (net)	72.46	5.16
Exchange difference (net)** $	89.17	(349.33)
Payment to Auditors***	120.94	90.28
Miscellaneous expenses ****	4,482.97	3,225.40
Total	**36,182.83**	**27,644.98**

*Net of government grant in the nature of energy tax refund with respect to some of the subsidiaries amounting to ₹ 176.11 million (March 31, 2022: ₹ 190.16 million)

**Includes MTM (gain)/loss of ₹ (81.13) million (March 31, 2022: ₹ (177.24) million)

$ Includes foreign exchange (gain) /loss amounting to ₹ ₹ 128.10 million (March 31, 2022: ₹ (38.94)million) on account of differential restatement of foreign exchange loan.

***Includes ₹ 88.32 million (March 31, 2022: ₹ 68.74 million) paid to subsidiary auditors

**** Miscellaneous expenses includes labour charges, travelling expenses, printing, stationery, postage, telephone, etc.

Capitalization of expenditure

The Group has capitalised the following expenses of revenue nature to the cost of Property, plant and equipment/capital work in progress(CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Group.

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest on bank facilities	34.93	112.43
Interest on lease liabilities	5.49	
Salaries, wages and bonus	75.39	469.81
Depreciation on right of use assets	14.86	-
Consumption of stores and spares and loose tools	22.39	45.06
Others	12.68	52.83
Total	**165.74**	**680.13**

Expenditure on research and development

In ₹ Million

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Cost of raw materials and components consumed	6.48	9.80
Employee benefits expense	384.21	310.31
Other expenses	243.17	257.88
Total	**633.86**	**577.99**

In ₹ Million

32. Exceptional items	Year ended March 31, 2023	Year ended March 31, 2022
Voluntary retirement scheme compensation **[Refer note 32(a)]**	442.08	(739.56)
Provision for manpower cost optimization in overseas subsidiaries **[Refer note 32(b)]**	15.83	(106.53)
Reversal of impairment and gain on fair valuation, on loss of significant influence, in TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited). **[Refer note 32(c)]**	-	1,499.62
Conversion of Tork Motors Private Limited from associate to subsidiary and gain on fair valuation of shares **[Refer note 32(d)]**	-	270.52
Total	**457.91**	**924.05**

(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 exceptional item.

During the previous year, the Holding Company had announced Voluntary Retirement Schemes (VRS) on June 4, 2021, October 25, 2021 and December 30, 2021 for its permanent eligible employees who had attained 40 years of age and have completed 10 years of service with the Holding Company. The amount of expenditure under these schemes is disclosed as exceptional item.

(b) Provision for manpower cost optimization in Overseas subsidiaries

Certain overseas subsidiaries, as a part of one off cost optimisation initiative, have decided to rationalize the manpower cost in relation to its activities.
On account of these actions, cost of redundancy payment to employees is provided for.

(c) Reversal of impairment and gain on fair valuation on, loss of significant influence

During the previous year, the Group's associate viz. Tevva Motors Limited (held through TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)), collectively referred to as "Tevva", a start-up engaged in modular electrification system for medium range of commercial vehicles, raised additional funding to finance its operations. Post allotment of equity shares to the new investors, Tevva has ceased to be an associate of the Group.
The Group's equity investment in TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited) was earlier impaired in the financial year ended March 31, 2020. With the global EV markets gaining traction and setting higher valuation benchmarks, reversal of impairment and gain on fair valuation on loss of significant influence as an associate of ₹ 1499.62 million has been recorded as a part of "Exceptional items" for the year ended March 31, 2022.

(d) Conversion of Tork Motors Private Limited from associate to subsidiary and gain on fair valuation of shares

During the previous year, Kalyani Powertrain Limited (KPL) had converted its investment in Zero Coupon Optionally Convertible Debentures of Tork Motors Private Limited ("TMPL") into equity shares, amounting to ₹ 400 million. Pursuant to this conversion, KPL's stake (and Group's stake) in TMPL's equity shares has increased to 60.66% (on fully diluted basis). Consequently, TMPL became a subsidiary of the Group w.e.f. November 22, 2021. Accordingly, gain on fair valuation of shares of TMPL of ₹ 270.52 million was recorded as a part of "Exceptional items" in the consolidated financial statements for the year ended March 31, 2022.

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33. Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI for each type of reserve in equity is shown below :

In ₹ Million

During the year ended March 31, 2023	Cash flow hedge reserve	FVTOCI Reserve	Non-controlling interest reserve	Retained earnings	Foreign currency translation differences	Income tax / Deferred tax effect	Total
Currency forward contracts	(725.37)	-	-	-	-	182.56	(542.81)
Reclassified to statement of (profit) or loss	(1,378.19)	-	-	-	-	346.86	(1,031.33)
Gain on FVTOCI financial assets	-	242.59	-	-	-	(11.49)	231.10
Re-measurement gains/(losses) on defined benefit plans (including share of associate, joint ventures)	-	-	-	357.75	-	(109.54)	248.21
Foreign exchange translation difference	-	-	-	-	397.45	-	397.45
Total	**(2,103.56)**	**242.59**	**-**	**357.75**	**397.45**	**408.39**	**(697.38)**

In ₹ Million

During the year ended March 31, 2022	Cash flow hedge reserve	FVTOCI Reserve	Non-controlling interest reserve	Retained earnings	Foreign currency translation differences	Income tax / Deferred tax effect	Total
Currency forward contracts	2,358.02	-	-	-	-	(585.60)	1,772.42
Reclassified to statement of (profit) or loss	(1,349.93)	-	-	-	-	339.75	(1,010.18)
Gain on FVTOCI financial assets	-	2,025.46	-	-	-	(398.13)	1,627.33
Acquisition of partly owned subsidiaries	-	-	(148.19)				(148.19)
Re-measurement gains /(losses) on defined benefit plans (including share of associate, joint ventures)	-	-	-	363.30	-	(101.16)	262.14
Foreign exchange translation difference	-	-	-	-	(152.11)	-	(152.11)
Total	**1,008.09**	**2,025.46**	**(148.19)**	**363.30**	**(152.11)**	**(745.14)**	**2,351.41**

34. Earnings per share		Year ended March 31, 2023	Year ended March 31, 2022
Numerator for basic and diluted EPS			
Net (loss)/profit after tax attributable to equity holders of parent (in ₹ million)	**(A)**	5,283.64	10,817.56
Denominator for basic EPS [Refer note 15(b)]			
Weighted average number of equity shares for basic EPS	**(B)**	465,588,632	465,588,632
Denominator for diluted EPS [Refer note 15(b)]			
Weighted average number of equity shares for diluted EPS	**(C)**	465,588,632	465,588,632
Basic earnings per share of face value of ₹ 2 each (in ₹)	**(A/B)**	11.35	23.23
Diluted earnings per share of face value of ₹ 2 each (in ₹)	**(A/C)**	11.35	23.23

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35. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

1) Leases

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. Accordingly, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group included the renewal period as part of the lease term for leases of plant and machinery with shorter non-cancellable period (i.e., three to five years). The Company typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of plant and machinery with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Refer to Note 43 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

2) Derivative contracts

The holding company enters into foreign exchange forward contracts to hedge its exposure of foreign currency risk of highly probable forecasted sales. The outstanding contracts at each reporting date are measured at fair value through OCI and derivative assets / liabilities is recognized accordingly. Due to the changes in risks and estimates during the lifecycle of the customer contracts, in order to apply hedge accounting, management is required to demonstrate that the underlying contract is considered to be a highly probable transaction and that the hedges are highly effective and maintain hedge documentation. Management has exercised judgement to determine that the underlying contracts are highly probable and accordingly the hedge is effective.

3) Embedded derivative

The Group has entered into certain hybrid contracts i.e. where an embedded derivative is a component of a non-derivative host contract, in the nature of financial liability. The Group has exercised judgement to evaluate if the economic characteristics and risks of the embedded derivative are closely related to the economic characteristics and risks of the host. Based on the evaluation, the Group has concluded, that these economic characteristics and risks of the embedded derivatives are closely related to the economic characteristics and risks of the host and thus not separated from the host contract and not accounted for separately.

4) Control assessment for Joint ventures / partly owned subsidiaries

In assessing the power over investee for control evaluation, the Group has exercised judgement in considering certain rights given to the co-venturer in a joint venture arrangement / shareholders' agreement as either substantive rights or protective rights. The Group has evaluated if the rights are designed to protect the interests of their holder without giving that party power over the investee to which those rights relate in which case, it is considered as protective right not considered in the control assessment for joint ventures. Also, in case of all the joint arrangements, the Group has interest in the net assets of the joint arrangements and accordingly the same is considered as joint ventures. Further, with respect to certain subsidiaries in regulated segments, the Group has evaluated and believes that it exercises control over such subsidiaries in accordance with the terms of the Foreign Direct investment & Foreign Investment Promotion Board Policies.

5) Share of profit / loss of associates

In case of loss making associates and joint ventures the, Group discontinues to absorb its share of losses once the carrying amount of the relevant investment becomes NIL. However, if there are other long term interests that in substance form part of the investor's net investment in an associate or joint venture then group continues to absorb its share of losses against such long term interest. The Group has used judgement to determine if it is legally or constructively obliged to make payments on behalf of the associate or joint venture.

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6) Revenue from contracts with customers

The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

I. Identifying contract with customers

The Group enters into Master service agreement ('MSA') with its customers which define the key terms of the contract with customers. However, the rates for quantity to be supplied is separately agreed through purchase orders. Management has exercised judgment to determine that contract with customers for the purpose of Ind AS 115 is MSA and customer purchase orders for purpose of identification of performance obligations and other associated terms.

II. Identifying performance obligation

The Group enters into contract with customers for tooling income and goods. The Group determined that both the tooling income and the goods are capable of being distinct. The fact that the Group regularly sell these goods on a stand-alone basis indicate that the customer can benefit from it on an individual basis. The Group also determined that the promises to transfer these goods are distinct within the context of the contract. These goods are not input to a combined item in the contract. Hence, the tooling income and the sale of goods are separate performance obligations.

III. Determination of timing of satisfaction of performance obligation for sale of products

The Group concluded that tooling income and goods is to be recognized at a point in time because it does not meet the criteria for recognizing revenue over a period of time. The Group has applied judgment in determining the point in time when the control of the tooling income and goods are transferred based on the criteria mentioned in the standard read along with the contract with customers, applicable laws and considering the industry practices which are as follows:

35. 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 of prototypes or sample production. Management has used judgment in identification of the point in time where the tools are deemed to have been accepted by the customer.

7) Factoring arrangement

One of the subsidiary of the Group has entered into a factoring arrangement. Based on the terms agreed with the counterparty, it is considered to be a non-recourse arrangement and accordingly, respective trade receivable balance has been derecognised as per the terms of the agreements.

8) Litigations

The Group has various ongoing litigations, the outcome of which may have a material effect on the financial position, results of operations or cashflows. Legal team regularly analyses current information about these matters and assesses the requirement for provision for probable losses including estimates of legal expense to resolve such matters. In making the decision regarding the need for loss provision, management considers the degree of probability of an unfavourable outcome and the ability to make sufficiently reliable estimate of the amount of loss. The filing of a law suit or formal assertion of a claim against the group or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate. Considering the facts on hand and the current stage of certain ongoing litigations, the Group foresee remote risk of any material claim arising from claims against the Group. Management has exercised significant judgement in assessing the impact, if any, on the disclosures in respect of litigations in relation to Holding Company and its subsidiaries.

Estimates and assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

A. Impairment of non-financial assets including property, plant and equipment, goodwill and other intangible asset

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining the fair value less costs to disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators as the case may be.

B. Defined benefit plans

The cost of the defined benefit gratuity plans, other defined benefit plans and other post-employment plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, expected return on planned assets and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The mortality rate is based on publicly available mortality tables based on the country where the entity operates. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases, discount rate and return on planned assets are based on expected future inflation rates of the respective country.

Further details about defined benefit plans are given in Note 40.

C. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using different valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 51 for further disclosures.

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D. Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Further, the Group also evaluates risk with respect to expected loss on account of loss in time value of money which is calculated using average cost of capital for relevant financial assets.

The holding company has investments in associates and joint ventures as at the reporting period. The management is required to check, at least annually, the existence of impairment indicators for each investment. The evaluation of assessment for impairment and methodology for assessing and determining the recoverable amount of each investments are based on complex assumptions. It involves management's judgement with respect to identification of impairment indicators for each investment and estimates regarding the projected cash flows, long term growth rate and discounting rate used in valuation models. A sensitivity analysis is also performed to check the impact of changes in key variable on the valuation. The management believes that no impairment is required as at the reporting period end based on the procedures performed.

E. Income tax and deferred tax

Deferred tax assets are not recognized for unused tax losses as it is not probable that taxable profit will be available against which the losses can be utilized. Significant management judgement/estimate is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits.

Further details on taxes are disclosed in note 21.

F. Provision for Inventories

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realizable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete, slow-moving and items where net realizable value is below cost. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

35. Significant accounting judgements, estimates and assumptions (contd.)

G. Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

H. Contingent consideration

The Group has a legal obligation to pay additional consideration upon fulfilment of certain milestones in relation to businesses / joint ventures acquired in the past. Assessment in relation to determination of the fulfilment of such milestones involves estimation. Accordingly, the management has concluded basis such assessment that the prescribed milestones will not be achieved and hence no impact has been taken in the financial statements.

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BHARAT FORGE LIMITED

Notes forming part of consolidated financial statements for the year ended March 31, 2023

36. Group information

The consolidated financial statements of the Group includes subsidiaries listed in the table below:

Name	Principal activities	Principal place of business	% equity interest March 31, 2023	% equity interest March 31, 2022	Financial year ended on
1) Bharat Forge Global Holding GmbH (BFGH) and its wholly owned subsidiaries @	Holding	Germany	100%	100%	March 31
i. Bharat Forge Holding GmbH and its wholly owned subsidiaries @	Holding	Germany	100%*	100%*	March 31
a) Bharat Forge Aluminiumtechnik GmbH (BFAT) @	Forging	Germany	100%*	100%*	March 31
ii. Bharat Forge Kilsta AB @	Forging	Sweden	100%*	100%*	March 31
iii. Bharat Forge CDP GmbH and its wholly owned subsidiary @	Forging	Germany	100%*	100%*	March 31
a) Bharat Forge Daun GmbH @	Die Manufacturing	Germany	100%*	100%*	March 31
iv. Mecanique Generale Langroise @	Machining	France	100%*	100%*	March 31
2) Bharat Forge America Inc. and its wholly owned subsidiaries @	Holding	U.S.A	100%	100%	March 31
i. Bharat Forge PMT Technologie LLC @	Forging	U.S.A	100%*	100%*	March 31
ii. Bharat Forge Tennessee Inc. @	Others	U.S.A	100%*	100%*	March 31
iii. Bharat Forge Aluminium USA, Inc. @	Forging	U.S.A	100%*	100%*	March 31
3) Bharat Forge International Limited	Forging	U.K.	100%	100%	March 31
4) Kalyani Strategic Systems Limited and its subsidiaries	Others	India	100%	100%	March 31
i. Kalyani Rafael Advanced Systems Private Limited **	Others	India	50%*	50%*	March 31
ii. Analogic Controls India Limited $	Others	India	NA	100%	March 31
iii. Sagar Manas Technologies Limited	Others	India	51%*	100%*	March 31
iv. Kalyani Strategic Systems Australia Pty Limited #	Others	Australia	NA	NA	March 31
5) Kalyani Powertrain Limited and its subsidiaries	Others	India	100%	100%	March 31
i. Kalyani Mobility INC (formerly Kalyani Precision Machining INC.) (From September 9, 2021)* @	Machining	U.S.A	100%*	100%*	March 31
ii. Tork Motors Private Limited****	Others	India	64.29%*	64.29%*	March 31
a) Lycan Electric Private Limited****	Others	India	64.29%*	64.29%*	March 31
iii. Electroforge Limited (incorporated w.e.f. July 25, 2022)	Others	India	100%*	NA	March 31
6) BF industrial Solutions Limited (Formerly Nouveau Power and Infrastructure Private Limited) and its wholly owned subsidiaries	Others	India	100%	100%	March 31
i. BF Industrial Technology & Solutions Limited (Formerly Sanghvi Forging and Engineering Limited)**	Others	India	100%*	100%*	March 31
a) Sanghvi Europe B.V.	Machining	Netherlands	100%*	100%*	March 31
ii. JS Auto Cast Foundry India Private Limited (w.e.f. July 01, 2022)	Casting	India	100%*	NA	March 31
7) BF Infrastructure Limited and its subsidiary	Others	India	100%	100%	March 31
i. Ferrovia Transrail Solutions Private Limited (w.e.f. March 02, 2023)	Projects	India	100%*	NA	March 31
i. BFIL CEC-JV	Projects	India	74%*	74%*	March 31
8) Kalyani Lightweighting Technology Solutions Limited (incorporated w.e.f. July 12, 2022)	Others	India	100%	NA	March 31
9) Kalyani Centre for Precision Technology Limited	Machining	India	100%	100%	March 31
10) BF Elbit Advanced Systems Private Limited**	Others	India	51%	51%	March 31
11) Eternus Performance Materials Private Limited	Others	India	51%	51%	March 31
12) Indigenous IL Limited * @**	Others	Israel	NA	NA	March 31

* held through subsidiaries
** based on control assessment as per Ind AS 110
*** not consolidated as the holding Company has not yet invested in Indigenous IL Limited and operations are not yet commenced
**** converted to subsidiary w.e.f. November 22, 2021
@ Change in financial year end date from previous accounting period for group reporting purpose
$ merged with Kalyani Strategic Systems Limited [Refer note 60.7]
\# w.e.f. November 10, 2021

Details of the Group's ownership interest in associates are as follows:

Name	Principal activities	Principal place of business	% equity interest March 31, 2023	% equity interest March 31, 2022	Financial year ended on
1) Talbahn GmbH (not consolidated)	Others	Germany	35%*	35%*	March 31
2) Ferrovia Transrail Solutions Private Limited (up to March 1, 2023)	Projects	India	NA	49%*	March 31
3) Aeron Systems Private Limited	Others	India	37.14%*	37.14%	March 31
4) Avaada MHVidarbha Private Limited (w.e.f. April 14, 2022)	Others	India	26%	NA	March 31
5) Tork Motors Private Limited (up to November 21, 2021) **	Others	India	NA	NA	March 31
i) Lycan Electric Private Limited (up to November 21, 2021)	Others	India	NA	NA	March 31
6) TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited) (up to November 8, 2021) ***	Others	UK	NA	NA	March 31
i) Tevva Motors Limited (up to November 8, 2021)***	Others	UK	NA	NA	March 31

* held through subsidiaries
** converted to subsidiary w.e.f. November 22, 2021
*** converted to financial instruments w.e.f. November 9, 2021. Refer note 32.

Joint arrangement in which the Group is a joint venturer

Name	Principal activities	Principal place of business	% equity interest March 31, 2023	% equity interest March 31, 2022	Financial year ended on
1) BF Premier Energy Systems Private Limited #	Others	India	NA	50%*	March 31
2) BF NTPC Energy Systems Limited**	Projects	India	51%	51%	March 31
3) Refu Drive GmbH @	Others	Germany	50%	50%	March 31
i) Refu Drive India Private Limited @	Others	India	50%	50%	March 31

* held through subsidiaries
** Shareholders of the Joint Venture Company decided to voluntarily liquidate the joint venture at their EGM held on October 9, 2018
@ Change in financial year end date from previous accounting period for group reporting purpose
\# Group along with joint venturer has applied for being struck off

37. Material partly owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests based on IND AS Financial Statement is provided below:

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation	% equity interest March 31, 2023	March 31, 2022
Kalyani Strategic Systems Limited*	India	NA	NA
Kalyani Rafael Advanced Systems Private Limited	India	50%	50%
BF Elbit Advanced Systems Limited	India	49%	49%
Eternus Performance Materials Private Limited	India	49%	49%
Tork Motors Private Limited (from November 22, 2021)**	India	35.71%	35.71%
Lycan Electric Private Limited (from November 22, 2021)**	India	35.71%	35.71%
Sagar Manas Technologies Limited	India	49%	NA

* During the year ended March 31, 2021, board of directors of the Holding Company had passed resolution for acquisition of non-controlling interest in KSSL. During previous year, on receipt of necessary approval from Department for Promotion of Industry and Internal Trade, the Holding Company has acquired the balance 49% stake in KSSL resulting in an increase in the Company's stake in KSSL from 51% to 100%. Consequently, KSSL has become a wholly owned subsidiary of the Company with effect from February 28, 2022.

** On November 22, 2021, the Group has converted the Zero Coupon Optionally Convertible Debentures held in Tork Motors Private Limited ('Tork Motors'), into equity shares, amounting to ₹ 400 million. Pursuant to this conversion, Group's stake in Tork Motor's equity shares has increased to 60.66% (on fully diluted basis). Consequently, Tork and its subsidiary Lycan Eletric Private Limited have became a subsidiaries w.e.f. November 22, 2021. Also refer note 39 .2 for disclosures related to financial information of Tork Motors as an associate till November 21, 2021.

Information regarding non-controlling interest

(In ₹ Million)

	March 31, 2023	March 31, 2022
Accumulated balances of material non-controlling interest:		
Kalyani Rafael Advanced Systems Private Limited	191.95	185.48
BF Elbit Advanced Systems Limited	(72.57)	(63.20)
Eternus Performance Materials Private Limited	(2.26)	(2.35)
Tork Motors Private Limited (on consolidated basis, from November 22, 2021)	243.65	440.84
Sagar Manas Technologies Limited	(0.05)	NA
Total Comprehensive income allocated to material non-controlling interest:		
Kalyani Strategic Systems Limited	-	(7.56)
Kalyani Rafael Advanced Systems Private Limited	6.47	0.47
BF Elbit Advanced Systems Limited	(9.37)	(7.93)
Eternus Performance Materials Private Limited	0.09	(0.53)
Tork Motors Private Limited (on consolidated basis, from November 22, 2021)	(197.19)	(31.25)
Sagar Manas Technologies Limited	(0.05)	NA

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit and loss for the year ended March 31, 2023

(In ₹ Million)

Name	Sagar Manas Technologies Limited*	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited	Tork Motors Private Limited**
Reporting periods	April 1, 2022 to March 31, 2023	April 1, 2022 to March 31, 2023	April 1, 2022 to March 31, 2023	April 1, 2022 to March 31, 2023	April 1, 2022 to March 31, 2023
Revenue	-	1,313.05	-	12.11	355.59
Other income	-	13.96	-	0.36	4.05
Cost of raw materials and components consumed	-	241.62	-	2.87	437.77
Purchase of stock in trade	-	923.87	-	-	-
(Increase)/decrease in inventories of finished goods, work-in-progress, traded goods, dies & scrap	-	7.09	-	1.54	(29.69)
Employee benefits expense	-	28.73	-	3.63	154.60
Depreciation and amortisation expense	-	23.44	2.56	0.68	162.33
Finance costs	-	3.42	16.29	0.70	27.38
Other expenses	0.11	81.34	0.27	2.87	158.81
Profit / (loss) before tax	**(0.11)**	**17.50**	**(19.12)**	**0.18**	**(551.56)**
Income tax	-	4.34	-	-	0.16
Profit /(loss) for the year	**(0.11)**	**13.16**	**(19.12)**	**0.18**	**(551.72)**
Other Comprehensive Income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)					
Re-measurement gain/(losses) on defined benefit plans	-	(0.22)	-	-	(0.47)
Other comprehensive income for the year, net of tax	**-**	**(0.22)**	**-**	**-**	**(0.47)**
Total comprehensive income	**(0.11)**	**12.94**	**(19.12)**	**0.18**	**(552.19)**
Total Comprehensive Income attributable to non-controlling interests**	**(0.05)**	**6.47**	**(9.37)**	**0.09**	**(197.19)**
Profit / (loss) attributable to non-controlling interests	**(0.05)**	**6.58**	**(9.37)**	**0.09**	**(197.02)**
other comprehensive Income / (loss) attributable to non-controlling interests	**-**	**(0.11)**	**-**	**-**	**(0.17)**
Dividend paid to non-controlling interests	-	-	-	-	-

* On September 20,2022, Kalyani Strategic Systems Limited transferred 49% stake to Open Joint Stock Company Dastan Transnational Corporation Ltd. ("Dastan")

**Non-controlling interest is calculated at consolidated level for Tork Motors Private Limited and Lycan Electric Private Limited

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37. Material partly owned subsidiaries (contd.)

Summarised statement of profit and loss for the year ended March 31, 2022

(In ₹ Million)

Name	Kalyani Strategic Systems Limited *	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited	Tork Motors Private Limited**
Reporting periods	April 1, 2021 to February 28, 2022	April 1, 2022 to March 31, 2022	April 1, 2022 to March 31, 2022	April 1, 2022 to March 31, 2022	November 22, 2021 to March 31, 2022
Revenue	56.08	750.93	-	6.72	14.38
Other Income	4.61	9.40	-	-	2.18
Cost of raw material and components consumed	2.7	226.76	-	0.32	12.74
Purchase of stock in trade	51.94	410.27	-	-	-
(Increase)/decrease in inventories of finished goods, work-in-progress, dies and scrap		(6.09)	-	(2.69)	(4.23)
Employee benefits expense	6.79	33.05	-	6.40	34.77
Depreciation and amortisation expense	2.48	30.74	0.98	0.79	36.67
Finance costs	1.09	1.67	14.94	0.64	2.02
Other expenses	11.63	61.71	0.25	2.52	22.17
Profit/ (loss) before tax	**(15.94)**	**2.22**	**(16.17)**	**(1.26)**	**(87.58)**
Income tax	-	(1.45)	-	0.17	-
Profit /(loss) for the year	**(15.94)**	**0.77**	**(16.17)**	**(1.09)**	**(87.58)**
Other Comprehensive Income:					
Other comprehensive income not to be reclassified to profit or loss					
Re-measurement gain/(losses) on defined benefit plans	0.05	0.15	-	-	0.05
Other comprehensive income for the year, net of tax	**0.05**	**0.15**	**-**	**-**	**0.05**
Total comprehensive income	**(15.89)**	**0.92**	**(16.17)**	**(1.09)**	**(87.52)**
Attributable to non-controlling interests	**(7.56)**	**0.47**	**(7.93)**	**(0.53)**	**(31.25)**
Dividends paid to non-controlling interests	-	-	-	-	-

*Non-controlling interest is calculated at Kalyani Strategic System Limited consolidated level, however balance sheet and statement of profit and loss numbers are disclosed at Kalyani Strategic System Limited standalone level.
**Non-controlling interest is calculated at consolidated level for Tork Motors Private Limited and Lycan Electric Private Limited

Summarised balance sheet as at March 31, 2023:

(In ₹ Million)

	Sagar Manas Technologies Limited	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited*	Tork Motors Private Limited**
Trade receivables, inventories and cash and bank balances (current)	-	1,242.88	8.48	20.20	209.79
Property, plant and equipment and other non-current financial and non-financial assets	-	115.10	17.98	14.28	1,010.88
Trade and other payables (current) and (non-current)	(0.11)	(979.97)	(0.70)	(14.61)	(441.21)
Interest-bearing loans and borrowing and deferred tax liabilities (current) and (non-current)	-	-	(173.87)	(21.59)	(343.35)
Total equity	**(0.11)**	**378.01**	**(148.11)**	**(1.72)**	**436.11**
Attributable to:					
Equity holders of parent	(0.06)	186.06	(75.54)	0.54	192.46
Non-controlling interest*	(0.05)	191.95	(72.57)	(2.26)	243.65

*The share of total equity of non-controlling interest in case of Eternus Performance Materials Private Limited includes accumulated losses for the pre- acquisition period.

**Non-controlling interest is calculated at consolidated level for Tork Motors Private Limited and Lycan Electric Private Limited.

Summarised balance sheet as at March 31, 2022:

(In ₹ Million)

	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited*	Tork Motors Private Limited**
Trade receivables, inventories and cash and bank balances (current)	748.04	9.37	25.38	161.08
Property, plant and equipment and other non-current financial and non-financial assets	143.17	20.54	14.35	964.75
Trade and other payables (current) and (non-current)	(526.15)	(2.31)	(22.60)	(130.42)
Interest-bearing loans and borrowing and deferred tax liabilities (current) and (non-current)	-	(156.59)	(19.04)	(28.00)
Total equity	**365.06**	**(128.99)**	**(1.91)**	**967.41**
Attributable to:				
Equity holders of parent	179.58	(65.79)	0.44	526.57
Non-controlling interest*	185.48	(63.20)	(2.35)	440.84

*The share of total equity of non-controlling interest in case of Eternus Performance Materials Private Limited includes accumulated losses for the pre- acquisition period.

**Non-controlling interest is calculated at consolidated level for Tork Motors Private Limited and Lycan Electric Private Limited.

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37. Material partly owned subsidiaries (contd.)

Summarised cash flow information for the year ended March 31, 2023:

(In ₹ Million)

	Sagar Manas Technologies Limited	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited	Tork Motors Private Limited**
Operating	(28.44)	523.87	(1,754.54)	(1.67)	(258.86)
Investing	-	511.40	-	(0.17)	(33.42)
Financing	75.00	(65.45)	610.92	1.86	297.71
Net increase/(decrease) in cash and cash equivalents	**46.56**	**969.82**	**(1,143.62)**	**0.02**	**5.43**

**Non-controlling interest is calculated at consolidated level for Tork Motors Private Limited and Lycan Electrric Private Limited

Summarised cash flow information for the year ended March 31, 2022:

(In ₹ Million)

	Kalyani Strategic Systems Limited *	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited	Tork Motors Private Limited**
Operating	(61.28)	64.80	(4.00)	(1.16)	(36.96)
Investing	48.83	(11.83)	(2.41)	0.08	(319.38)
Financing	15.52	(6.28)	(1.97)	1.34	356.51
Net increase/(decrease) in cash and cash equivalents	**3.07**	**46.69**	**(8.38)**	**0.26**	**0.17**

* from April 1, 2021 to February 28, 2022

**Non-controlling interest is calculated at consolidated level for Tork Motors Private Limited and Lycan Electrric Private Limited

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38. Interest in Joint Ventures

1. BF Premier Energy Systems Private Limited

The Group had 50% interest in BF Premier Energy Systems Private Limited, a joint venture incorporated in India and with objective of manufacturing defence products such as Bi-modular cartridges systems, ammunition of selected types, ready to use defence products such as rockets, missiles, mines, bombs, torpedoes and ammunition, etc. The Joint Venture was engaged in the activities of setting up its business during the period covered by these financial statements. The Group's interest in BF Premier Energy Systems Private Limited was accounted for using the equity method in the consolidated financial statements.

During the year the Group along with the co-venturer has applied for striking off name of BF Premier Energy Systems Private Limited from the register of Companies under section 248 (2) of the Company Act 2013 and Rule 4(1) of the Companies (Removal of Names of Companies from the Register of Companies) Rules, 2016 vide form no STK - 2 on 2nd March, 2023. Summarised financial information of the joint venture, based on its Ind AS financial statements:

Summarised balance sheet		**(In ₹ Million)**
	March 31, 2023	**March 31, 2022**
Current assets	NA	0.10
Non-current assets	NA	-
Current liabilities	NA	(0.27)
Non-current liabilities	NA	-
Equity	NA	**(0.17)**
Share of the Group in the capital commitment, contingent liabilities of jointly controlled entity	NA	-
Proportion of the Group's ownership	NA	50%
Carrying amount of the investment	NA	-

Summarised statement of profit and loss for the year ended:		**(In ₹ Million)**
	March 31, 2023	**March 31, 2022**
Income		
Other income	NA	-
	NA	-
Expenses		
Employee benefits expense	NA	-
Depreciation	NA	-
Other expenses	NA	0.11
	NA	0.11
Loss before tax	NA	**(0.11)**
Tax expenses	NA	-
Loss for the year	NA	**(0.11)**
Other comprehensive income for the year	-	-
Total comprehensive income for the year	NA	**(0.11)**
Group's share of loss for the year	NA	**(0.06)**
Group's share of other comprehensive income for the year	NA	-

2. Refu Drive GmbH

The Group has acquired 50% interest in Refu Drive Gmbh on September 19, 2019, a joint venture incorporated in Germany, involved in manufacturing and selling on board controllers and components mainly - drives, invertors, convertors (including AC/DC) and all kind of auxiliary applications, related power electronics and battery management (BMS) etc. for all quality of e-mobility vehicles viz, hybrid and electric 2-wheelers, 3-wheelers, cars and commercial vehicles along with its wholly owned subsidiary "Refu India Private Limited, India". The Group's interest in Refu Drive GmbH is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind AS financial statements for the period April 1, 2022 to March 31, 2023 are as follows:

Summarised balance sheet		**(In ₹ Million)**
	March 31, 2023	**March 31, 2022**
Current assets	505.45	675.64
Non-current assets	228.84	567.40
Current liabilities	(458.10)	(475.13)
Non-current liabilities	(396.76)	(218.28)
Equity	**(120.57)**	**549.63**
Share of the Group in the capital commitment, contingent liabilities of jointly controlled entity	-	-
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	360.27	689.16

The Group has invested an amount of ₹ 919.14 million in equity shares. The Group's Share of equity is ₹ (60.29) million.

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38. Interest in Joint Ventures (contd.)

Summarised statement of profit and loss for the year/period ended: **(In ₹ Million)**

	March 31, 2023	March 31, 2022
Income		
Revenue	1,328.74	1,672.89
Other income	65.77	24.70
	1,394.51	1,697.59
Expenses		
Cost of raw material and components consumed	1,704.28	1,069.62
Purchase of stock in trade	3.07	2.62
(Increase)/decrease in inventories of finished goods, work-in-progress, dies and scrap	(682.70)	(19.02)
Employee benefits expense	455.82	530.39
Depreciation and Amortisation	110.19	216.47
Finance costs	6.85	6.77
Other expenses	451.30	215.55
	2,048.81	2,022.40
Loss before tax	**(654.30)**	**(324.81)**
Tax expenses/(income)	2.60	2.48
Loss for the year	**(656.90)**	**(327.29)**
Other comprehensive (loss) for the period	**(0.99)**	**1.37**
Total comprehensive (loss) for the period	**(657.89)**	**(325.92)**
Group's share of loss for the period	**(328.45)**	**(163.65)**
Group's share of other comprehensive (loss) for the period	**(0.49)**	**0.69**

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39. Investment in an associate

1. Ferrovia Transrail Solutions Private Limited

The Group was holding 49% interest in Ferrovia Transrail Solutions Private Limited (FTSPL), investment through wholly owned subsidiary till March 2, 2023 and post acquisition of equity shares, the Group holds 100% interest in FTSPL as at March 31, 2023. Accordingly FTSPL has ceased to be an associate w.e.f March 02, 2023. FTSPL was involved in carrying out the project of design, procurement, construction of railway track and railway track related work. The Group's interest in FTSPL is accounted for using the equity method in the consolidated financial statements. Summarized financial information of the Group's investment in Ferrovia Transrail Solutions Private Limited based on its audited IND AS financial statements:

Summarized Balance sheet		**(In ₹ Million)**
	March 31, 2023	**March 31, 2022**
Current assets	NA	121.70
Non-current assets	NA	5.13
Current liabilities	NA	(141.10)
Non-current liabilities	NA	(0.19)
Equity	**NA**	**(14.46)**
Share of the Group in the capital commitment, contingent liabilities of associates*	**NA**	-
Proportion of the Group’s ownership	**NA**	**49%**
Carrying amount of the investment and loan*	**NA**	**136.56**

*The Group has a constructive obligation to make payments on behalf of the associate whenever required. Accordingly, BF Infrastructure limited its' holding company has absorbed the gain for the year and adjusted the same against loan given to FTSPL being long term interest of the Group in the said associate. Management has used judgement in determining whether such loan constitutes Group's long term interest in Ferrovia.

Summarized statement of profit and loss for the year ended:		**(In ₹ Million)**
	April 1, 2022 to March 2, 2023	**March 31, 2022**
Income		
Revenue from operations	-	19.23
Other income	-	12.16
	-	31.39
Expenses		
Employee benefits expense	0.89	1.05
Finance costs	0.01	0.01
Other expenses	1.92	6.64
	2.82	7.70
Profit / (Loss) before exceptional items and tax	(2.82)	23.69
Exceptional Items - Gain	-	(18.50)
Loss before tax	**(2.82)**	**5.19**
Tax expenses		
Current tax	0.00	-
Deferred tax	(0.03)	-
Loss for the year	**(2.79)**	**5.19**
Other comprehensive income	**0.02**	**0.02**
Total comprehensive income/(loss) for the year	**(2.77)**	**5.21**
Group’s share of loss for the year *	**(2.79)**	**5.19**
Group’s share of other comprehensive income/(loss) for the year	**0.02**	**0.02**

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39. Investment in an associate (contd.)

2. Tork Motors Private Limited

The Group was holding 48.86 % interest in Tork Motors Private Limited ('TMPL') till November 21, 2021 and post conversion of optionally convertible debentures, Group holds 64.29 % interest in TMPL. TMPL has a wholly owned subsidiary viz. Lycan Electric Private Limited. TMPL is involved in research and development and manufacturing of electric two and three wheelers. The Group's interest in TMPL, for the period beginning from April 1, 2021 to November 21, 2021 is accounted for using the equity method in the consolidated financial statements. Summarized financial information of the Group's investment (up to November 21, 2021) in TMPL based on its consolidated Ind AS financial statements:

Summarized statement of profit and loss for the year ended: **(In ₹ Million)**

	March 31, 2023	**April 1, 2021 to November 21, 2021**
Income		
Revenue from operations	NA	30.24
Other income	NA	3.45
	NA	33.69
Expenses		
Cost of raw materials and components consumed	NA	15.58
(Increase) in inventories of finished goods, work-in-progress, traded goods, dies and scrap	NA	0.96
Employee benefit expenses	NA	16.32
Finance cost	NA	2.89
Depreciation and amortization	NA	26.62
Other expenses	NA	11.18
Loss before tax	**NA**	**(39.86)**
Income tax expense		
Current tax	NA	-
Deferred tax	NA	-
Loss for the year	**NA**	**(39.86)**
Other comprehensive income/(loss) for the year	**NA**	**(0.32)**
Total comprehensive income/(loss) for the year	**NA**	**(40.18)**
Group’s share of loss for the year	**NA**	**(19.48)**
Group’s share of other comprehensive income/(loss) for the year	**NA**	**(0.15)**

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39. Investment in an associate (contd.)

3. TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)

The Group holds investments in Tevva Motors Limited (held through TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)). The Group was holding interest of 34.45% up to November 8, 2021 in TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited) (TMJL) and TMJL in turn held 14.27% interest in Tevva Motors Limited (TML) till that date (TMJL and TML are together referred to as "Tevva"). During the previous year, Tevva Motors Limited raised additional funding to finance its operations. Post allotment of equity shares by Tevva Motors to the new investors, Tevva has ceased to be an associate of the Group. Accordingly, the Group has classified it to be an equity instrument held as fair value through other comprehensive income. As on March 31, 2022, the Group held 41.27% interest in TMJL and 11.16% interest in TML. TML is involved in research and development and manufacturing of electric range extended mid-sized trucks. Upto November 8, 2021, Group's interest in Tevva is accounted for using the equity method in the consolidated financial statements. Summarized financial information of the Group's investment in TMJL based on its audited consolidated Ind AS financial statements:

Summarized statement of profit and loss for the period ended*: **(In ₹ Million)**

	March 31, 2023	**January 1, 2021 to November 8, 2021**
Income		
Revenue from operations	NA	-
Other income	NA	-
	NA	-
Expenses		
Cost of raw material and components consumed	NA	-
(Increase)/decrease in inventories of finished goods, work-in-progress, dies and scrap	NA	-
Employee benefit expenses	NA	-
Finance cost	NA	62.47
Depreciation and amortization	NA	167.76
Other expenses	NA	0.73
Loss before tax and share of loss of associate	NA	(230.96)
Share of loss of associate	NA	(651.88)
Loss before tax	**NA**	**(882.84)**
Income tax expense	NA	-
Current tax	NA	-
Loss for the year	**NA**	**(882.84)**
Other comprehensive income/(loss)	**NA**	**-**
Total comprehensive income/(loss) for the year	**NA**	**(882.84)**
Group’s share of loss for the year	**NA**	**(255.36)**
Group’s share of other comprehensive income/(loss) for the year	**NA**	**-**

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39. Investment in an associate (contd.)

4. Aeron Systems Private Limited

The Group owned 22.42% stake in Aeron Systems Private Limited as of March 31, 2020. Further, on August 14, 2020 additional 3.58% stake was acquired to reach 26.00% ownership. Further on March 9, 2021 additional stake of 11.14% was acquired to reach total ownership of 37.14% as of March 31, 2021 as well as March 31, 2022. On 23rd February, 2023 the holding Company transferred 136,500 Equity shares having face value ₹ 10/- each of Aeron Systems Private Limited to Kalyani Strategic Systems Limited at a fair value of ₹ 1,005/- per share amounting to ₹ 1,371.83 Lakhs on a private placement basis for a consideraion other than cash and the same shall rank pari passu with existing Equity shares of the Company. Aeron Systems Private Limited is engaged in the business of manufacturing of technology products such as Inertial Navigation Systems (INS) and IoT devices for industries such as Aerospace and Defense, Automotive, Renewable energy and Industry 4.0. The Group's interest in Aeron Systems Private Limited is accounted for using the equity method in the consolidated financial statements. Summarized financial information based on its Ind AS financial statements as follows:

Summarized Balance sheet		**(In ₹ Million)**
	March 31, 2023	**March 31, 2022**
Current assets	197.11	249.31
Non-current assets	251.88	250.01
Current liabilities	(194.76)	(244.08)
Non-current liabilities	(12.01)	(9.88)
Equity	**242.22**	**245.36**
Share of the Group in the capital commitment, contingent liabilities of associates	-	1.79
Proportion of the Group’s ownership	37.14%	37.14%
Carrying amount of the investment	**114.90**	**116.06**

The Group has invested an amount of ₹ 140.00 million in equity shares. Group's share of equity is ₹ 89.96 million.

Summarized statement of profit and loss for the year/period ended:		**(In ₹ Million)**
	March 31, 2023	**March 31, 2022**
Income		
Revenue from operations	283.25	320.52
Other income	5.58	3.41
	288.83	323.93
Expenses		
Cost of Material Consumed	155.80	230.22
Changes in inventories	(3.54)	(11.48)
Employee benefit expenses	48.17	38.25
Finance cost	16.44	11.00
Depreciation and amortization	40.71	39.58
Other expenses	32.98	26.46
Profit / (Loss) before tax	**(1.73)**	**(10.10)**
Income tax expense		
Current tax	(1.93)	-
Deferred tax	1.66	0.91
Profit / Loss for the year	**(2.00)**	**(9.19)**
Other comprehensive income/(loss) for the period	**(1.14)**	**0.03**
Total comprehensive income/(loss) for the period	**(3.14)**	**(9.16)**
Group’s share of Profit / loss for the period	**(0.74)**	**(3.41)**
Group’s share of other comprehensive income/(loss) for the period	**(0.42)**	**0.01**

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39. Investment in an associate (contd.)

5. Avaada MHVidarbha Private Limited

The Group has acquired 26% stake in Avaada MHVidarbha Private Limited on April 14, 2022. Avaada MHVidarbha Private Limited is inolved in Production, collection and distribution of electricity. The Group's interest in Avaada MHVidarbha Private Limited is accounted for using the equity method in the consolidated financial statements. Summarized financial information based on its Ind AS financial statements as follows:

Summarized Balance sheet	**(In ₹ Million)**
	March 31, 2023
Current assets	74.67
Non-current assets	1,424.59
Current liabilities	(279.16)
Non-current liabilities	(797.65)
Equity	**422.46**
Share of the Group in the capital commitment, contingent liabilities of associates	-
Proportion of the Group’s ownership	26%
Carrying amount of the investment	**111.35**

The Group has invested an amount of ₹ 113.75 million in equity shares. Group's share of equity is ₹ 109.84 million.

Summarized statement of profit and loss for the year/period ended:	**(In ₹ Million)**
	April 14, 2022 to March 31, 2023
Income	
Revenue from operations	23.35
Other income	3.94
	27.29
Expenses	
Cost of Material Consumed	-
Changes in inventories	-
Employee benefit expenses	-
Finance cost	17.34
Depreciation and amortization	10.59
Other expenses	10.51
	38.44
Loss before tax	(11.16)
Income tax expense	
Current tax	-
Deferred tax	(1.91)
Loss for the year	**(9.25)**
Other comprehensive income/(loss) for the period	**-**
Total comprehensive income/(loss) for the period	**(9.25)**
Group’s share of loss for the period	**(2.40)**
Group’s share of other comprehensive income/(loss) for the period	**-**

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40. Gratuity and other post-employment benefit plans

(a) Gratuity plan

Funded scheme

The Holding Company has a defined benefit gratuity plan for its employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the employee's length of service and salary at retirement age. An employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. In case of certain category of employees who have completed 10 years of service, gratuity is calculated based on 30 days salary (last drawn) for each completed year of service and cap for gratuity is 20 years. The scheme is funded with insurance companies in the form of a qualifying insurance policies.

Risk exposure and asset-liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as company take on uncertain long term obligations to make future benefit payments.

1) Liability risks

a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may appear minor, but they can have a significant impact on the defined benefit liabilities.

c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset risks

All plan assets are managed by the trust and are invested in various funds (majorly LIC of India). LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Company has no control over the management of funds and this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured and also interest rate and inflation risk are taken care of.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plans.

The principal assumptions used in determining gratuity for the Holding Company's plan is shown below:

	As at March 31, 2023	As at March 31, 2022
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	7.50%	7.20%
Expected rate of return on plan assets	7.20%	6.90%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)	11.00*	11.14*
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	5.00%	5.00%
Age 31 - 44 years	5.00%	5.00%
Age 45 - 50 years	5.00%	5.00%
Age above 50 years	5.00%	5.00%

* It is actuarially calculated term of the liability using probabilities of death withdrawal and retirement.

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Notes forming part of consolidated financial statements for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (Contd.):

(a) Gratuity plan (Contd.):

Changes in the present value of the defined benefit obligation recognised in the balance sheet are as follows:

In ₹ Million

	As at March 31, 2023	As at March 31, 2022
Present value of obligation as at the beginning of the period	1,216.31	1,214.15
Interest expense	85.92	79.51
Current service cost	78.24	80.17
Benefits (paid)	(45.90)	(123.65)
Remeasurements on obligation [actuarial (gain) / loss]	(20.07)	(33.88)
Closing defined benefit obligation	**1,314.50**	**1,216.30**

Changes in the fair value of plan assets recognised in the balance sheet are as follows:

In ₹ Million

	As at March 31, 2023	As at March 31, 2022
Opening fair value of plan assets	992.39	932.52
Interest income	73.77	63.87
Contributions	110.28	110.00
Benefits paid	(45.90)	(123.65)
Remeasurements- Return on plan assets, excluding amount included in Interest Income	5.53	9.65
Closing fair value of plan assets	**1,136.07**	**992.39**
Actual return on plan assets	79.30	43.97

Net interest (income)/expense

In ₹ Million

	Year ended March 31, 2023	Year ended March 31, 2022
Interest expense on defined benefit obligation	85.92	79.51
Interest (income) on plan assets	(73.77)	(63.87)
Net Interest Expense for the period	**12.15**	**15.64**

Remeasurement for the period [actuarial (gain)/loss]

In ₹ Million

	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 statement of other comprehensive income (OCI)

In ₹ Million

	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)**

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Notes forming part of consolidated financial statements for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (Contd.):

(a) Gratuity plan (Contd.):

The amounts to be recognised in the balance sheet

In ₹ Million

	As at March 31, 2023	As at March 31, 2022
Present value of obligation	(1,314.50)	(1,216.30)
Fair value of plan assets	1,136.07	992.39
Net asset / (liability) to be recognised in the balance sheet	**(178.43)**	**(223.91)**

Expense recognised in the statement of profit and loss

In ₹ Million

	Year ended March 31, 2023	Year ended March 31, 2022
Current service cost (refer note 28)	78.24	80.17
Net interest (income) / expense (refer note 30)	12.15	15.64
Net periodic benefit cost recognised in the statement of profit and loss	**90.39**	**95.81**

Reconciliation of net asset/(liability) recognised:

In ₹ Million

	As at March 31, 2023	As at March 31, 2022
Net asset (liability) recognised at the beginning of the period	(223.92)	(281.63)
Company's contributions	110.28	110.00
Expense recognised for the year	(90.39)	(95.81)
Amount recognised in OCI	25.60	(43.53)
Net asset / (liability) recognised at the end of the period	**(178.43)**	**(310.97)**

The Holding Company expects to contribute ₹ 110.00 million to gratuity fund in the next year (March 31, 2022 : ₹ 110.00 million)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	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 decrease / increase in present value of obligation

In ₹ Million

Discount rate	As at March 31, 2023	As at March 31, 2022
Decrease by 1%	1,418.46	1,317.80
Increase by 1%	1,222.90	1,124.69

B) Impact of change in rate of increase in compensation levels on defined benefit obligation

In ₹ Million

Salary increment rate	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

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40. Gratuity and other post-employment benefit plans (Contd.):
(a) Gratuity plan (Contd.):

C) Impact of change in withdrawal rate when base assumption is decreased / increased on defined benefit obligation

In ₹ Million

Withdrawal rate	As at March 31, 2023	As at March 31, 2022
Decrease by 1%	1,317.48	1,220.31
Increase by 1%	1,312.46	1,209.82

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following are the expected benefit payments to the defined benefit plan in future years :

In ₹ Million

	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 Holding Company has a defined benefit special gratuity plan. Under the gratuity plan, every eligible employee who has completed ten years of service gets an additional gratuity on departure which will be salary of specified months based on last drawn basic salary. The scheme is unfunded.

1) Liability risks
a) Asset-liability mismatch risk
Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Holding Company is successfully able to neutralise valuation swings caused by interest rate movements. 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) Unfunded plan risk
This represents unmanaged risk and a growing liability. There is an inherent risk here that the Holding Company may default on paying the benefits in adverse circumstances. Funding the plan removes volatility in the Company's financial statements and also benefit risk through return on the funds made available for the plan.

The principal assumptions used in determining special gratuity for the Holding Company's plan is shown below:

	Year ended March 31, 2023	Year ended March 31, 2022
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	7.50%	7.20%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)	11.82*	11.70*
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	5.00%	5.00%
Age 31 - 44 years	5.00%	5.00%
Age 45 - 50 years	5.00%	5.00%
Age above 50 years	5.00%	5.00%

* It is actuarially calculated term of the liability using probabilities of death, withdrawal and retirement.

Notes forming part of consolidated financial statements for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (Contd.):

(b) Special gratuity (Contd.):

Changes in the present value of the defined benefit obligation recognised in the balance sheet are as follows:

In ₹ Million

	As at March 31, 2023	As at March 31, 2022
Present value of obligation as at the beginning of the period	180.90	185.37
Interest expense	12.58	12.54
Past service cost	-	-
Current service cost	3.38	20.87
Benefits Paid	(12.23)	(7.24)
Remeasurements on obligation [Actuarial (Gain) / Loss]	(17.11)	(30.64)
Closing defined benefit obligation	**167.52**	**180.90**

Net Interest (Income)/Expense

In ₹ Million

	Year ended March 31, 2023	Year ended March 31, 2022
Interest expense on defined benefit obligation	12.58	12.54
Net interest expense for the period	**12.58**	**12.54**

Remeasurement for the period

In ₹ Million

	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

	Year ended March 31, 2023	Year ended March 31, 2022
Remeasurement for the period-obligation (gain)/loss		
(Gain)/loss on plan liabilities due to experience assumptions	(11.87)	(24.73)
(Gain)/loss on plan liabilities due to demographic assumptions	-	-
(Gain)/loss on plan liabilities due to financial assumptions	(5.24)	(5.91)
Remeasurement for the period-Plan assets (gain)/loss		
(Gain)/loss on plan assets due to experience assumptions	-	-
(Gain)/loss on plan assets due to demographic assumptions	-	-
(Gain)/loss on plan assets due to financial assumptions	-	-
Total remeasurement cost for the period recognised in OCI	**(17.11)**	**(30.64)**

The amounts to be recognised in the Balance Sheet

In ₹ Million

	As at March 31, 2023	As at March 31, 2022
Present value of obligation as at the end of the period	(167.52)	(180.90)
Fair value of plan assets as at the end of the period	-	-
Net asset / (liability) to be recognised in the balance sheet	**(167.52)**	**(180.90)**

Expense recognised in the statement of profit and loss

In ₹ Million

	Year ended March 31, 2023	Year ended March 31, 2022
Current service cost **(refer note 28)**	3.38	20.87
Past service cost	-	-
Net interest (income) / expense **(Refer note 30)**	12.58	12.54
Net periodic benefit cost recognised in the statement of profit and loss	**15.96**	**33.41**

40. Gratuity and other post-employment benefit plans (Contd.):

(b) Special gratuity (Contd.):

Reconciliation of Net Asset/(Liability) recognised:

In ₹ Million

	As at March 31, 2023	As at March 31, 2022
Net asset / (liability) recognised at the beginning of the period	(180.90)	(185.37)
Company's contributions	-	-
Benefits directly paid by Company	12.23	7.24
Expense recognised for the year	(15.96)	(33.41)
Amount recognised in OCI	17.11	30.64
Net asset / (liability) recognised at the end of the period	**(167.52)**	**(180.90)**

The following are the expected benefit payments to the defined benefit plan in future years :

In ₹ Million

	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	Year ended March 31, 2023	Year ended March 31, 2022
Decrease by 1%	186.02	201.77
Increase by 1%	151.74	163.15

B) Impact of change in salary increase rate when base assumption is decreased / increased - present value of obligation

In ₹ Million

Salary increment rate	Year ended March 31, 2023	Year ended March 31, 2022
Decrease by 1%	152.88	164.49
Increase by 1%	184.29	199.74

C) Impact of change in withdrawal rate when base assumption is decreased / increased - present value of obligation

In ₹ Million

Withdrawal rate	Year ended March 31, 2023	Year ended March 31, 2022
Decrease by 1%	166.78	180.60
Increase by 1%	168.17	181.16

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40. Gratuity and other post-employment benefit plans (Contd.):

(c) Provident fund

In accordance with the law, all employees of the Holding Company are entitled to receive benefits under the provident fund. The Holding Company operates two plans for its employees to provide employee benefits in the nature of provident fund, viz. defined contribution plan and defined benefit plan.

Under the defined contribution plan, provident fund is contributed to the government administered provident fund. The Holding Company has no obligation, other than the contribution payable to the provident fund (Refer to note 28)

Under the defined benefit plan, the Company contributes to the "Bharat Forge Company Limited Staff Provident Fund Trust". The Holding Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The details of the defined benefit plan based on actuarial valuation report are as follows:

1) Liability risks:

a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Holding Company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may 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 principal assumptions used in determining provident fund liability / shortfall for the Holding Company's plan is shown below:

	Year ended March 31, 2023	Year ended March 31, 2022
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	7.50%	7.20%
Interest rate declared by Employees' Provident Fund Organisation for the year	8.15%	8.10%
Yield spread	0.50%	0.50%
Expected rate of return on plan assets	7.20%	6.90%
Expected average remaining working lives of employees (in years)	11.10*	11.36*
Withdrawal rate		
Age upto 30 years	5.00%	5.00%
Age 31 - 44 years	5.00%	5.00%
Age 45 - 50 years	5.00%	5.00%
Age above 50 years	5.00%	5.00%

* It is actuarially calculated term of the plan using probabilities of death, withdrawal and retirement.

Table showing changes in present value of expected interest rate shortfall:

In ₹ Million

	As at March 31, 2023	As at March 31, 2022
Present value of expected Interest rate shortfall as at the beginning of the period	3,460.44	3,261.33
Interest cost	242.93	219.22
Current service cost	95.47	105.95
Employee contribution	150.31	153.57
Benefits paid	(172.89)	(168.40)
Actuarial (gain) / loss on obligations	36.84	(111.23)
Present value of expected interest rate shortfall as at the end of the period	**3,813.10**	**3,460.44**

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Notes forming part of consolidated financial statements for the year ended March 31, 2023

40. Gratuity and other post-employment benefit plans (contd.):

(c) Provident fund (Contd.):

Table showing changes in fair value of plan assets (Surplus account)

In ₹ Million

	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)
Fair value of plan assets as at the end of the period (surplus account)	**3,809.32**	**3,430.86**

Net interest (income)/expense

In ₹ Million

	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)**

Actuarial (gain) / loss recognised

In ₹ Million

	Year ended March 31, 2023	Year ended March 31, 2022
Actuarial Loss for the period – Obligation	36.84	(111.23)
Actuarial Loss for the period – Plan assets	(55.92)	6.76
Total (gain) / loss for the year	**(19.08)**	**(104.47)**
Actuarial (gain) / loss recognised in the year	**(19.08)**	**(104.47)**

The amounts to be recognised in the balance sheet:

In ₹ Million

	As at March 31, 2023	As at March 31, 2022
Present value of Provident fund liability as at end of the period	3,813.10	3,460.44
Fair value of the plan assets as at the end of the period (surplus account)	3,809.32	3,430.86
(Deficit)	**(3.78)**	**(29.58)**
Net (liability) recognised in the balance sheet	(3.78)	(29.58)

Amount recognised in Statement of Other comprehensive Income (OCI):

In ₹ Million

	Year ended March 31, 2023	Year ended March 31, 2022
Remeasurement for the period-obligation (gain)/ loss	36.84	(111.23)
Remeasurement for the period-plan assets(gain)/loss	(55.92)	6.76
Total Remeasurement cost for the period recognised in OCI	**(19.08)**	**(104.47)**

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40. Gratuity and other post-employment benefit plans (contd.):

(c) Provident fund (Contd.):

Expense recognised in the statement of profit and loss:

In ₹ Million

	Year ended March 31, 2023	Year ended March 31, 2022
Current service cost **[Refer note 28]**	95.47	105.95
Net interest expense **[Refer note 30]**	(6.72)	(0.18)
Net periodic benefit cost recognised in the statement of profit and loss	**88.75**	**105.77**

Sensitivity analysis

A) Impact of change in discount rate when base assumption is decreased/increased by 50 basis point - present value of obligation

In ₹ Million

Discount rate	Year ended March 31, 2023	Year ended March 31, 2022
Decrease by 0.50%	3,877.73	3,519.09
Increase by 0.50%	3,784.05	3,405.09

B) Impact of change in expected future interest rate on PF when base assumption is decreased/increased by 50 basis point - - present value of obligation

In ₹ Million

PF interest rate	Year ended March 31, 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

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40. Gratuity and other post-employment benefit plans (contd.)

Overseas subsidiaries

(d) Pension plan and Early retirement plan

The overseas subsidiaries operate a pension scheme which is a defined benefit plan. The scheme pertains to employees who have left the organization. The present value of defined benefit obligation and the related current service costs are measured using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. An individual's estimated benefit obligation is the present value of the attributed benefit for valuation purposes at the beginning of the plan year, and the service cost is the present value of the benefit attributed to the year of service in the plan year.

The following table summarizes the components of net benefit expense recognized in the Statement of profit and loss and amounts recognized in the balance sheet for the pension plan.

The principal assumptions used in determining pension plan for the Group's overseas subsidiaries is shown below:

	As at March 31, 2023	As at March 31, 2022
Mortality table	RT Heubeck 2018 G, TGH05/TGF05 and DUS 21	Heubeck 2018 G
Discount rate	3.6% to 4.40%	0.00% to 0.00%
Rate of increase in compensation levels	2.00%	0.00% to 0.00%

Changes in the present value of the defined benefit obligation recognized in consolidated balance sheet are as follows: **In ₹ Million**

	As at March 31, 2023	As at March 31, 2022
Opening defined benefit obligation	1,140.03	1,383.68
Foreign Currency Translation Reserve (FCTR) Impact on opening balance	19.24	(158.76)
Interest expense	10.18	14.66
Current service cost	-	17.62
Benefits paid	(33.69)	(27.07)
Remeasurements on obligation [Actuarial (Gain) / Loss]	(287.93)	(90.10)
Closing defined benefit obligation	**847.83**	**1,140.03**

Changes in the fair value of plan assets recognized in the consolidated balance sheet are as follows: **In ₹ Million**

	As at March 31, 2023	As at March 31, 2022
Opening fair value of plan assets	22.77	23.64
Foreign Currency Translation Reserve (FCTR) Impact on opening balance	(16.17)	(0.64)
Interest income	0.47	0.05
Benefits paid	(0.47)	(0.45)
Remeasurements-Actuarial gains / (losses)	(0.18)	0.17
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	-	-
Closing fair value of plan assets	**6.42**	**22.77**
Actual return on plan assets	0.29	0.22

Net Interest (Income/Expense) **In ₹ Million**

	Year ended March 31, 2023	Year ended March 31, 2022
Interest (Income) / Expense – Obligation	10.18	14.66
Interest (Income) / Expense – Plan assets	(0.47)	(0.05)
Net Interest (Income) / Expense for the period	**9.71**	14.61

Amount recognized in Statement of Other comprehensive Income (OCI) **In ₹ Million**

	Year ended March 31, 2023	Year ended March 31, 2022
Remeasurement for the period-Obligation (Gain)/Loss	(287.93)	(90.10)
Remeasurement for the period-Plan assets (Gain)/Loss	0.18	(0.17)
Total Remeasurement cost/(credit) for the period recognized in OCI	**(287.75)**	**(90.27)**

Weighted average duration of the defined benefit plan obligation (based on discounted cash flows using mortality, withdrawal and interest rate) is 6.7-18.83- years (March 31, 2022: 13.14-22.23 years).

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40. Gratuity and other post-employment benefit plans (contd.)

The amounts to be recognized in the Balance Sheet — **In ₹ Million**

	As at March 31, 2023	As at March 31, 2022
Present value of defined benefit obligations	(847.83)	(1,140.03)
Fair value of plan assets	6.42	22.77
Net Asset / (liability) to be recognized in balance sheet	**(841.41)**	**(1,117.26)**

Expense recognized in the statement of profit and loss — **In ₹ Million**

	Year ended March 31, 2023	Year ended March 31, 2022
Current service cost	-	17.62
Net Interest (Income) / Expense	9.71	14.61
Net periodic benefit cost recognized in the statement of profit & loss	**9.71**	**32.23**

Reconciliation of Net Asset/(Liability) recognized: — **In ₹ Million**

	As at March 31, 2023	As at March 31, 2022
Net asset / (liability) recognized at the beginning of the period	(1,117.27)	(1,360.04)
Foreign Currency Translation Reserve (FCTR) Impact on Opening Balance	(35.41)	158.12
Benefits directly paid by the Group	33.22	26.62
Expense recognized for the year	(9.71)	(32.24)
Amount recognized in OCI	287.75	90.27
Net asset / (liability) recognized at the end of the period	**(841.42)**	**(1,117.27)**

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2023	As at March 31, 2022
Funds managed by insurer	100%	100%

Sensitivity analysis

Impact of change in discount rate when base assumption is present value of obligation decreased/increased in present value of obligation

In ₹ Million

Discount rate	As at March 31, 2023	As at March 31, 2022
Decrease by 0.50%	81.68	98.58
Increase by 0.50%	74.12	86.87

The pension scheme pertains to employees who have already left the organization. Hence the impact of change in salary increase rate and withdrawal rate is nil and hence not disclosed.

The followings are the expected contributions to the defined benefit plan in future years : — **In ₹ Million**

	As at March 31, 2023	As at March 31, 2022
Within the next 12 months (next annual reporting period)	35.03	29.62
Between 2 and 5 years	159.81	133.91
Beyond 5 and 10 years	244.44	206.72
Beyond 10 years	1,378.16	1,285.57
Total expected payments	**1,817.44**	**1,655.82**

(e) Other long term benefits

Other long term benefits includes early retirement scheme as governed by the local laws amounting to ₹ 57.90 million (March 31, 2022: ₹ 3.69 million) and jubilee scheme as governed by the local laws amounting to ₹ 89.81 million (March 31, 2022: ₹ 85.95 million).

One of the subsidiary has an employees' savings plan which qualifies under Internal Revenue Code as governed by the local laws. The plan allows eligible employees to make voluntary contributions based on a specific percentage of compensation which may not exceed limitations under the said Internal Revenue Code. The Group has a discretionary matching contribution of 50% up to 6% of compensation. The total expense for employee retirement contribution plans for the year ended March 31, 2023 was ₹ 19.87 million (March 31, 2022: ₹ 9.13 million) included in note 28 as part of employee benefits expenses.

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40. Gratuity and other post-employment benefit plans (contd.)

Indian subsidiaries

(F) Gratuity plans

The present value of defined benefit obligation and the related current service costs are measured using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date.

The gratuity benefits are governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. Majority of the schemes are funded with insurance companies in the form of qualifying insurance policy.

Risk exposure and asset liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

1) Liability risks

a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Group is successfully able to neutralize valuation swings caused by interest rate movements.

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India and other insurance companies. LIC and other insurance companies has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Group has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The respective subsidiary have no control over the management of funds but this option provides a high level of safety for the total corpus. Same account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured and also interest rate and inflation risk are taken care of.

The following table summarizes the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

The principal assumptions used in determining gratuity for the Indian subsidiary's plan is shown below:

	As at March 31, 2023	As at March 31, 2022
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	7.30% - 7.50%	5.90% - 7.00%
Rate of increase in compensation levels	5.00% - 10.00%	6.00% - 10.00%
Expected average remaining working lives (in years)	6.49-26.85	4.74-18.68
Withdrawal rate (based on grade and age of employees)		
Age unto 30 years	1% to 15%	1% to 20%
Age 31 - 44 years	1% to 15%	1% to 20%
Age 45 - 50 years	1% to 15%	1% to 20%
Age above 50 years	1% to 15%	1% to 20%

Changes in the present value of the defined benefit obligation recognized in consolidated balance sheet are as follows:

In ₹ Million

	As at March 31, 2023	As at March 31, 2022
Opening defined benefit obligation	17.08	5.43
Adjustment to defined benefit obligation	53.99	10.58
Interest expense	4.31	1.08
Current service cost	12.45	3.13
Benefits paid	(3.89)	(0.95)
Remeasurements on obligation [Actuarial (Gain) / Loss]	(2.81)	(2.19)
Acquisition (credit)/cost	-	-
Closing defined benefit obligation	**81.13**	**17.08**

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40. Gratuity and other post-employment benefit plans (contd.)

Changes in the fair value of plan assets recognized in the consolidated balance sheet are as follows: **In ₹ Million**

	As at March 31, 2023	As at March 31, 2022
Opening fair value of plan assets	3.50	2.16
Adjustment to fair value of plan asset	0.07	0.85
Interest Income	0.41	0.22
Contributions	7.14	0.81
Benefits paid	(3.04)	(0.52)
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	(0.07)	(0.02)
Closing fair value of plan assets	**8.01**	**3.50**
Actual return on plan assets	0.34	0.14

Net Interest (Income/Expense)

In ₹ Million

	Year ended March 31, 2023	Year ended March 31, 2022
Interest (Income) / Expense – Obligation	4.31	1.08
Interest (Income) / Expense – Plan assets	(0.41)	(0.22)
Net Interest (Income) / Expense for the period	**3.90**	**0.86**

Remeasurement for the period [Actuarial (Gain)/loss]

In ₹ Million

	Year ended March 31, 2023	Year ended March 31, 2022
Experience (Gain) / Loss on plan liabilities	(3.68)	(2.10)
Demographic (Gain) / Loss on plan liabilities	(0.01)	(0.01)
Financial (Gain) / Loss on plan liabilities	0.88	(0.08)
Experience (Gain) / Loss on plan assets	(0.01)	3.71
Financial (Gain) / Loss on plan assets	(0.05)	(3.69)

Amount recognized in Statement of Other comprehensive Income (OCI)

In ₹ Million

	Year ended March 31, 2023	Year ended March 31, 2022
Opening amount recognized in OCI outside profit and loss account	(1.72)	0.45
Adjustment to OCI	10.18	
Remeasurement for the period-Obligation (Gain)/Loss	(2.81)	(2.19)
Remeasurement for the period-Plan assets (Gain)/Loss	0.07	0.02
Total Remeasurement cost/(credit) for the period recognized in OCI	(2.74)	(2.17)
Closing amount recognized in OCI outside profit and loss account	**5.72**	**(1.72)**

The amounts to be recognized in the Balance Sheet

In ₹ Million

	Year ended March 31, 2023	Year ended March 31, 2022
Present value of defined benefit obligations	(81.13)	(17.08)
Fair value of plan assets	8.01	3.50
Net Asset / (liability) to be recognized in balance sheet	**(73.12)**	**(13.58)**

Expense recognized in the statement of profit and loss **In ₹ Million**

	Year ended March 31, 2023	Year ended March 31, 2022
Current service cost	12.45	3.13
Net Interest (Income) / Expense	3.91	0.86
Net periodic benefit cost recognized in the statement of profit & loss	**16.36**	**3.99**

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40. Gratuity and other post-employment benefit plans (contd.)

Reconciliation of Net Asset/(Liability) recognized:

In ₹ Million

	As at March 31, 2023	As at March 31, 2022
Net asset / (liability) recognized at the beginning of the period	(13.58)	(3.26)
Adjustment to opening balance due to business combinations	(53.90)	(8.93)
Contributions	5.09	-
Benefits paid by the Group	2.90	0.43
Expense recognized for the year	(16.34)	(3.99)
Amount recognized in OCI	2.74	2.17
Adjustment to fund	-	-
Net (liability) recognized at the end of the period	**(73.09)**	**(13.58)**

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2023	As at March 31, 2022
Funds managed by insurer	100.00%	100.00%

Sensitivity analysis

A) Impact of change in discount rate when base assumption is decreased/increased in Present value of obligation

In ₹ Million

Discount rate	As at March 31, 2023	As at March 31, 2022
Decrease by 1%	31.22	15.55
Increase by 1%	25.99	18.90

B) Impact of change in salary increase rate when base assumption is decreased/increased in Present value of obligation

In ₹ Million

Salary increment rate	As at March 31, 2023	As at March 31, 2022
Decrease by 1%	25.86	18.72
Increase by 1%	30.57	15.64

C) Impact of change in withdrawal rate when base assumption is decreased/increased in Present value of obligation

In ₹ Million

Withdrawal rate	As at March 31, 2023	As at March 31, 2022
Decrease by 1%	23.93	16.94
Increase by 1%	23.44	17.16

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following are the expected benefit payments to the defined benefit plan in future years :

In ₹ Million

	As at March 31, 2023	As at March 31, 2022
Year ending March 31		
Within one year	6.55	2.06
After one year but not more than five years	20.09	3.27
After five years but not more than ten years	44.05	7.92
Beyond 10 years	-	-
Total expected payments	**70.69**	**13.25**

Weighted average duration of the defined benefit plan obligation (based on discounted cash flows using mortality, withdrawal and interest rate) is in the range of 10.96- 20.90 years (March 31, 2022: 9.47- 17.29 years).

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41. Contingent liabilities

In ₹ Million

	As at March 31, 2023	As at March 31, 2022
Claims against the Group not acknowledged as Debts - to the extent ascertained **[Refer note a]**	1,096.00	1,124.34
Guarantees given by Group's Bankers on behalf of the Group, against sanctioned guarantee limit of ₹ 7,350 million (March 31, 2022: ₹ 7,250 million) for contracts undertaken by the Group are secured by extension of charge by way of joint hypothecation of stock-in-trade, stores and spares etc., book debts, subject to prior charge in their favour.	3,437.88	3,372.64
Excise/Service tax demands - matters under dispute* **[Refer note c]**	141.27	130.10
Customs demands - matters under dispute* **[Refer note d]**	55.73	50.97
Sales tax demands - matters under dispute **[Refer note e]**	0.60	0.60
Income tax demands - matters under dispute **[Refer note f]**	190.33	190.33
Others **[Refer note b]**	-	33.67

* Excludes Interest and Penalty

(a) Includes:
- contingent liability to employees
- One of the subsidiaries is in the process of setting-up manufacturing facility at Additional Jejuri Industrial Area, MIDC, Jejuri, District Pune. MIDC had approved the building construction plan on March 9, 2021 and has specified a condition to commence construction within a period of 1 year. MIDC had given the time limit for obtaining building completion certificate/occupancy certificate and commencement of production till June 10, 2022. It has been further ammended and extended till 10th June, 2024. The Company has approached MIDC for further extension of the time limit for completion of contruction and commencement of activities and also paid the additional premium amounting to Rs. 789.37 Lakhs.

(b) The amount of claim is arbitral award passed by arbitrator against one of the subsidiary on May 10, 2019 in the matter of arbitration proceedings concerning termination of Share purchase agreement dated December 18, 2010 by the subsidiary, directing the subsidiary to pay ₹ 770.00 million to the claimant. In the opinion of the Group and the legal advisor, said award is biased and perverse. The subsidiary has filed an appeal against the said order in Delhi High court.

(c) Includes amount pertaining to incentive received under Government schemes, etc.

(d) Includes amount pertaining to classification differences of products etc.

(e) Includes amount pertaining to duty demand by authorities on non-taxable services and for non-receipt of various statutory forms, etc.

(f) Includes amount pertaining to matter relating to applicability of TDS.
- One of the subsidiary is contesting the demands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appeallate process. No tax expense has been accrued in the financial statements for the tax demand raised. the management based on its internal assessment and advice by its legal counsel believes that it is only possible/remote, but not probable, that the action will succeed.

Note : In cases where the amounts have been accrued, it has not been included above.

One of the subsidiary of the Group has entered into a factoring arrangement to discount its receivable balance. Accordingly, it has provided a guarantee amounting to EUR 2.80 million to cover the counterparty's risk in case of invoicing errors.

Deferred payment liabilities

Sales tax deferral incentives attached to the erstwhile windmill division, which was demerged to BF Utilities Limited (BFUL) under section 392 and 394 of the erstwhile Companies Act, 1956 sanctioned by the High Court of the Judicature at Mumbai, have been passed on thereafter from year to year by the Company to the latter, under an arrangement, with all liabilities and obligations attached thereto taken over completely by BFUL. The net liability outstanding of BFUL after such pass on amounts to ₹ Nil million (March 31, 2022: ₹ 45.12 million).

Refer notes 38 and 39 for contingent liabilities with respect to group's share in joint venture and associates

42. Capital and other commitments

In ₹ Million

	As at March 31, 2023	As at March 31, 2022
(a) Estimated value of contracts remaining to be executed on Property, plant & Equipment and not provided for, net of advances	5,928.64	1,851.02
(b) Commitment for investment in Avaada MHVidarbha Private Limited	-	113.75

The Group, for its newly set up plant located at Mambattu, Nellore, Andhra Pradesh for Manufacture of Aluminium Casting, has imported capital Goods under the Export Promotion Capital goods Scheme of the Government of India, at concessional rates of Duty on an undertaking to fulfil quantified exports. As at March 31, 2022 export obligation aggregates to USD 8.94 million (₹ 734.93 million), this is to be satisfied over a period of 6 years (Block year 1st to 4th year - 50% and 5th to 6th year - 50%) from December 14, 2018, while maintaining average export of USD Nil per annum, as specified. Non fulfilment of such future obligations, in the manner required, if any entails options / rights to the Government to levy penalties under the above referred scheme.

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43. Leases

A. Group as lessee

The Group has lease contracts for various items of buildings, leasehold land, plant and machinery, office equipments, electrical installation, furniture fixtures, vehicles and other equipment used in its operations. Leases of Buildings, leasehold land, plant and machinery generally have lease terms between 2 and 18 years, while motor vehicles and other equipment generally have lease terms between 2 and 6 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further mentioned below:

The Group also has certain leases of machinery, flats with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Below are the carrying amounts of right-of-use assets recognised and the movements during the period:

In ₹ Million

	Buildings	Plant and machinery	Office equipments	Electrical installations	Furniture and fixtures	Vehicles	Leasehold Land	Total
At April 1, 2021	883.88	1,737.60	22.02	5.50	5.26	66.95	139.89	2,861.11
Additions	297.49	379.49	19.03	-	-	182.74	3.32	882.07
Addition due to acquisition	1.61	-	-	-	-	-	329.60	331.21
Depreciation	(185.31)	(216.36)	(16.70)	-	-	(51.94)	(6.16)	(476.47)
Deletions	-	-	(0.18)	(5.50)	(5.26)	(8.35)	-	(19.29)
Foreign Currency Translation Reserve	21.26	(94.05)	9.05	-	-	15.95	4.70	(43.09)
As at March 31, 2022	**1,018.93**	**1,806.68**	**33.22**	**0.00**	**(0.00)**	**205.35**	**471.35**	**3,535.54**
Additions	241.83	1,440.44	-	-	-	104.03	104.23	1,890.53
Addition due to acquisition	53.14	20.45	-	-	-	-	76.18	149.77
Depreciation charged to profit and loss account	(142.49)	(185.28)	(9.34)	-	-	(87.75)	(6.31)	(431.17)
Depreciation capitalised	(14.89)	-	-	-	-	-	-	(14.89)
Deletions	(44.75)	-	(0.13)	-	-	(5.77)	-	(50.65)
Foreign Currency Translation Reserve	17.45	4.68	2.89	-	-	7.87	-	32.89
As at March 31, 2023	**1,129.22**	**3,086.97**	**26.64**	**-**	**-**	**223.73**	**645.45**	**5,112.02**

Below are the carrying amounts of lease liabilities and the movements during the period:

In ₹ Million

	Year ended March 31, 2023	Year ended March 31, 2022
Opening balance	3,170.88	2,752.85
Additions on acquisition	57.49	-
Additions	1,795.45	758.76
Disposal	(55.32)	-
Accretion of Interest	276.07	232.15
Payments	(644.91)	(579.81)
Foreign Currency Translation Reserve	9.38	6.93
Closing balance	**4,609.04**	**3,170.88**
Current	447.27	335.72
Non - Current	4,161.77	2,835.16

*includes lease liabilities transferred from borrowings of Nil(March 31, 2022: ₹ Nil)

The maturity analysis of lease liabilities are disclosed in Note 55.

The effective interest rate for lease liabilities is between 8.40% to 9.85% for domestic entities and 1.90% to 4.4 % for Overseas entities with maturity between 2021-2029.

The following are the amounts recognised in profit or loss:

In ₹ Million

	Year ended March 2023	Year ended March 2022
Depreciation expense of right-of-use assets	431.17	476.47
Interest expense on lease liabilities	276.07	232.15
Expense relating to short-term leases and low value leases (included in Other expenses)	20.33	126.05
Total amount recognised in profit or loss	**727.57**	**834.67**

The Group had total cash outflows for leases of ₹ 644.91 million (March 31, 2022: ₹ 579.81 million). The Group also had non-cash additions to right-of-use assets and lease liabilities of ₹ 1,795.45 million (March 31, 2022: ₹ 758.76 million) and ₹ 2,071.52 million (March 31, 2022: ₹ 990.91 million) respectively.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised. (See note 35)

Below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

In ₹ Million

	Within five years	More than five years	Total
March 31, 2023			
Extension options expected not to be exercised	-	-	-
Termination options expected to be exercised	-	-	-
Obligations under leases not yet commenced	-	-	-
March 31, 2022			
Extension options expected not to be exercised	-	-	-
Termination options expected to be exercised	-	-	-
Obligations under leases not yet commenced	764.60	1,737.73	2,502.33

B. Group as a lessor

The Group has entered into agreements/arrangement in the nature of lease/sub-lease agreement with different lessees for the purpose of land. These are generally in the nature of operating lease. Period of agreements are generally for three years to ten years and cancellable with a notice of thirty days to six months and renewal at the options of the lessee/lessor.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

In ₹ Million

	Year ended March 31, 2023	Year ended March 31, 2022
Within one year	85.72	33.52
After one year but not more than five years	268.96	60.67
More than five years	76.01	31.17
Total	**430.69**	**125.36**

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44. Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a net debt equity ratio, which is net debt divided by equity. The Group's policy is to keep the net debt equity ratio below 1.00. The Group includes within its borrowings net debt and interest-bearing loans less cash and cash equivalents.

Particulars	**As at March 31, 2023**	**As at March 31, 2022**
Borrowings	68,523.33	56,545.38
Less: Cash and other liquid assets	30,016.56	26,025.03
Net debt	38,506.77	30,520.35
Equity	**66,597.78**	**65,706.74**
Net debt / equity Ratio	0.58	0.46

45. Loans and advances in the nature of loans given to associates /companies in which directors are interested

In ₹ Million

Particulars	**As at March 31, 2023**	**As at March 31, 2022**
Ferrovia Transrail Solutions Private Limited (upto February 28, 2023)*		
Balance outstanding as at March 31	NA	136.56
Maximum amount outstanding during the year	-	181.72
Saarloha Advanced Materials Private Limited**		
Balance outstanding as at March 31	1,350.00	1,350.00
Maximum amount outstanding during the year	1,350.00	1,350.00
Aeron Systems Private Limited ***		
Balance outstanding	-	8.00
Maximum amount outstanding during the year	8.00	8.00
Refu Drive GmbH @		
Balance outstanding	89.67	83.90
Maximum amount outstanding during the year	89.67	83.90

*Ferrovia Transrail Solutions Private Limited has become a subsidiary via 49% acquisition through a wholly owned subsidiary, BF Infrastructure Limited w.e.f February 28, 2023.

**Short term advance converted into a long term advance for a period of 4 years.

***Receivable after 1 year from the date of disbursement of loan. It can be repaid earlier than the maturity, based on mutual understanding.

@ term loan with bullet repayment at the end of 2 years, interest payable at the end of the loan term.

$ Receivable after 1 year from the date of disbursement of loan. It can be repaid earlier than the maturity, based on mutual understanding.

Loans and advances in the nature of loans granted to promoters, directors, key managerial personnel (KMP's) and other related parties either severally or jointly with any other person that are:

a) Repayable on demand or

b) without specifying any terms or period of repayment

In ₹ Million

	March 31, 2023		**March 31, 2022**	
Type of Borrower	**Amount of loan or advances in the nature of loan outstanding**	**% of total loans and Advances in the nature of loans**	**Amount of loan or advances in the nature of loan outstanding**	**% of total loans and Advances in the nature of loans**
Promoters	-	-	-	-
Directors	-	-	-	-
KMP's	-	-	0.48	0.03%
Related Party	-	-	-	-

Note: There are no investments by the loanee in the shares of the holding company and subsidiary company, when the respective company has made a loan or advance in the nature of loan.

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46. Business combinations and acquisition of non-controlling interests

Acquisition of Ferrovia Transrail Solutions Private Limited

The Group was holding 49% interest in Ferrovia Transrail Solutions Private Limited (FTSPL), investment through wholly owned subsidiary till March 2, 2023 and post acquisition of equity shares, the Group holds 100% interest in FTSPL as at March 31, 2023. FTSPL is involved in carrying out the project of design, procurement, construction of railway track and railway track related work.

The Company through its wholly owned subsidiary BF Infrastructure Limited has acquired Ferrovia Transrail Solutions Private Limited ("FTSPL") on March 2, 2023 for a consideration of ₹ 2.10 million.

The Company has calculated the fair value of the acquired assets and liabilities on a provisional basis in accordance with Ind AS 103 Business Combinations resulting in goodwill of ₹ 19.38 million.

	(In ₹ Million)
	As at March 2, 2023
Assets	
Property, plant and equipment	-
Intangibles assets	-
Right of Use assets	-
Cash and cash equivalents	0.19
Trade receivables	118.86
Inventories	0.00
Financial Assets (Non-current)	
Financial Assets (Current)	0.01
Other Assets	5.36
	124.42
Liabilities	
Trade payables	0.24
Other Financial liabilities	0.02
Other Current liabilities	0.00
Provisions (Non-current)	0.05
Provisions (Current)	0.00
Borrowings	141.32
	141.63
Total identifiable net assets / (liabilities) at fair value	(17.22)
Non-controlling interest measured at fair value	-
Goodwill arising on acquisition	19.32
Purchase consideration transferred	**2.10**

None of the trade receivables is credit impaired and it is expected that the full contractual amounts can be collected.

	(In ₹ Million)
Particulars	**Amount**
Purchase Consideration	2.10
Less: Net Cash acquired in business Combination	(0.19)
Net Cashflow on acquisition	**1.91**

Acquisition of JS Auto Cast Foundry Private Limited

The Group through its wholly owned subsidiary BF Industrial Solutions Limited (BFISL) has acquired 100% stake in JS Auto Cast Foundry Private Limited ("JS Auto") a Coimbatore based casting and machining Company on July 1, 2022 for a consideration of ₹ 3,460.98 million.

The Group has calculated the fair value of the acquired assets and liabilities on a provisional basis in accordance with Ind AS 103 Business Combinations resulting in goodwill of ₹ 2,433.34 million. The goodwill is mainly attributable to the synergies expected to be achieved from integrating the company into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

For the nine month ended March 31, 2023, JS Auto contributed revenue of ₹ 3,449.26 million and profit of ₹ 178.75 million to the Group's results. If the acquisition had occured on April 1, 2022, mamagement estimates that the consolidated revenue for the Group would have been higher by ₹ 930.60 million and the profit after taxes would have been lower by ₹ 73.99 million for twelve months ended March 31,2023.

On December 31, 2022, J S Auto Cast Foundry India Private Limited (“JS Auto”), step-down subsidiary of the Company has entered into Business Transfer Agreement with Indo Shell Mould Limited (“ISML”) for acquiring their SEZ Unit in SIPCOT, Erode which supplies fully machined critical castings to marquee customers in the automotive industry. The closing of the transaction is subject to customary conditions and regulatory approvals.

	(In ₹ Million)
	As at July 1, 2022
Assets	
Property, plant and equipment	1,905.89
Intangibles assets	3.86
Right of Use assets	149.78
Cash and cash equivalents	13.68
Trade receivables	743.09
Inventories	534.59
Financial Assets (Current)	1.75
Other Assets	186.90
	3,539.54
Liabilities	
Trade payables	936.90
Other Financial liabilities	193.01
Other Current liabilities	79.12
Provisions (Non-current)	238.41
Provisions (Current)	58.63
Borrowings	1,005.81
	2,511.88
Total identifiable net assets at fair value	**1,027.66**
Non-controlling interest measured at fair value	-
Goodwill arising on acquisition	2,433.32
Purchase consideration	**3,460.98**

None of the trade receivables is credit impaired and it is expected that the full contractual amounts can be collected.

	(In ₹ Million)
Particulars	**Amount**
Purchase Consideration	3,460.98
Less: Net Cash acquired in business Combination	(13.68)
Net Cashflow on acquisition	**3,447.30**

Acquisition of BF Industrial Technology and Solutions Limited

During the previous year, BF Industrial Solutions Limited (BFISL, formerly known as Nouveau Power and Infrastructure Private Limited), a wholly owned subsidiary of Bharat Forge Limited acquired 100% interest in BF Industrial Technology and Solutions Limited (formerly known as Sanghvi Forging and Engineering Limited (SFEL)) along with its wholly owned subsidiary Sanghvi Europe B.V., on June 28, 2021 for a consideration of ₹770.65 million. BFITSL is engaged in the manufacturing of heavy forging for industrial applications.

SFEL, was admitted under Corporate Insolvency Resolution Process under The Insolvency Bankruptcy Code, 2016 ('IBC') of India. The National Company Law Tribunal (NCLT) vide its order dated April 26,2021, approved the Resolution Plan, for acquiring controlling stake in SFEL, pursuant to which, the Company has acquired SFEL through BFISL. The effective date for the transfer of the said business was agreed to be 28th June, 2021. As part of the Business Transfer Agreement (BTA) the sellers transferred running business and assumed assets and intangibles including the customer list.The fair values of the identifiable assets acquired and liabilities assumed of BF Industrial Technology and Solutions Limited (formerly known as Sanghvi Forging and Engineering Limited) as at the date of acquisition were:

	(In ₹ Million)
	As at June 28, 2021
Assets	
Property, plant and equipment	518.15
Intangibles assets	0.96
Right of Use assets	329.60
Cash and cash equivalents	18.08
Trade receivables	78.90
Inventories	75.71
Financial Assets (Non-current)	16.73
Financial Assets (Current)	1.02
Other Assets	21.84
	1,060.99
Liabilities	
Trade payables	154.71
Other Financial liabilities	8.47
Other Current liabilities	62.96
Provisions (Non-current)	7.42
Provisions (Current)	56.78
Borrowings	
	290.34
Total identifiable net assets at fair value	**770.65**
Non-controlling interest measured at fair value	-
Goodwill arising on acquisition	-
Purchase consideration transferred	**770.65**

None of the trade receivables is credit impaired and it is expected that the full contractual amounts can be collected.

	(In ₹ Million)
Particulars	**Amount**
Purchase Consideration	770.65
Less: Net Cash acquired in business Combination	(18.08)
Net Cashflow on acquisition	**752.57**

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46. Business combinations and acquisition of non-controlling interests (contd.):

Acquisition of Tork Motors Private Limited

The Group was holding 48.86 % interest in Tork Motors Private Limited ('TMPL') till November 21, 2021. On November 22, 2021, Kalyani Powertrain Private Limited, wholly owned subsidiary of Bharat Forge Limited converted the Zero Coupon Optionally Convertible Debentures held in TMPL, into equity shares, amounting to ₹ 400 million. Pursuant to this conversion, Group's stake in TMPL's equity shares has increased to 60.66% (on fully diluted basis). Consequently, Tork and its subsidiary Lycan Eletric Private Limited have became a subsidiaries w.e.f. November 22, 2021.

The Group has calculated the fair value of the acquired assets and liabilities in accordance with Ind AS 103 Business Combinations

The fair values of the identifiable assets acquired and liabilities assumed of Tork Motors Private Limited as at the date of acquisition were:

(In ₹ Million)

	As at Nov 22, 2021
Assets	
Property, plant and equipment	57.64
Capital work-in-progress	100.39
Right of use of Asset	1.61
Goodwill	1.97
Intangibles assets	232.69
Other non-current assets	64.61
Investments	272.90
Cash and cash equivalents	11.08
Trade receivables	1.91
Inventories	13.21
Financial Assets	0.75
Other Assets	10.57
	769.33
Liabilities	
Borrowings	31.02
Trade payables	15.38
Lease liabilities	1.74
Other Financial liabilities	-
Other Current liabilities	22.25
Provisions	4.64
	75.03
Total identifiable net assets at fair value	**694.30**
Non-controlling interest measured at fair value	247.93
Goodwill arising on acquisition	452.44
Purchase consideration transferred	**700.37**

None of the trade receivables is credit impaired and it is expected that the full contractual amounts can be collected.

(In ₹ Million)

Particulars	**Amount**
Purchase Consideration	700.37
Less: Net Cash acquired in business Combination	(11.08)
Net Cashflow on acquisition	689.29

47. Disclosures required under Sec 186(4) of the Companies Act, 2013

Name of the loanee	Purpose	Rate of Interest (p.a.)	Year ended March 31, 2023	Year ended March 31, 2022
Aeron Systems Private Limited*	General corporate purpose	8.00%	-	8.00
Saarloha Advanced Materials Private Limited**	General corporate purpose	8.25%	1,350.00	1,350.00
Refu Drive GmbH @	General corporate purpose	2.00%	92.13	83.90

*was receivable after 1 year, one bullet payment along with interest at the end of the term.

**Short term advance converted into a long term advance for a period of 4 years.

@ term loan with bullet repayment at the end of 2 years, interest payable at the end of the loan term.

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48. Related party disclosures

(i) Names of the related parties and related party relationship

Related parties with whom transactions have taken place during the period.	
Associates	Tork Motors Private Limited (Upto November 21, 2021) TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited) (Upto November 8, 2021) Tevva Motors Limited, (Upto November 8,2021) Hospet Bellary Highways Private Limited (Upto January 12, 2021) TMJ Electric Vehicles Limited Avaada MHVidarbha Private Limited Talbahn GmbH Aeron Systems Private Limited (upto February 23, 2023) Ferrovia Transrail Solutions Private Limited (Upto March 02, 2023)
Joint Ventures	BF NTPC Energy Systems Limited, India (under liquidation) REFU Drive GmbH, Germany
Joint venture of a subsidiary	BF Premier Energy Systems Private Limited
Subsidiaries/associates of associates	Lycan Electric Private Limited, India (upto November 21, 2021) Tevva Motors Limited, UK (upto November 8, 2021)*
Subsidiary of Joint Venture	REFU Drive India Private Limited, India
Other related parties	Kalyani Steels Limited BF Utilities Limited Khed Economic Infrastructure Private Limited Kalyani Maxion Wheels Private Limited Automotive Axles Limited, India Kalyani Cleantech Private Limited United Metachem Private Limited Harmony Electoral Trust Saarloha Advanced Materials Private Limited Nandi Economic Corridor Enterprises Limited Baramati Speciality Steels Limited Kalyani Technoforge Limited Elbit Systems Land Ltd Elbit Systems Land and C4I Limited (w.e.f. April 1, 2019) Kalyani Transmission Technologies Private Limited KGEPL Engineering Solutions Private Limited Astra Rafael Comsys Pvt Ltd Aeternus, India Kalyani Technoweld Private Limited Kalyani Medicomp Private Limited (formerly Kalyani Additives Private Limited) Kalyani Strategic Management Services Limited (formerly Kalyani Technologies Limited) KTMS Properties Company Private Limited KSMS Technologies Solutions Private Limited (formerly known as Kalyani Global Engineering Private Limited) Inmate Technology Solutions Private Limited Institute for Prostate Cancer, India Govalkonda Trading Company Private Limited Purandhar Trading Company Private Limited Rayagad Trading Company Private Limited Growth Spurt Consultant LLP, India Vishalgad Trading Company Private Limited Akutai Kalyani Charitable Trust Tirupati Engineers, India Tirupati Enterprises M J Risbud & Co., India H M Risbud & Co., India Irbaris LLP,UK Siddtech Enterprises SBK Charitable Trust Radium Merchandise Private Limited
Minority holders	Elbit Systems Land and C4I Limited, Israel Rafael Advanced Defence Systems Limited Mr. Rahul Pangare, India Mr. Vyankoji Shinde, India
Joint venture partners	NTPC Limited, India Premier Explosives Limited, India REFU Elektronik GmbH, Germany

*Refer Note 39 (3)

48. Related party disclosures (contd.)
(i) Names of the related parties and related party relationship

Key management personnel (including subsidiaries/associates/joint ventures and their subsidiaries)	Mr. B. N. Kalyani (Chairman and Managing Director) Mr. A. B. Kalyani (Executive Director and Deputy Managing Director) Mr. G. K. Agarwal (Deputy Managing Director) Mr. B. P. Kalyani (Executive Director) Mr. S. E. Tandale (Executive Director) Mr. K. M. Saletore (Executive Director & CFO) Ms. T. R. Chaudhari (Company secretary) Mr. P. G. Pawar (Independent Director) Mr. S. M. Thakore (Independent Director) (Upto 12th November 2021) Mrs. L. D. Gupte (Independent Director) Mr. P. H. Ravikumar (Independent Director) Mr. P. C. Bhalerao (Independent Director) (Upto 12th November 2021) Mr. V. R. Bhandari (Independent Director) Mr. Dipak Mane (Independent Director) Mr. Murali Sivaraman (Independent Director) Mr. Kanwar Bir Singh Anand (w.e.f 27th June 2022) Mrs. Sonia Singh (w.e.f 27th June 2022)
Relatives of key management personnel	Smt. S. N. Kalyani Mr. G. N. Kalyani Mrs. R. G. Kalyani Ms. S. G. Kalyani Mr. V. G. Kalyani Mrs. A. G. Agarwal Smt. V. E. Tandale Mrs. S. S. Tandale Mr. P. S. Kalyani Mrs. V. B. Kalyani Ms. A. K. Saletore Mrs. S. J. Hiremath Ms. Neeraja Puranam Mrs. A. P. Kore Mrs. Deeksha Amit Kalyani
Post employment benefit trust	Bharat Forge Company Limited Staff Provident Fund Bharat Forge Company Limited Employees Group Gratuity Fund Bharat Forge Company Limited Officers Group Gratuity Fund Bharat Forge Company Limited Officers Superannuation Scheme Kalyani Powertrain Ltd Employee's Group Gratuity Cash Accumulation Scheme

Transactions and balances less than 10% of the total transactions and balances disclosed as "Others"
*Refer Note 39 (3)

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48. Related party disclosures (contd.)
(ii) Related party transactions

(In ₹ Million)

Sr. no.	Nature of transaction	Name of the related parties and nature of relationship	Year ended March 31, 2023	Year ended March 31, 2022
1	**Purchase of raw materials, components, stores, spares and traded goods**	**Associate**		
		Aeron Systems Private Limited	1.60	-
			1.60	**-**
		Other related parties		
		Kalyani Steels Limited	6,097.97	5,132.78
		Saarloha Advance Material Private Limited	15,584.14	11,844.51
		Inmate Technology Solutions Private Limited	1.17	-
		Kalyani Technoforge Limited	412.31	1,504.20
		Others	97.90	89.69
			22,193.49	18,571.18
		Joint venture		
		Refu Drive GMBH	41.03	2.84
			41.03	**2.84**
		Joint Venture Partners		
		REFU Elektronik GmbH	-	8.83
			-	**8.83**
		Minority holders		
		Rafael Advanced Defence Systems Limited	264.91	374.43
			264.91	**374.43**
			22,501.03	**18,957.29**
2	**Purchase of services**	**Other related parties**		
		Kalyani Strategic Management Services Limited	2.00	-
		Others	1.50	
			3.50	**-**
3	**Other expenses - Power, fuel and water**	**Other related parties**		
		BF Utilities Limited	31.79	143.47
		Avaada MHVidarbha Private Limited	23.39	-
			55.18	**143.47**
	- Machining / subcontracting charges	**Subsidiary of a Joint venture**		
		Refu Drive India Private Limited	-	2.50
			-	**2.50**
		Other related parties		
		Kalyani Technoforge Limited	76.13	82.49
		Kalyani Transmission Tecnologies Private Limited	25.49	68.40
		Baramati Speciality Steels Limited	3.63	9.30
		Others	1.31	0.67
			106.56	**160.86**
			106.56	**163.36**
	-Rent*	**Other related parties**		
		United Metachem Private Limited	10.01	9.60
		KTMS Properties Company Private Limited	18.71	20.07
		Tirupati Engineers	2.03	2.03
		Others	4.06	3.84
			34.81	**35.55**
	- Donations	**Other related parties**		
		SBK Charitable Trust	-	25.00
			-	**25.00**
	-Directors' fees and travelling expenses	**Key management personnel**		
		Mr. P. G. Pawar	0.58	0.70
		Mr. S. M. Thakore	-	0.41
		Mrs. L. D. Gupte	0.43	0.28
		Mr. P. H. Ravikumar	0.66	0.56
		Mr. P. C. Bhalerao	-	0.48
		Mr. V. R. Bhandari	0.76	0.41
		Mr. Dipak Mane	1.75	0.28
		Mr. Kanwar Bir Singh Anand	0.36	-
		Mrs. Sonia Singh	0.37	-
		Mr. Murali Sivaraman	0.46	0.28
			5.37	**3.40**
	-Commission to directors other than managing and whole time directors	**Key management personnel**		
		Mr. P. G. Pawar	1.44	1.40
		Mr. S. M. Thakore	-	0.60
		Mrs. Lalita D. Gupte	0.56	0.55
		Mr. P. H. Ravikumar	1.13	1.10
		Mr. P. C. Bhalerao	-	0.70
		Mr. Vimal Bhandari	1.38	0.80
		Mr. Dipak Mane	0.75	1.00
		Mr. Murali Sivaraman	0.63	0.80
		Mr. Kanwar Bir Singh Anand	0.38	-
		Mrs. Sonia Singh	0.38	-
			6.65	**6.95**

* The lease arrangements which have been considered for Ind AS 116 disclosures in note no. 43 and taken to right-of-use assets has been considered in rent expenses for disclosing actual transactions with related parties.

48. Related party disclosures (contd.)
(ii) Related party transactions

(In ₹ Million)

Sr. no.	Nature of transaction	Name of the related parties and nature of relationship	Year ended March 31, 2023	Year ended March 31, 2022
3	**Other expenses (contd:)**			
	- Legal and professional fees	**Other related parties**		
		Kalyani Strategic Management Services Limited	261.78	162.59
		M J Risbud & Co.	0.22	0.15
		H M Risbud & Co.	0.11	0.08
		Others	35.67	0.02
			297.78	**162.84**
	- Repairs and maintenance	**Other related parties**		
		Kalyani Technoforge Limited	-	21.17
		KTMS Properties Company Private Limited	13.70	9.51
		Others	-	0.04
			13.70	**30.72**
	- CSR expenditure	**Other related parties**		
		Kalyani Cleantech Private Limited	-	**0.19**
		Kalyani Strategic Management Services Limited (formerly Kalyani Technologies Limited)	-	**0.69**
			-	**0.88**
	- Miscellaneous expenses	**Other related parties**		
		Kalyani Strategic Management Services Limited	164.94	116.26
		Rafael Advanced Defence Systems Limited	-	8.60
		Kalyani Technoforge Limited	7.99	
		Others	11.20	-
			184.13	**124.86**
		Joint Venture		
		BF Premier Energy Systems Private Limited	0.06	-
			0.06	**-**
		Minority Holders		
		Rafael Advanced Defense Systems Limited	13.30	-
			13.30	**-**
			717.54	**697.03**
4	**Sale of goods, raw materials, stores and spares, manufacturing scrap and tooling income (net of returns,rebate etc.)**	**Associates**		
		Aeron Systems Private Limited	-	56.08
			-	**56.08**
		Joint Venture Partners		
		REFU Elektronik GmbH	-	37.36
			-	**37.36**
		Other related parties		
		Saarloha Advanced Materials Private Limited	2,876.05	2,572.47
		Automotive Axles Limited	410.96	281.27
		Other	42.29	34.09
			3,329.30	**2,887.83**
		Minority holders		
		Rafael Advanced Defence Systems Limited	1,197.79	592.47
			1,197.79	**592.47**
			4,527.09	**3,573.74**
5	**Sale of services**	**Other related parties**		
		Automotive Axles Limited	182.24	114.02
		Saarloha Advanced Materials Private Limited	70.76	57.71
		Kalyani Technoforge Limited	35.79	1.90
		Others	0.01	0.17
			288.80	**173.80**
		Joint Venture Partners		
		REFU Elektronik GmbH	-	49.73
			-	**49.73**
		Minority holders		
		Rafael Advanced Defence Systems Limited	20.08	18.19
			20.08	**18.19**
			308.88	**241.72**
6	**Sale of property, plant & equipment**	**Minority holders**		
		Rafael Advanced Defence Systems Limited	4.05	-
			4.05	**-**
7	**Other income**	**Other related parties**		
	-Rent*	Kalyani Additives Private Limited	14.06	12.33
		Baramati Speciality Steels Limited	3.93	3.15
		Kalyani Technoforge Limited	20.07	-
		Nandi Economic Corridor Enterprises	2.49	2.49
		Kalyani Maxion Wheels Limited	0.05	0.05
			40.60	**18.02**

48. Related party disclosures (contd.)
(ii) Related party transactions

(In ₹ Million)

Sr. no.	Nature of transaction	Name of the related parties and nature of relationship	Year ended March 31, 2023	Year ended March 31, 2022
	-Management Consultancy Services	**Associates**		
		Ferrovia Transrail Solutions Private Limited	-	1.01
			-	**1.01**
	-Miscellaneous Income	**Associates**		
		Ferrovia Transrail Solutions Private Limited	-	18.50
			-	**18.50**
		Minority Holders		
		Rafael Advanced Defense Systems Limited	1.88	-
			1.88	-
		Other related parties		
		Kalyani Technoforge Limited	1.86	25.35
		Kalyani Steels Limited	-	1.41
			1.86	**26.76**
			3.74	**45.26**
			44.34	**64.28**

* The lease arrangements which have been considered for Ind AS 116 disclosures in note no. 43 and taken to right-of-use assets has been considered in rent expenses for disclosing actual transactions with related parties.

Sr. no.	Nature of transaction	Name of the related parties and nature of relationship	March 31, 2023	March 31, 2022
8	**Purchase of property, plant and equipment (including CWIP)**	**Other related parties**		
		Kalyani Technoforge Limited	-	48.77
		Kalyani Strategic Management Services Limited	-	22.44
		Elbit Systems Land Ltd	-	20.34
		Kalyani Cleantech Private Limited	-	1.11
		Others	3.97	1.55
			3.97	**94.21**
9	**Finance provided:**	**Other related parties**		
	- Investments by Group	Khed Economic Infrastructure Private Limited (includes fair valuation impact)	162.74	235.68
			162.74	**235.68**
		Associates		
		Aeron Systems Private Limited	137.18	-
		Avaada MHVidarbha Private Limited	113.75	-
		Others	0.20	
			251.13	**-**
			413.87	**235.68**
	- Loan given	**Associates**		
		Aeron Systems Private Limited	-	28.00
		Ferrovia Transrail Solutions Private Limited	-	1.52
			-	**29.52**
		Joint Ventures		
		REFU Drive GmbH	-	86.40
			-	**86.40**
		Other related party		
		Kalyani Technoforge Limited	-	1.10
		Others	0.25	0.50
			0.25	**1.60**
			0.25	**117.53**
			414.12	**353.21**
10	**Sale/Transfer of Investment**	**Associates**		
		Aeron Systems Private Limited	137.18	-
			137.18	-
11	**Interest income**	**Associates**		
		TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)	-	38.12
		Tork Motors Private Limited (upto November 08, 2021)	-	3.51
		Aeron Systems Private Limited	0.63	0.41
			0.63	**42.04**
		Joint Ventures		
		REFU Drive GmbH	2.45	0.65
			2.45	**0.65**
		Other related party		
		Saarloha Advanced Materials Private Limited	111.38	111.38
			111.38	**111.38**
			114.46	**154.07**

48. Related party disclosures (contd.)
(ii) Related party transactions

(In ₹ Million)

Sr. no.	Nature of transaction	Name of the related parties and nature of relationship	Year ended March 31, 2023	Year ended March 31, 2022
12	**Capital advance given**	**Associate**		
		Aeron Systems Private Limited	-	0.47
			-	**0.47**
		Other related party		
		Khed Economic Infrastructure Private Limited	-	1,235.27
		Kalyani Technoforge Limited	-	17.05
		KSMS Technologies Solutions Private Limited (formerly known as Kalyani Global Engineering Private Limited)	44.71	
		Kalyani Cleantech Private Limited	-	0.37
			44.71	**1,252.69**
			44.71	**1,253.16**
13	**Advance from customers**	**Minority holders**		
		Rafael Advanced Defence Systems Limited	326.61	28.30
			326.61	**28.30**
		Other related party		
		Astra Rafael Comsys Pvt Ltd	2.34	-
			2.34	-
		Joint venture partners		
		REFU Elektronik GmbH	-	12.14
			-	**12.14**
			328.95	**40.44**
14	**Advance given to vendors**	**Other related parties**		
		Kalyani Cleantech Private Limited	-	32.87
		Others	-	4.96
			-	**37.83**
		Joint Venture		
		Refu Drive GmbH, Germany	31.97	-
			31.97	**-**
			31.97	**37.83**
15	**Managerial remuneration * @**	**Key management personnel (Short-term employment benefits)**		
		Mr. B. N. Kalyani	200.45	147.38
		Mr. A. B. Kalyani	47.15	41.46
		Mr. G. K. Agarwal	45.10	43.25
		Mr. S. E. Tandale	47.41	28.91
		Mr. B. P. Kalyani	43.03	27.05
		Mr. K. M. Saletore	31.31	23.35
		Ms. T. R. Chaudhari	4.29	3.76
		Others	-	48.65
			418.74	**363.81**

* As post-employment obligations and other long-term employee benefits obligation are computed for all employees in aggregate, the amounts relating to key management personnel cannot be individually computed and hence are not included in the above.

Sr. no.	Nature of transaction	Name of the related parties and nature of relationship	March 31, 2023	March 31, 2022
16	**Dividend paid**	**Key management personnel**		
		Mr. B. N. Kalyani	0.55	0.25
		Mr. A. B. Kalyani	4.90	2.21
		Mr. G. K. Agarwal	0.03	0.02
		Mr. B. P. Kalyani	0.05	0.02
		Mr. K. M. Saletore #	0.01	0.00
		Mr. S. M. Thakore	-	0.09
		Mr. P. H. Ravikumar	0.05	0.02
			5.59	**2.61**
		Relatives of key management personnel		
		Mr. G. N. Kalyani	4.83	2.17
		Others	1.13	0.07
			5.96	**2.24**
			11.55	**4.85**
17	**Repayment of loan given**	**Associate**		
		Aeron Systems Private Limited	58.00	20.00
		Ferrovia Transrail Solutions Private Limited	-	63.86
			58.00	**83.86**
		Other related parties		
		Others	0.79	0.02
			0.79	**0.02**
			58.79	**83.88**

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48. Related party disclosures (contd.)
(ii) Related party transactions

(In ₹ Million)

Sr. no.	Nature of transaction	Name of the related parties and nature of relationship	Year ended March 31, 2023	Year ended March 31, 2022
18	Loan taken	**Joint venture partners**		
		REFU Elektronik GmbH	-	86.77
			-	**86.77**
		Other related parties		
		Kalyani Technoforge Limited	-	9.36
			-	**9.36**
			-	**96.13**
19	Finance cost	**Joint venture partners**		
		REFU Elektronik GmbH	-	0.69
			-	**0.69**
		Other related parties		
		Kalyani Technoforge Limited	-	0.05
		Givia Pty Ltd ATF Yajilaara Trust	-	14.25
			-	**14.30**
			-	**14.98**
20	Repayment of loan taken	**Other related parties**		
		Kalyani Technoforge Limited	-	9.36
			-	**9.36**
			-	**9.36**
21	Reversal of provision for diminution in value of investment	**Associates and subsidiaries of associates**		
		TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)	-	1,499.62
			-	**1,499.62**
		Joint Venture		
		BF Premier Energy Systems Private Limited	1.20	-
			1.20	**-**
			1.20	**1,499.62**
22	Contributions paid *	**Post employment benefit trusts**		
		Provident fund		
		Bharat Forge Company Limited Staff Provident Fund	266.08	245.28
			266.08	**245.28**
		Gratuity fund		
		Bharat Forge Company Limited Employees Group Gratuity fund	32.58	43.10
		Kalyani Powertrain Ltd Employee's Group Gratuity Cash Accumulation Scheme	5.28	
		Bharat Forge Company Limited Officer’s GroupGratuity fund	78.05	68.90
			115.91	**112.00**
		Superannuation fund		
		Bharat Forge Company Limited Officer’s Superannuation scheme	16.59	17.80
			16.59	**17.80**
			398.58	**375.08**
23	Share based Payment	**Key management personnel**		
		Mr P Risbud	-	1.37
			-	**1.37**

@ Does not include gratuity and leave encashment since the same is considered for all employees of the Company as a whole.
* The above disclosure does not include on behalf payments done by any related parties to each other. For closing balances of above employee benefit trusts refer note 40.

** During the previous year the Company has acquired 331,292 shares of TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited), pursuant to the conversion of the Convertible Loan Note ("CLN"). CLN was classified as an equity instrument in prior years and hence there is no impact of this conversion on the financial statements.

less than 0.1 million

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48. Related party disclosures (contd.)

(iii) Balance outstanding as at the year end

(In ₹ Million)

Sr. no.	Nature of Balances	Name of the related party and nature of relationship	As at March 31, 2023	As at March 31, 2022
1	**Trade payables**	**Other related parties**		
		Saarloha Advance Material Private Limited [Refer note 22]**	2,567.57	2,247.54
		Kalyani Steels Limited* [Refer note 22]	1,162.44	1,112.28
		Kalyani Cleantech Private Limited	1.06	-
		Kalyani Technoforge Limited	118.28	921.44
		Kalyani Strategic Management Services Limited	77.34	81.80
		Others	21.99	18.46
			3,948.68	**4,381.52**
		Associates and subsidiaries of associates		
		Avaada MHVidarbha Private Limited	7.76	
			7.76	-
		Joint Venture		
		Refu Drive Gmbh	9.79	-
			9.79	-
		Subsidiary of a Joint venture		
		Refu Drive India Private Limited	-	0.97
			-	**0.97**
		Joint Venture Partners		
		REFU Elektronik GmbH	-	0.19
			-	**0.19**
		Minority holders		
		Rafael Advanced Defence Systems Limited	231.21	379.84
			231.21	**379.84**
			4,197.44	**4,762.51**
2	**Trade receivable**	**Other related parties**		
		Saarloha Advanced Materials Private Limited	924.43	771.10
		Automotive Axles Limited	203.95	155.05
		Kalyani Technoforge Limited	17.93	
		Others	49.13	59.94
			1,195.44	**986.09**
		Joint Venture Partners		
		REFU Elektronik GmbH	-	2.66
			-	**2.66**
		Minority holders		
		Rafael Advanced Defence Systems Limited	444.34	295.85
			444.34	**295.85**
		Associates		
		Aeron Systems Private Limited	20.00	54.25
			20.00	**54.25**
			1,659.78	**1,338.85**
3	**Receivable for property, plant**	**Minority holders**		
		Rafael Advanced Defence Systems Limited	4.05	-
			4.05	-
4	**Payables for capital goods**	**Other related parties**		
		Kalyani Cleantech Private Limited	0.49	2.63
			0.49	**2.63**
5	**Non-current investments**	**Other related parties**		
		Khed Economic Infrastructure Private Limited (including fair value)	988.00	825.26
			988.00	**825.26**
		Joint ventures (net of accumulated share of loss)		
		BF NTPC Energy Systems Limited	33.64	
		Refu Drive GmbH	919.14	689.16
			952.78	**689.16**
		Associates (net of accumulated share of loss)		
		Avaada MHVidarbha Private Limited	113.75	-
		Talbahn GmbH	6.26	-
		Aeron Systems Private Limited	-	116.06
			120.01	**116.06**
			2,060.79	**1,630.48**
6	**Loans given**	**Associates**		
		Ferrovia Transrail Solutions Private Limited	-	136.56
		Aeron Systems Private Limited	-	8.00
			-	**144.56**
		Joint Ventures		
		REFU Drive GmbH	89.67	84.15
			89.67	**84.15**
		Other related parties		
		Kalyani Technoforge Limited	-	1.12
			-	**1.12**
			89.67	**229.82**

* Net of advance given amounting to ₹ 470 million (March 31, 2022 : ₹ 470 million)

** Net of advance given amounting to ₹ 250 million (March 31, 2022 : ₹ 250 million)

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48. Related party disclosures (contd.)
(iii) Balance outstanding as at the year end

Sr. no.	Nature of Balances	Name of the related party and nature of relationship	As at March 31, 2023	As at March 31, 2022
6	Loans taken	**Joint Venture Partners**		
		REFU Elektronik GmbH	-	84.66
			-	**84.66**
7	Security deposits given	**Other related parties**		
		BF Utilities Limited	200.00	200.00
		Kalyani Strategic Management Services Ltd (erstwhile Kalyani Technologies Ltd)	89.40	89.40
		Radium Merchandise Private Limited	-	25.00
		Others	39.71	14.71
			329.11	**329.11**
8	Advance to suppliers	**Other related parties**		
		Saarloha Advanced Materials Private Limited	1,350.00	1,350.00
		Others	0.06	-
			1,350.06	**1,350.00**
9	Interest accured	**Joint venture partners**		
		REFU Elektronik GmbH	-	0.42
		REFU Drive GmbH	2.45	-
			2.45	**0.42**
10	Advance from customers	**Other related parties**		
		Automotive Axles Limited	12.50	5.54
		Astra Rafael Comsys Pvt Ltd	2.34	6.23
			14.84	**11.77**
		Joint venture partners		
		REFU Elektronik GmbH	-	11.85
			-	**11.85**
		Minority holders		
		Rafael Advanced Defence Systems Limited	326.61	14.83
			326.61	**14.83**
			341.45	**38.45**
11	Capital advances	**Other related parties**		
		KGEPL Engineering Solutions Private Limited	21.48	21.48
		Khed Economic Infrastructure Private Limited	2,435.27	2,435.27
		Kalyani Global Engg. Pvt. Ltd.	44.71	-
			2,501.46	**2,456.75**
		Associates		
		Aeron Systems Private Limited	-	0.47
			-	**0.47**
			2,501.46	**2,457.22**
12	Managerial remuneration payable*	**Key management personnel (Short-term employment benefits)**		
		Mr. B. N. Kalyani	41.34	31.20
		Mr. A. B. Kalyani	3.18	2.40
		Mr. G. K. Agarwal	3.00	2.40
		Mr. S. E. Tandale	15.79	12.98
		Mr. B. P. Kalyani	14.75	10.03
		Mr. K. M. Saletore	6.83	8.84
		Others	-	15.21
			84.89	**83.06**
13	Commission to directors other than managing and whole time directors	**Relatives of directors and other directors**		
		Mr. P. G. Pawar	1.44	1.40
		Mr. S. M. Thakore	-	0.60
		Mrs. Lalita D. Gupte	0.56	0.55
		Mr. P. H. Ravikumar	1.13	1.10
		Mr. P. C. Bhalerao	-	0.70
		Mr. Vimal Bhandari	1.38	0.80
		Mr. Dipak Mane	0.75	1.00
		Mr. Murali Sivaraman	0.63	0.80
		Mr. Kanwar Bir Singh Anand	0.38	-
		Mrs. Sonia Singh	0.38	-
			6.65	**6.95**
14	Provision for diminution in value of Investment in	**Joint Ventures**		
		BF NTPC Energy Systems Limited	33.64	-
			33.64	**-**
15	Other payables	**Minority holders**		
		Rafael Advanced Defense Systems Limited	-	19.46
			-	**19.46**

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48. Related party disclosures (contd.)

(iii) Balance outstanding as at the year end

Notes

* Does not include gratuity and leave encashment since the same is considered for all employees of the Group as a whole.

1. Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured with a short term duration unless otherwise stated and interest free except for loans and settlement occurs in cash. For the year ended March 31, 2023 the Group has not recorded any impairment of receivables relating to amount owed by related parties other than those disclosed separately above (March 31, 2023 : ₹ Nil). This assessment is undertaken in each financial year through examining the financial position of the related party and the market in which the related party operates.

2. All transactions were made on normal commercial terms and conditions and at market rates.

3. For Details of guarantees to related parties refer note 47

4. The Group has various other welfare trusts to administer the long term benefits for its employees for which no contribution is made in the current or previous year.

(iv) Board of Directors of the Holding Company in their meeting held on February 14, 2023 have passed resolution for 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 re-appointment including remuneration payable to him. Pursuant to Section 110 of the Companies Act, 2013 read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014, on April 14, 2023, the Group has commenced the process for postal ballot for this proposed appointment and the e-voting for the same will be completed by May 27, 2023.

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49. Segment Information

In accordance with paragraph 22 of notified Indian Accounting Standard 108 Operating Segments (Ind AS 108), the Group has disclosed segment information only on the basis of the consolidated financial statements which are presented together with the standalone financial statements. The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group's business is divided into two reporting segments which comprises of "Forgings" and "Others" which represents the Group's businesses not covered in Forgings segment. The Chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment based on an analysis of various performance indicators.

The Forgings segment produces and sells forged products comprising of forgings and machined components for automotive and industrial sector. Others primarily includes various new intiatives which the Group is carrying out other than forging related activities.

No operating segments have been aggregated to form the above reportable operating segments.

In ₹ Million

Sr. No.		March 31, 2023	March 31, 2022
1	**Segment revenue**		
	Revenue from external customers		
a	Forgings	119,780.42	101,616.05
b	Others	10,414.24	3,981.44
	Total	**130,194.66**	**105,597.49**
	Less - Intersegment revenue	**(316.43)**	**(7.03)**
	Total	**129,878.23**	**105,590.46**
	Adjustments and eliminations *	(775.64)	(979.68)
	Revenue from operations	**129,102.59**	**104,610.78**
2	**Segment results**		
a	Forgings	12,207.44	15,263.20
b	Others	449.78	(299.03)
	Total segment profits before interest, tax and exceptional items from each reportable segment	**12,657.22**	**14,964.17**
	Less: Finance cost	2,986.20	1,604.05
	Less: Other unallocable expenditure net off unallocable income	943.66	479.03
		8,727.36	**12,881.09**
	Add: Exceptional items gain/(loss)		
a	Forgings	(457.91)	(846.09)
b	Others	-	1,770.14
	Total Exceptional items gain/(loss)	**(457.91)**	**924.05**
	profit/(Loss) before tax and adjustments	**8,269.45**	**13,805.14**
	Adjustments and eliminations *	-	-
	Profit/(Loss) before tax	**8,269.45**	**13,805.14**
3	**Segment income/(expense)**		
3.1	**Segment Depreciation, amortisation and impairment expense**		
a	Forgings	6,869.71	6,965.21
b	Others	472.67	410.61
b	Unallocable	13.48	99.82
	Total	**7,355.86**	**7,475.64**
	Adjustments and eliminations *	-	(172.63)
	Depreciation, amortisation and impairment expense	**7,355.86**	**7,303.01**
3.2	**Segment Income tax expense/(income)**		
a	Forgings	3,103.97	3,033.25
b	Others	82.48	2.19
	Total	**3,186.45**	**3,035.44**
	Adjustments and eliminations *	(0.87)	(0.91)
	Income tax expense (excluding impact of deferred tax in OCI)	**3,185.58**	**3,034.53**
3.3	**Share of (loss) of associates and joint ventures*** **		
a	Forgings	-	-
b	Others	(334.38)	(330.20)
	Total share of (loss) of associates and joint ventures	**(334.38)**	**(330.20)**

49. Segment Information (contd.)

In ₹ Million

Sr. No.		March 31, 2023	March 31, 2022
4	**Segment assets**		
a	Forgings	121,293.14	113,060.74
b	Others	19,000.56	9,436.34
c	Unallocable assets including unutilised fund	44,532.83	34,390.27
	Total	**184,826.53**	**156,887.35**
	Adjustments and eliminations *	(984.66)	(798.01)
	Total assets	**183,841.87**	**156,089.34**
5	**Segment liabilities**		
a	Forgings	27,229.23	24,846.55
b	Others	11,857.52	2,027.10
c	Unallocable	4,868.38	3,931.95
	Total	**43,955.13**	**30,805.60**
	Adjustments and eliminations *	(853.60)	(851.80)
	Total liabilities	**43,101.53**	**29,953.80**
	Net Capital employed	**140,740.34**	**126,135.54**
6	**Other disclosures**		
6.1	**Investments in associates and joint ventures****		
a	Forgings	-	-
b	Others	586.52	805.22
	Total	**586.52**	**805.22**
	Adjustments and eliminations *	-	-
	Investments in associates and joint ventures	**586.52**	**805.22**
6.2	**Increase in non-current non-financial asset for the year**		
a	Forgings	12,845.47	10,537.67
b	Others	5,689.55	1,845.81
	Total	**18,535.02**	**12,383.48**
	Adjustments and eliminations *	158.88	(172.57)
	Increase in non-current non-financial asset for the year	**18,693.90**	**12,210.91**
7	**Information in respect of geographical areas**		
7.1	**Segment revenue from external customers****		
a	Within India	**33,757.32**	**26,546.60**
b	Outside India	**95,345.27**	**78,064.18**
	Europe	46,322.00	48,857.64
	USA	28,085.25	19,928.28
	Others	20,938.02	9,278.26
	Subtotal	**95,345.27**	**78,064.18**
	Total	**129,102.59**	**104,610.78**
7.2	**Segment non-current assets**		
a	Within India	47,234.39	43,857.03
b	Outside India	25,973.78	21,470.16
	Total	**73,208.17**	**65,327.19**

*Ind AS 108 requires disclosure of reconciliations between segment information and respective line item in Consolidated Financial Statements. Adjustments and eliminations include elimination of assets and liabilities of joint ventures and associates which have been accounted under equity method. Further, inter-segment transactions are eliminated upon consolidation. There are no other reconciling items, hence, no separate reconciliation has been presented.

**The revenue information above is based on location of the customers. No single external customer contributed more than 10% of Group's total revenue for the year ended March 31, 2023 and March 31, 2022.

***Excluding effects of share of OCI of associates and joint ventures amounting to ₹ 0.89 (March 31, 2022 ₹ 0.57 million)

****Excluding loan to associate representing long term interest of the Group in the associate. (Also refer note 39)

50. Hedging activities and derivatives

Cash flow hedges

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in US Dollar and Euro. These forecast transactions are highly probable.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

In ₹ Million

Particulars	As at March 31, 2023		As at March 31, 2022	
	Assets	Liabilities	Assets	Liabilities
Fair value of foreign currency forward contracts	2,069.22	46.38	3,843.39	-

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arises requiring recognition through profit and loss. Amounts of outstanding forward contracts are as follows:

Nature of instrument	Currency	Purpose	March 31, 2023		March 31, 2022	
			Foreign Currency in Million	In ₹ Million	Foreign Currency in Million	In ₹ Million
Forward Contracts	USD	Hedging of highly probable forecast sales	619.80	53,643.40	628.22	53,217.25
Forward Contracts	EUR	Hedging of highly probable forecast sales	163.02	16,552.79	189.02	18,825.75

The cash flow hedges of the expected future sales during the year ended March 31, 2023 were assessed to be highly effective and a net unrealised (loss) / gain of ₹ 1,656.13 million (March 31, 2022: ₹ 3,761.17 million), with a deferred tax liability of ₹ 417.19 million (March 31, 2022 ₹ 946.61 million) relating to the hedging instruments, is included in OCI.

The amount removed from OCI during the year and included in the carrying amount of the hedged item as an adjustment for the year ended March 31, 2023 as detailed in note 33, totalling ₹ 1,373.62 million (gross of deferred tax) (March 31, 2022: ₹ 1,349.93 million). The amounts retained in OCI at March 31, 2023 are expected to mature and affect the statement of profit and loss till the year ended March 31, 2026.

Fair value hedges

* At March 31, 2023 and March 31, 2022, the Company has a cross currency swap agreement in place. During the current year, the company has converted its Rupee Preshipment Credit into USD. Under the original agreement the interest rate was fixed at 6.30% p.a. but due to cross currency swap arrangement the revised interest rate has been fixed at 4.00% p.a.

At March 31, 2023, one of the companies in the group has a cross currency agreements in place. The original lender shall make available to the Borrower, a term loan facility ("Facility A") upto an aggregate principal amount of 10 million euros and after Facility A has been disbursed, another facility ("Facility B") shall be utilised which will be made available upto an aggregate principal amount of 5 million euros. The rate of interest for Facility A and Facility B is fixed at EURIBOR + 250 basis points.

In earlier years, the Company has converted one of its USD loans into a Euro loan for interest arbitrage. Under the original agreement the interest rate was fixed at LIBOR + 67 basis points, but due to the cross currency swap arrangement the revised interest rate has been fixed at EURIBOR + 87 basis points, decreasing the corresponding interest cost on the term loan.

Also as at March 31, 2023 the Company had certain forward contracts outstanding, which are being used to hedge the exposure to changes in 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:

Fair value hedge	Nominal amount (In Million)	Carrying amount (In ₹ Million)	Line item in balance sheet where hedging instrument is disclosed	Changes in fair value for calculating hedge ineffectiveness for March 2022
Cross currency swap	EUR 10.21	76.42	Derivative instruments	Nil
Cross currency swap	USD 9.73	0.60	Derivative instruments	Nil
Cross currency swap #	EUR 15	175.67	Derivative instruments	Nil
Cross currency swap #	USD 17.40	-		
Forward Contracts	USD 2.28	1.47	Derivative instruments	Nil

The impact of the derivative instrument on the balance sheet as at March 31, 2022 is as follows:

Fair value hedge	Nominal amount (In Million)	Carrying amount (In ₹ Million)	Line item in balance sheet where hedging instrument is disclosed	Changes in fair value for calculating hedge ineffectiveness for March 2021
Cross currency swap	Euro 17.86	85.10	Derivative instruments	Nil
Cross currency swap	Euro 15.00	88.03	Derivative instruments	Nil
Forward Contracts	Euro 3.03	13.61	Derivative instruments	Nil
Forward Contracts	USD 7.03	(6.47)	Derivative instruments	Nil

The impact of the hedged item on the balance sheet as at March 31, 2023 is, as follows:

Fair value hedge	Nominal amount (In Million)	Changes in fair value for calculating hedge ineffectiveness for March 2022
Current borrowings	USD 12.00	NIL
Current borrowings	INR 800.00	NIL
Trade receivables	USD 2.28	NIL

The impact of the hedged item on the balance sheet as at March 31, 2022 is as follows:

Fair value hedge	Nominal amount (In Million)	Changes in fair value for calculating hedge ineffectiveness for March 2021
Non-current borrowings	USD 21.00	NIL
Non-current borrowings	EUR 15.00	NIL
Trade receivables	EUR 3.03	NIL
Trade receivables	USD 7.03	NIL

Derivatives not designated as hedging instruments

The Group has used foreign exchange forward contracts to manage repayment of some of its foreign currency denominated borrowings. These foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions i.e. the repayments of foreign currency denominated borrowings.

51. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosure fair value measurement hierarchy for assets as at March 31, 2023

Financial Instruments by category **(In ₹ Million)**

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Financial assets at FVTOCI			
Unquoted equity instruments			
Khed Economic Infrastructure Private Limited	-	-	988.00
Avaada SataraMH Private Limited	-	-	142.45
Avaada MHBudhana Private Limited [Refer note 51 (c)]	-	-	20.34
TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)	-	2,952.03	-
Electron Transport Inc.	-	-	350.21
Quoted equity instruments			
Birlasoft Limited (erstwhile KPIT Technologies Limited)	160.08	-	-
KPIT Technologies Limited **[Refer note 51 (b)]**	567.09	-	-
Derivative instruments at fair value through OCI			
Cash flow hedges	-	2,069.22	-
Financial assets at FVTPL			
Unquoted equity instruments			
Gupta Energy Private Limited **[Refer note 51 (a)]**	-	-	-
Derivative instruments at FVTPL			
Fair value hedges	-	254.16	-
Unquoted funds			
Investments in private equity fund	-	255.93	-
Investments in mutual funds	-	15,466.26	-
Quoted funds/bonds			
Investments in mutual funds	2,570.57	-	-

Quantitative disclosure fair value measurement hierarchy for assets / liabilities as at March 31, 2022

(In ₹ Million)

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Financial assets at FVTOCI			
Unquoted equity instruments			
Khed Economic Infrastructure Private Limited	-	-	825.26
Avaada SataraMH Private Limited	-	-	142.45
Avaada MHBudhana Private Limited [Refer note 51 (c)]	-	-	20.34
TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)	-	2,941.02	-
Electron Transport Inc.	-	-	305.70
Quoted equity instruments			
Birlasoft Limited (erstwhile KPIT Technologies Limited)	278.88	-	-
KPIT Technologies Limited [Refer note 51 (b)]	368.44	-	-
Derivative instruments at fair value through OCI			
Cash flow hedges	-	3843.39	-
Financial assets at FVTPL			
Unquoted equity instruments			
Gupta Energy Private Limited [Refer note 51 (a)]	-	-	-
Derivative instruments at FVTPL			
Fair value hedges	-	180.27	-
Unquoted funds			
Investments in private equity fund	-	307.78	-
Investments in mutual funds	-	16,186.22	-
Quoted funds/bonds			
Investments in mutual funds	3,356.03	-	-

51. Fair value hierarchy (contd.)

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at March 31, 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 realization 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 realization rate would result in increase / (decrease) in fair value per share by ₹ 1.50 (March 31, 2022: ₹ 55.27)
		Estimated realization rates for undeveloped Land	Not Applicable	
Unquoted equity shares in Avaada SataraMH Private Limited (ASPL)	Dicounted Cash-flow (DCF) method	Weighted Average Cost of Capital	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	Dicounted 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)

(a) Gupta Energy Private Limited (GEPL)
The Group has an investment in equity instrument of GEPL. The same is classified as at fair value through profit and loss. Over the years GEPL has been making consistent losses. The management of the Holding Company has made attempts to obtain latest information for the purpose of valuation. However, such information is not available as GEPL has not filed the financial statements with Ministry Of Corporate Affaires (MCA) since FY 2014-15. In view of the above, the management believes that the fair value of the investment is Nil as at April 1, 2015 and thereafter.

(b) KPIT Technologies Limited
The Company had invested into 613,000 equity shares of ₹ 2/- each of KPIT Technologies Limited. The Hon'ble National Company Law Tribunal, Mumbai Bench, has by its order approved the composite scheme of arrangement (Scheme), amongst Birlasoft (India) Limited, KPIT Technologies Limited, KPIT Engineering Limited and their respective shareholders. Pursuant to the Scheme, the engineering business of KPIT Technologies Limited has been transferred to KPIT Engineering Limited.

Pursuant to the order, Birlasoft (India) Limited has merged with KPIT Technologies Limited and KPIT Technologies has been renamed as "Birlasoft Limited". KPIT Engineering Limited has been renamed as "KPIT Technologies Limited".

Pursuant to the Scheme, the Group had received 1 equity share of KPIT Technologies Ltd. of ₹ 10/- each for 1 equity share of Birlasoft Ltd. of ₹ 2/- each. The ratio of cost of acquisition per share of Birlasoft Ltd. and KPIT Technologies Ltd. was 56.64% to 43.36%.

The investment in shares has been classified under level 1 of the fair value hierarchy as on March 31,2023 and March 31,2022

(c) Avaada MHBuldhana Private Limited

The investment in equity shares of Avaada MHBudhana Private Limited which was made on September 30, 2021 is governed by the terms of the share purchase agreement and the shares held by the Company are subject to certain restrictions in terms of ability of the Company to sell the shares and the value at which this can be done. Considering the nature of restrictions and overall intension of the management in relation to the equity shares, the fair value of such shares for the Company is same as it cost i.e. the face value.

(d) Electron Transport Inc.
The Group had made investment in preferred stock of Electron Transport Inc in the previous year as well as in the current year. Considering the nature of the investment and overall intention of the management in relation to this investment, the fair value of such investment as at March 31, 2023 is same as its cost.

Reconciliation of fair value measurement of financial assets classified as FVTOCI and FVTPL:

	Unquoted equity shares in Avaada SataraMH Private Limited	Unquoted equity shares in Khed Economic Infrastructure Private Limited	Unquoted equity shares in Avaada MHBuldhana Private Limited	Unquoted equity shares in TMJ Electric Vehicles Limited (Formerly Tevva Motors (Jersey) Limited)	Unquoted prefered stocks in Electron Transport Inc.
As at April 1, 2021	**142.45**	**589.58**	**-**	**-**	**-**
Remeasurement recognised in OCI	-	235.68	-	1,636.70	-
Purchases	-	-	20.34	-	305.70
Impairment reversal and conversion of investment in associate to financial instrument **[Refer note 32(b)]**				1,304.32	-
Sales	-	-	-	-	-
As at March 31, 2022	**142.45**	**825.26**	**20.34**	**2,941.02**	**305.70**
Remeasurement recognised in OCI	-	162.74	-	-	-
Remeasurement recognised in Statement of profit and loss	-	-	-	11.01	-
Purchases	-	-	-	-	44.51
As at March 31, 2023	**142.45**	**988.00**	**20.34**	**2,952.03**	**350.21**

Notes forming part of consolidated financial statements for the year ended March 31, 2023

52. Financial Instruments by category

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments as of March 31, 2023 and March 31, 2022, other than those with carrying amounts that are reasonable approximates of fair values:

In ₹ Million

	Carrying value		Fair value	
	March 31, 2023	**March 31, 2022**	**March 31, 2023**	**March 31, 2022**
(i) Investments	14,601.13	6,152.10	14,601.13	6,152.10
(ii) Loans	56.78	169.61	56.78	169.61
(iii) Trade receivables	113.25	113.25	113.25	113.25
(iv) Derivative instruments	822.17	2,662.32	822.17	2,662.32
(v) Other non-current financial assets	570.14	677.79	570.14	677.79
Total financial assets	**16,163.47**	**9,775.07**	**16,163.47**	**9,775.07**
(i) Borrowings	17,512.72	17,873.43	17,512.72	17,873.43
(ii) Other non-current financial liabilities	391.09	247.65	391.09	247.65
(iii) Derivative instruments	-	-	-	-
(iv) Lease liabilities	4,161.77	2,835.16	4,161.77	2,835.16
Total financial liabilities	**22,065.58**	**20,956.24**	**22,065.58**	**20,956.24**

The management assessed that the fair value of cash and cash equivalent, trade receivables, derivative instruments, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

Further the management assessed that the fair value of security deposits and other non current receivables approximate their carrying amounts largely due to expected credit loss/discounting at rates which are an approximation of current lending rates.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

(i) Long-term fixed-rate and variable-rate receivables are evaluated by the Group based on parameters such as individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

(ii) The fair values of quoted instruments are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables above. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

(iii) The fair values of the unquoted equity shares have been estimated using a cost method (KEIPL), market method (Tevva) as well as DCF model (ASPL). The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

(iv) The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and forward rate curves of the underlying. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty and the Group's own non-performance risk. As at March 31, 2023, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

(v) The Group's borrowings and loans are appearing in the books at fair value since the same are interest bearing hence discounting of the same is not required. The own non-performance risk as at March 31, 2023 and March 31, 2022 was assessed to be insignificant.

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53. Statutory Group Information

In ₹ Million

Name of the entity in the group	Net assets (Total assets - total liabilities)		Share in profit and loss		Share in Other Comprehensive Income /(loss)		Share in Total Comprehensive Income	
	As a % of consolidated net assets	₹ Million	As a % of consolidated profit or loss	₹ Million	As a % of consolidated other Comprehensive income	₹ Million	As a % of consolidated total Comprehensive income	₹ Million
Parent								
Bharat Forge Limited								
Balance as at 31 March, 2023	114.22	76,999.97	205.64	10,454.72	185.46	(1,293.37)	208.85	9,161.34
Balance as at 31 March, 2022	107.29	71,097.73	100.07	10,778.01	104.75	2,463.03	100.91	13,241.04
Subsidiaries								
Foreign								
1) Bharat Forge Global Holding GmbH - Group								
Balance as at 31 March, 2023	2.32	1,566.13	(45.74)	(2,325.22)	28.48	(198.60)	(57.54)	(2,523.82)
Balance as at 31 March, 2022	5.27	3,492.22	8.23	885.92	6.13	144.04	7.85	1,029.96
2) Bharat Forge America Inc. - Group								
Balance as at 31 March, 2023	4.90	3,300.64	(37.71)	(1,916.99)	39.69	(276.81)	(50.01)	(2,193.80)
Balance as at 31 March, 2022	3.33	2,203.71	(3.40)	(365.95)	4.42	103.92	(2.00)	(262.03)
3) Bharat Forge International Limited								
Balance as at 31 March, 2023	3.22	2,169.45	8.07	410.02	(20.80)	145.08	12.65	555.10
Balance as at 31 March, 2022	2.44	1,613.93	3.29	354.89	3.27	76.79	3.29	431.68
Indian								
1) Kalyani Powertrain Private Limited - Group								
Balance as at 31 March, 2023	1.56	1,050.09	(22.46)	(1,141.80)	(1.91)	13.31	(25.73)	(1,128.49)
Balance as at 31 March, 2022	2.84	1,884.46	(1.16)	(124.76)	0.38	8.84	(0.88)	(115.92)
2) Kalyani Strategic Systems Limited - Group								
Balance as at 31 March, 2023	1.42	959.88	3.09	156.99	(0.04)	0.29	3.59	157.28
Balance as at 31 March, 2022	0.56	370.45	(0.14)	(15.54)	0.01	0.12	(0.12)	(15.42)
3) BF Industrial Solutions Limited - Group								
Balance as at 31 March, 2023	7.06	4,757.43	5.81	295.55	0.03	(0.23)	6.73	295.32
Balance as at 31 March, 2022	1.46	964.82	0.39	42.15	0.12	2.81	0.34	44.96
4) BF Infrastructure Limited - Group								
Balance as at 31 March, 2023	0.39	263.30	(0.95)	(48.50)	(0.05)	0.32	(1.10)	(48.18)
Balance as at 31 March, 2022	0.44	291.80	(0.42)	(44.78)	0.02	0.55	(0.34)	(44.23)
5) Kalyani Centre for Precision Technology Limited								
Balance as at 31 March, 2023	1.08	729.94	1.04	52.79	0.00	(0.01)	1.20	52.78
Balance as at 31 March, 2022	1.02	677.17	0.06	6.65	0.00	0.02	0.05	6.67
6) Analogic Controls India Limited								
Balance as at 31 March, 2023	NA	NA	NA	NA	NA	NA	NA	NA
Balance as at 31 March, 2022	0.08	49.74	(0.19)	(20.45)	0.03	0.66	(0.15)	(19.79)
7) BF Elbit Advanced Systems Private Limited								
Balance as at 31 March, 2023	(0.22)	(148.11)	(0.38)	(19.13)	-	-	(0.44)	(19.13)
Balance as at 31 March, 2022	(0.19)	(128.98)	(0.15)	(16.17)	-	-	(0.12)	(16.17)
8) Eternus Performance Material Private Limited								
Balance as at 31 March, 2023	(0.00)	(1.72)	0.00	0.19	-	-	0.00	0.20
Balance as at 31 March, 2022	(0.00)	(1.91)	(0.01)	(1.08)	-	-	(0.01)	(1.08)
9)Kalyani Lightweighting Technology Solutions Limited								
Balance as at 31 March, 2023	(0.00)	(0.09)	(0.00)	(0.10)	-	-	(0.00)	(0.10)
Balance as at 31 March, 2022	-	-	-	-	-	-	-	-
Non-controlling interests in all subsidiaries								
Balance as at 31 March, 2023	0.54	360.72	(3.93)	(199.77)	0.04	(0.28)	(4.56)	(200.05)
Balance as at 31 March, 2022	0.85	560.77	(0.44)	(46.95)	0.01	0.15	(0.36)	(46.80)
Associates								
(accounting as per the equity method)								
Indian								
1) Ferrovia Transrail Solutions Private Limited								
Balance as at 1 March, 2023	-	(17.23)	(0.05)	(2.79)	(0.00)	0.02	(0.02)	(2.77)
Balance as at 31 March, 2022	-	(14.47)	0.05	5.19	0.00	0.02	0.04	5.21
2) Aeron Systems Private Limited								
Balance as at 31 March, 2023	-	242.22	(0.01)	(0.74)	0.06	(0.42)	(0.01)	(1.16)
Balance as at 31 March, 2022	-	245.36	(0.03)	(3.41)	(0.00)	0.01	(0.03)	(3.40)
3) Avaada MHVidarbha Private Limited								
Balance as at 31 March, 2023	-	422.46	(0.05)	(2.40)	-	-	(0.02)	(2.40)
Balance as at 31 March, 2022	-	-	-	-	-	-	-	-
Joint Ventures								
(accounting as per the equity method)								
Foreign								
1) REFU Drive GmbH (including subsidiary)								
Balance as at 31 March, 2023	-	(120.57)	(6.46)	(328.45)	0.07	(0.49)	(2.51)	(328.94)
Balance as at 31 March, 2022	-	563.35	(1.52)	(163.65)	(0.10)	0.69	(1.24)	(162.96)
Indian								
1) BF Premier Energy Systems Private Limited								
Balance as at 31 March, 2023	NA	NA	NA	NA	NA	NA	NA	NA
Balance as at 31 March, 2022	-	(0.17)	-	(0.11)	-	-	(0.00)	(0.11)
Adjustments arising out of consolidation								
March 31, 2023	(36.48)	(24,591.65)	(12.49)	(634.88)	(130.91)	912.92	6.34	278.04
March 31, 2022	(25.36)	(16,808.41)	(4.64)	(499.33)	(19.15)	(450.24)	(7.24)	(949.57)
March 31, 2023 - Group	**100.00**	**67,415.98**	**100.00**	**5,083.87**	**100.00**	**(697.38)**	**100.00**	**4,386.49**
March 31, 2022 - Group	**100.00**	**66,267.51**	**100.00**	**10,770.61**	**100.00**	**2,351.41**	**100.00**	**13,122.02**

Notes forming part of consolidated financial statements for the year ended March 31, 2023

54.1 Details of funds advanced or loaned or invested to any other persons or entities by Holding Company, for lending or investing in other person or entities (Ultimate Beneficiaries)

For year ended March 31, 2023

Investments

The Holding Company has investments in following subsidiaries for being further invested in step-down subsidiaries of the Holding Company

Sl.No.	Name of the subsidiary	Date of investment into subsidiary	Amount invested in subsidiary (₹ in million)	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary (₹ in million)
1	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	3257.31
		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

Loans

The Holding Company has given loans to following subsidiaries for being further invested in step-down subsidiaries of the Holding Company

Sl.No.	Name of the subsidiary	Date on which loan was given to subsidiary	Amount invested in Subsidiary (₹ in million)	Name of the beneficiary	Date on which loan was given by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary (₹ in million)
1	Kalyani Powertrain limited	June 07, 2022	50.00	Tork Motors Private limited	June 08, 2022	50.00
		August 08, 2022	50.00	Tork Motors Private limited	August 12, 2022	50.00

For year ended March 31, 2022

Investments

The Holding Company has investments in following subsidiaries for being further invested in step-down subsidiaries of the Holding Company

Sl.No.	Name of the subsidiary	Date of investment into subsidiary	Amount invested in subsidiary (₹ in million)	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary (₹ in million)
1	Bharat Forge America Inc.	May 10, 2021	440.39	Bharat Forge Aluminium USA, Inc.	May 10, 2021	440.39
		August 23, 2021	445.53	Bharat Forge Aluminium USA, Inc.	August 23, 2021	445.53
		October 13, 2021	226.16	Bharat Forge Aluminium USA, Inc.	October 13, 2021	226.16
2	Kalyani Powertrain Limited	September 09, 2021	347.57	Kalyani Mobility Inc.	September 09, 2021	347.57
		September 27, 2021	300.30	Tork Motors Private Limited	September 27, 2021	300.30
		February 10, 2022	150.05	Kalyani Mobility Inc.	February 10, 2022	149.98
		July 20, 2021	400.00	Tork Motors Private Limited #	November 24, 2021	399.98
3	BF Industrial Solutions Limited, India *	September 07, 2021	750.00	BF Industrial Technology and Solutions Limited	September 07, 2021	750.00
4	BF Industrial Solutions Limited, India #	June 25, 2021	900.00	BF Industrial Technology and Solutions Limited	June 28, 2021	150.00
				Financial creditors as per IBC order	June 28, 2021	750.00

Investment in optionally convertible Debentures

* Amount repaid on the same date

Loans

The Holding Company has given loans to following subsidiaries for being further invested in step-down subsidiaries of the Holding Company

Sl.No.	Name of the subsidiary	Date on which loan was given to subsidiary	Amount invested in Subsidiary (₹ in million)	Name of the beneficiary	Date on which loan was given by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary (₹ in million)
1	Bharat Forge America Inc.	March 14, 2022	153.22	Bharat Forge Aluminium USA, Inc.	March 14, 2022	153.22

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54.1. Details of funds advanced or loaned or invested to any other persons or entities, for lending or investing in other person or entities (Ultimate Beneficiaries) (Contd:)

Statement of compliance

With regard to the investments made, loan given and guarantees given during the year ended March 31, 2022 as well as March 31, 2021, the Company has complied with the relevant provisions of the Foreign Exchange Management Act, 1999 and the Companies Act, 2013 and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003).

Particulars of the intermediaries/ beneficiaries / ultimate beneficiaries

1 **Bharat Forge Global Holding GmbH**
Registered office : Mittelstrasse 64, 58256 Ennepetal, Germany
Relationship with the beneficiary : Wholly owned Subsidiary

2 **Bharat Forge America Inc.**
Registered office : 2150, Schmiede St, Surgoinville, Tennessee 37873, USA
Relationship with the beneficiary : Wholly owned Subsidiary

3 **Bharat Forge CDP GmbH, Germany**
Registered office : Mittelstrasse 64, 58256 Ennepetal, Germany
Relationship with the beneficiary : Step-down Subsidiary

4 **Bharat Forge Aluminiumtechnik GmbH (BFAT), Germany**
Registered office : Berthelsodorfer StraBe 8, 09618 Brand-Erbisdorf, Germany
Relationship with the beneficiary : Step-down Subsidiary

5 **Bharat Forge Aluminium USA, Inc.**
Registered office : 160, Mine lake Court, Suite 200, Raleigh, North Carolina 27615, USA
Relationship with the beneficiary : Step-down Subsidiary

6 **Kalyani Powertrain Limited**
Registered office : S No 49, Industry House, Opposite Kalyani Limited, Mundhwa, Pune 411036
Relationship with the beneficiary : Wholly owned subsidiary

7 **Kalyani Strategic Systems Limited**
Registered office : Mundhwa, Pune
Relationship with the beneficiary : Wholly owned subsidiary

8 **BF Industrial Solutions Limited**
Registered office : S No 49, Industry House, Opposite Kalyani Limited, Mundhwa, Pune 411036
Relationship with the beneficiary : Wholly owned subsidiary

9 **Tork Motors Pvt Ltd, India**
Registered office : Plot No. 4/25, Sector No.10, PCNTDA, Pune 411026
Relationship with the beneficiary : Step-down subsidiary

10 **Kalyani Mobility Inc.**
Registered office : 160, Mine lake Court, Suite 200, Raleigh, North Carolina 27615, USA
Relationship with the beneficiary : Step-down subsidiary

11 **BF Industrial Technology & Solutions Limited**
Registered office : A8, Parvati Chambers, Opposite Apsara Cinema, Vadodara 390004
Relationship with the beneficiary : Step-down subsidiary

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54.2 Details of funds received by components of the group from Holding Company (Financing party), for lending or investing in compnents or other person or entities (Ultimate Beneficiaries)

(a) Kalyani Powertrain Limited ('KPL')

Investments

Sl.No.	Name of the funding party	Date of receipt	Amount funded by holding company	Name of the beneficiary	Date of further investment into beneficiary (subsidiary)	Amount invested into beneficiary (subsidiary)
1	Bharat Forge Limited	August 19, 2022	270.00	Kalyani Mobility INC	August 19, 2022	263.91

Statement of compliance

With regard to the investments made by KPL into KPM, as on March 31, 2023, KPL has complied with the relevant provisions of the Foreign Exchange Management Act, 1999 and the Companies Act, 2013 and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003).

Particulars of the funding party

1 **Bharat Forge Limited**
Registered office : Mundhwa, Pune
Relationship with the beneficiary : Holding Company

Particulars of ultimate beneficiaries

1 **Kalyani Mobility Inc.**
Registered office : 160, Mine lake Court, Suite 200, Raleigh, North Carolina 27615, USA
Relationship with the beneficiary : Wholly owned subsidiary

(b) BF Industrial Solutions Limited, India

Sl.No.	Name of the funding party	Date of receipt	Amount funded by holding company	Name of the beneficiary	Date of further investment into beneficiary (subsidiary)	Amount invested into beneficiary (subsidiary)
1	Bharat Forge Limited	July 01, 2022	3,380.00	Promoters of JS Auto Cast Foundry India Private Limited	July 01, 2022	2,482.86
2	Bharat Forge Limited	October 06, 2022	117.29	Promoters of JS Auto Cast Foundry India Private Limited	October 06, 2022	27.89

Particulars of the funding party

1 **Bharat Forge Limited**
Registered office : Mundhwa, Pune
Relationship with the beneficiary : Holding Company

Particulars of ultimate beneficiaries

1 **BF Industrial Technology and Solutions Limited**
Registered office : 244/6&7 GIDC estate, Waghodia, Gujarat.
Relationship with the beneficiary : Wholly owned subsidiary

(This space is intentionally left blank)

55. Financial risk management objectives and policies

The Group's principal financial liabilities other than derivatives, comprise loans and borrowings, trade payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Group also holds FVTOCI and FVTPL investments and enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a Finance and Risk Management Committee (FRMC) that advises on financial risks and the appropriate financial risk governance framework for the Group. The FRMC provides assurance that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. Further, all the derivative activities for risk management purposes are carried out by experienced members from the senior management who have the relevant expertise, appropriate skills and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised as below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investment in mutual funds, FVTOCI investments and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at March 31, 2023 and March 31, 2022.

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at March 31, 2023.

The analysis excludes the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations and provisions.

The below assumptions have been made in calculating the sensitivity analysis:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2023 and March 31, 2022 including the effect of hedge accounting.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group generally borrows in foreign currency, considering natural hedge it has against its export. Long-term and Short-term foreign currency debt obligations carry floating interest rates and in certain cases with fixed interest rates.

55. Financial risk management objectives and policies (contd.)

The Group avails short term debt in foreign currency up to tenor of 9 months, in the nature of export financing for its working capital requirements. LIBOR or EURIBOR for the said debt obligations is fixed for the entire tenor of the debt, at the time of availment.

The Group has an option to reset LIBOR/SOFR or EURIBOR either for 6 Months or 3 months for its long-term debt obligations. To manage its interest rate risk, the Group evaluates the expected benefit from either of the LIBOR resetting options and accordingly decides. The Group also has an option for its long-term debt obligations to enter into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

As at March 31, 2023, the Group's majority long term borrowings are at a floating rate of interest except for 5.97% Rated unsecured non-convertible debentures.

Interest rate sensitivity

The Group's total interest cost for the year ended March 31, 2023 was ₹ 2,986.20 million and for year ended March 31, 2022 was ₹ 1,604.05 million. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, with all other variables held constant, the Group's profit/(loss) before tax is affected through the impact on floating rate long term borrowings, as follows:

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	44.18	59.03
EUR*	-50	(44.18)	(35.63)

*During current as well as previous financial year, EURIBOR was trading in negative zone and some of the Euro borrowings were floored at zero EURIBOR while others were trading at floating EURIBOR. Further Euro borrowings includes USD borrowings swapped in to EURO borrowings through cross currency swap.

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's export revenue, long term foreign currency borrowings and Group's net investment in foreign subsidiaries and associates.

The Holding Company manages its foreign currency risk by hedging its forecasted sales up to 4 years to the extent of 25%-65% on rolling basis and keep its long-term foreign currency borrowings un-hedged which will be natural hedge against its un-hedged exports. The Holding Company may hedge its long term borrowing near to the repayment date to avoid rupee volatility in short term.

The Holding Company avails bills discounting facility in INR for some of its export receivables to avail interest subvention benefit. The Group manages foreign currency risk by hedging the receivables against the said liability. The Group also manages foreign currency risk in relation to export receivable balances through forward exchange contracts.

When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

55. Financial risk management objectives and policies (contd.)

The Group discloses fair value of the outstanding derivative in the financial statements. The impact on the Company's pre-tax equity due to changes in fair value of the outstanding forward contracts as follows:

Change in rate	Effect on OCI (in ₹ million)		Effect on net profit / (Loss) (in ₹ million)	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
USD/INR -1	630.73	628.22	2.28	7.03
EUR/INR -1	164.52	189.02	-	3.03
EUR/USD -0.01	Nil	Nil	8.39	24.91

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Group's profit/loss before tax is due to changes in the fair value of un-hedged monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

Change in rate	Effect on Other Comprehensive Income (in ₹ million)		Effect on net profit / (Loss) before tax and equity (in ₹ million)	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
USD/INR -1	66.53	50.36	-115.13	84.86
EUR/INR -1	17.51	41.81	-16.66	89.55

Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the on-going purchase of steel. Due to significant volatility of the price of the steel, the Group has agreed with its customers for pass-through of increase/decrease in prices of steel. There may be lag effect in case of such pass-through arrangement.

Commodity price sensitivity

The Group has a back-to-back pass through arrangements for volatility in raw material prices for most of the customers. However, in few cases there may be lag effect in case of such pass-through arrangements and might have some effect on the Group's profit/(loss) and equity.

Equity price risk

The Group is exposed to price risk in equity investments and classified on the balance sheet as fair value through profit or loss and through Other comprehensive income. To manage its price risk arising from investments in equity, the Group diversifies its portfolio. Diversification and investment in the portfolio are done in accordance with the limits set by the Board of Directors of the Group.

At the reporting date, the exposure to unlisted equity securities at fair value was ₹ 4,708.96 million (March 31, 2022: ₹ 4,542.55 million). Sensitivity analysis of major investments has been provided in Note 51.

At the reporting date, the exposure to listed equity securities at fair value was ₹ 727.17 million (March 31, 2022: ₹ 647.32 million). Change of 10% on the NSE market index could have an impact of approximately ₹ 72.72 million (March 31, 2022: ₹ 64.73 million) on the OCI or equity attributable to the Group. These changes would not have an effect on profit or loss.

55. Financial risk management objectives and policies (contd.)

Other price risk

The Group invests its surplus funds in mutual funds, which are linked to debt markets. The Group is exposed to price risk for investments in such instruments that are classified as fair value through profit or loss. To manage its price risk arising from investments in mutual funds, the Group diversifies its portfolio. Diversification and investment in the portfolio is done in accordance with Holding Company's investment policy approved by the Board of Directors. An increase/decrease in interest rates by 0.25% will have an impact of ₹ 45.09 million (March 31, 2022: ₹ 48.86 million)

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, investment in mutual funds, other receivables and deposits, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Further, the Group's customers include marquee OEMs and Tier I companies, having long standing relationship with the Group. Outstanding customer receivables are regularly monitored and reconciled. At March 31, 2023, receivable from the Group's top 5 customers accounted for approximately 46.60% (March 31, 2022: 52.42%) of all the receivables outstanding. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix (refer table below). Further, an impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped in to homogeneous groups and assessed for impairment collectively. The calculation is based on historical data and subsequent expectation of receipts. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 12. The Group does not hold collateral as security except in case of few customers. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Year ended	Particulars	Not yet due	Outstanding for following periods from due date of payment					
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
March 31, 2023	% of loss allowance	0.00%	3.6%	7.52%	25.27%	39.25%	12.62%	1.3%
March 31, 2022	% of loss allowance	0.00%	4.27%	17.69%	24.24%	12.14%	42.18%	1.47%

Other receivables, deposits with banks, mutual funds and loans given

Credit risk from balances with banks, financial institutions and mutual funds is managed in accordance with the Group's approved investment policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on regular basis and the said limits gets revised as and when appropriate. The limits are set to minimise the concentration of risks and therefore mitigate financial loss

55. Financial risk management objectives and policies (contd.)

through counterparty's potential failure to make payments.

The Group's maximum exposure to credit risk for the components of the balance sheet at March 31, 2023 and March 31, 2022 is the carrying amounts as illustrated in the respective notes except for financial guarantees. With respect to financial derivative instruments refer note 50.

Liquidity risk

Cash flow forecasting is performed by Treasury function. The Group's liquidity requirements are monitored at the Holding Company and individual component level by respective treasury functions to ensure availability of funds to meet operational needs. Such forecasting takes into consideration the compliance with internal cash management. The Group's treasury invests surplus cash in marketable securities as per the approved policy, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. At the reporting date, the Group held mutual funds of ₹ 18,036.83 million (March 31, 2022: ₹ 20,042.47 million) and other liquid assets of ₹ 10,351.01 million (March 31, 2022: ₹ 5,982.56 million) that are expected to readily generate cash inflows for managing liquidity risk.

As per the Group's policy, there should not be concentration of repayment of loans in a particular financial year. In case of such concentration of repayment, the Group evaluates the option of refinancing entire or part of repayments for extended maturity. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders and the Group is also maintaining surplus funds with short term liquidity for future repayment of loan.

The table below summarises the maturity profile of the Group's financial liabilities (in ₹ million)

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
March 31, 2023				
Borrowings	51,010.61	17,512.72	-	**68,523.33**
Trade and other payables	21,513.40	-	-	**21,513.40**
Lease Liabilities	447.27	1,493.30	2,668.47	**4,609.04**
Other financial liabilities	1,799.44	391.09	-	**2,190.53**
March 31, 2022				
Borrowings	38,671.95	17,873.43	-	**56,545.38**
Trade and other payables	16,313.65	-	-	**16,313.65**
Lease Liabilities	335.72	1,189.38	1,645.78	**3,170.88**
Other financial liabilities	1,244.04	267.98	-	**1,512.02**
	56,565.36	**19,330.79**	**1,645.78**	**80,378.23**

The management believes that the probability of any outflow on account of financial guarantees and letter of support issued by the Group being called on is remote. Hence the same has not been included in the above table.

56. Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

(a) Amendments to Ind AS 1 – Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Group does not expect this amendment to have any significant impact 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 Group is evaluating the impact, if any, in its financial statements.

(c) Amendments to Ind-AS 8: Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Group does not expect this amendment to have any significant impact in its financial statements.

57. Acquisition of non-controlling interest in Kalyani Strategic Systems Limited

During the year ended March 31, 2021, board of directors of the Holding Company had passed resolution for acquisition of non-controlling interest in KSSL. During the previous year, on receipt of necessary approval from Department for Promotion of Industry and Internal Trade, the Holding Company acquired the balance 49% stake in KSSL resulting in an increase in the Company's stake in KSSL from 51% to 100%. Consequently, KSSL became a wholly owned subsidiary of the Company with effect from February 28, 2022. The Group has recognised difference between the fair value of the consideration paid and the proportion of the equity acquired from non-controlling interest holders as changes in NCI reserve under other comprehensive income amounting to ₹ 148.19 million.

58. Change in the accounting period of foreign components

The statutory financial reporting period of the Holding Company for standalone and consolidated financial statements is April 01 to March 31. For certain foreign components (refer note 36), the reporting period till March 31, 2021 was January 01 to December 31 ("non-coterminous period"). During the previous year, the Board of Directors of the Holding Company considered the above and decided to align the accounting periods for consolidation purposes of all the subsidiaries, associates and joint ventures for better presentation of operating performance of the Group. As a result, the accounting year of those foreign components was aligned with that of the Holding Company. Consequently, the financial statements of these components were prepared for 15 months from January 1, 2021 to March 31, 2022 and included into the consolidated financial statements of the Group. Accordingly, the current period's figures are not comparable to those of the previous year. Also refer Note 2.2 for details regarding the consolidation procedure.

The impact of such change in accounting period on key financial statement indicators in relation to the Group is presented below:

(In ₹ million)

Particulars	As per the financial statements	Without change in financial reporting period of certain foreign components	Impact of inclusion of certain foreign components on alignment of year end from December 31, 2021 to March 31, 2022
Revenue from operations	104,610.78	95,527.72	9,083.06
Total expenses	93,358.49	84,370.35	8,988.14
Profit before tax	13,805.14	13,699.33	105.81
Profit for the period	10,770.61	10,707.80	62.81
Other comprehensive income	2,351.41	2,185.84	165.57
Total comprehensive income	13,122.02	12,893.64	228.38
Earnings per share			
Basic	23.23	23.10	0.13
Diluted	23.23	23.10	0.13
Cash and cash equivalents	5,584.24	5,605.79	(21.55)

59. Employee share-based payments

One of the step down subsidiary company, Tork Motors Private Limited ('TMPL') in the Group has provided share-based payment schemes to its employees. The relevant details of the scheme and the grant are as below:

TMPL had granted options under Employee Stock Option Plan I in the FY 2018-19 pursuant to approval of Shareholders at its meeting held on January 25, 2019 which was subsequently amended and approved in General meeting held on November 12, 2020 and Board meeting held on October 23, 2021 for achieving wider coverage and talent retention (TMPL Amended Employee Stock Option Plan – 2020). The said ESOP Plan 2020 was further amended and approved by the Board in its meeting held on 23th October, 2021 resolving thereby few discrepancies, ambiguities etc.

The fair value of the share options was estimated at the grant date using fair value at which shares were issued to the holding company considering the terms and conditions upon which the share options were granted. The exercise price of the share options is the face value i.e. Rs 10. The contractual term of each option granted is 3 years.

(In ₹ million)

Particulars	March 31, 2023	March 31, 2022
Expense arising from equity-settled share-based payment transactions	21.11	16.29

Movement in share options post acquisition of TMPL by the Group:

Particulars	March 31, 2023	March 31, 2022
Outstanding at March 31, 2022	1,198	1,223
Granted during the period	1,027	-
Forfeited during the period	-	-
Exercised during the period	-	-
Expired during the period	124	25
Outstanding at March 31, 2023	2,101	1,198
Exercisable at March 31, 2023	1,198	650

The weighted average share price on the date of exercise of these options is ₹ 10. The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur.

Exercise price of the options grated in financial year ended March 31, 2022 was determined based on the price at which equity shares of the TMPL were issued to external investors. Exercise price of the options grated in financial year ended March 31, 2023 has been determined by a category 1 merchant banker using Black and Scholes Option Pricing Model.

60. Other statutory information

60.1. Relationship with companies struck off under section 248 of the Companies Act 2013 or section 560 of the Companies Act 1956.

Name of the struck off company	Balance outstanding	Nature of transaction	Relationship with the struck off company
March 31, 2023			
Bharat Forge Limited (Holding Company)			
Harinagar Sugar Mills Ltd.	0.72	Receivables	Customer
Havinhomes Reality & Consulting Services Private Limited	0.01	Payables	Vendor
Dreams Broking Private Limited*	0.00	Dividend	Shareholder
Aditya Cyber Services and Management Solutions Private Limited*	0.00	Dividend	Shareholder

* Less than Rs. 0.01 Million

Name of the struck off company	Balance outstanding	Nature of transaction	Relationship with the struck off company
March 31, 2022			
Bharat Forge Limited (Holding Company)			
Havinhomes Reality & Consulting Services Private Limited	0.01	Payables	Vendor
Wisdom Solutions Private Limited*	-	Payables	Vendor
BF Industrial Technology & Solutions Limited (Step down Subsidiary)			
Angel Engineering Works Private Limited	0.04	Payables	Vendor
Kalyan Corporation Private Limited	0.01	Payables	Vendor
Nasa Electronics Private Limited	0.01	Payables	Vendor
Om Enterprises Private Limited	0.02	Payables	Vendor
Pantech Instauments Private Limited*	0.00	Payables	Vendor
Parth Travels Private Limited*	0.00	Payables	Vendor
Prince Enterprises Private Limited	0.01	Payables	Vendor
Suman Enterprises Private Limited*	0.00	Payables	Vendor
Synergy Associates Private Limited	0.02	Payables	Vendor
Tirupati Balaji Transport and Minerals Private Limited	0.28	Payables	Vendor
Unique Enterprises Private Limited	0.06	Payables	Vendor
Unity Packers Private Limited	0.05	Payables	Vendor
Vijay Hydrotech Private Limited	0.01	Payables	Vendor
Yash Hydraulic Equipment Private Limited	0.01	Payables	Vendor
Atul Adams Limited*	-	Receivable	Customer
Ultra Engineers Private Limited	1.46	Receivable	Customer

* Less than ₹ 0.01 million

These customers & vendors are not related parties as per the definition of 'related party' under section 2(76) of the Companies Act, 2013.

60.2. There are no proceedings initiated or pending against the Group for holding any Benami property under Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

60.3. The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

60.4. The Group does not have any charge, which is yet to be registered with Registrar of Companies (‘ROC’) beyond the statutory period. With regard to satisfaction of charges, few cases of the Holding Company are outstanding with ROC due to technical reasons and Holding Company is in the process of obtaining no dues certificates from the lenders, which the Holding Company will be filing with the Registrar of Companies for satisfaction of the related charges.

60.5. During the year ended March 31, 2023, none of the components of the Group has surrendered any transaction or disclosed as income in the tax assessments under the Income Tax Act, 1961, (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

60.6. The Group has not revalued any property, plant and equipment or intangible assets.

60.7. During the current year, the holding Company transferred its interest in wholly owned Analogic Controls India Limited ('ACIL') to its another wholly owned subsidiary Kalyani Strategic Systems Limited ('KSSL'). After this transfer, KSSL filed scheme of amalgamation of ACIL with KSSL under section 233 of the Companies Act, 2013 read with Rule 25 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and the same was approved by the Ministry of Corporate Affairs through Regional Director (W.R), wide Order dated 24th February, 2023. Through this scheme the entire business and undertaking together with all the related assets and liabilities of ACIL were deemed to have been transferred to and vested in the KSSL.

60.8. In accordance with the requirements of Division II - Ind AS Schedule III to the Companies Act, 2013, analytical ratios have been disclosed only in standalone financial statements.

As per our report of even date
For B S R & Co. LLP
Chartered Accountants
Firm Registration Number: 101248W/W-100022

For and on behalf of the Board of Directors of
Bharat Forge Limited

Shiraz Vatsani
Partner

Membership Number: 103334

B. N. Kalyani
Chairman and Managing Director
DIN: 00089380

G. K. Agarwal
Deputy Managing Director

Kishore Saletore
Executive Director & CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 05, 2023

Place: Pune
Date: May 05, 2023

S R B C & CO LLP
Chartered Accountants

Ground floor, Tower C Unit I
Panchshil Tech Park One, Loop road
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Pune - 411 006, India
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INDEPENDENT AUDITOR'S REPORT

To the Members of Bharat Forge Limited

Report on the audit of the consolidated Ind AS financial statements

Opinion

We have audited the accompanying consolidated Ind AS financial statements of Bharat Forge Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and joint ventures comprising of the consolidated Balance sheet as at March 31 2022, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint ventures, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint ventures as at March 31, 2022, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group, associates, joint ventures in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Emphasis of matter

We draw attention to note 60 of the consolidated Ind AS financial statement which describes the impact of change in accounting year of certain foreign components from December 31 to March 31, resulting in consolidation of financial information of those components for 15 months period ended March 31, 2022.

Our opinion is not modified in respect of this matter.

S R B C & CO LLP, a Limited Liability Partnership with LLP Identity No. AAB-4318 Regd. Office: 22, Camac Street, Block 'B', 3rd Floor, Kolkata-700 016

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matter
Completeness of revenue *(as described in Note 2.3(f) (Summary of significant accounting policies) and note 24 of notes forming part of the consolidated Ind AS financial statements)*	
The Group has revenue from sale of products which includes finished goods and tooling income and sale of services in the form of job work charges. The Group manufactures highly specialized forged and machined finished goods as per specification provided by the customers and based on the schedules from the customers. The Group recognizes revenue from sale of finished goods at a point in time based on the terms of the contract with customers which varies for each customer. Determination of point in time includes assessment of timing of transfer of significant risk and rewards of ownership, establishing the present right to receive payment for the products, delivery specifications including inco terms, timing of transfer of legal title of the asset and determination of the point of acceptance of goods by customer. Further, the pricing of the products is dependent on metal indices and foreign exchange fluctuation making the price volatile including variable considerations. Due to judgments relating to determination of point in time in satisfaction of performance obligations with respect to sale of products, this matter has been considered as key audit matter.	Our audit procedures included the following: • We and other auditors focused on our understanding of the Group's sales process, including design and implementation of controls and tested the operating effectiveness of these controls. • We and other auditors read the Group's accounting policies pertaining to revenue recognition and assessed compliance with Ind AS 115 - Revenue from Contracts with Customers. • We and other auditors obtained and read the terms of customer contracts on sample basis to assess various performance obligations in the contract, the point in time of transfer of control and pricing terms. • We and other auditors tested on a sample basis sales invoices for identification of point in time for transfer of control and terms of contract with customers. Further, we and other auditors have performed procedures to test on a sample basis whether revenue was recognized in the appropriate period by testing shipping records, good inwards receipt of customer, sales invoice, etc. and testing the management assessment involved in the process, wherever applicable. • We assessed the disclosure of revenue in the Consolidated Ind AS financial statements of the Group. • We and other auditors also performed various analytical procedures to identify any unusual sales trends for further testing.
Hedge accounting including valuations thereof *(as described in Note 2.3(s) (Summary of significant accounting policies) and note 9 and 33 of notes forming part of the consolidated Ind AS financial statements)*	

Key audit matters	How our audit addressed the key audit matter
The Holding Company enters into derivative financial instruments which are mainly plain vanilla forward contracts and range forward contracts to manage its exposure of foreign currency risk of highly probable forecasted transactions which arise during the normal course of its business. These contracts are measured at fair values leading to derivative financial assets of INR 3,850.53 million as at March 31, 2022 and the net movement of cashflow hedge reserve for the year is INR 762.24 million net of taxes which is recorded in other comprehensive income. The gain / loss on maturity of such derivative instruments is recorded in the statement of profit and loss along with the relevant hedged item. Due to the changes in risks and estimates during the lifecycle of the customer contracts, in order to apply hedge accounting, management is required to demonstrate that the underlying contract is considered to be a highly probable transaction, that the hedges are highly effective and maintain hedge documentation. A degree of subjectivity is also required to determine when hedge accounting is to be considered as ineffective. Fair value movements of the forward contracts are driven by movements in financial markets. Due to the outbreak of COVID 19, there are uncertainties involved in estimating the highly probable forecasted sales, estimating future foreign exchange rates and accordingly have an impact on hedge effectiveness and impact to statement of profit and loss account. These transactions may have a significant financial effect and have extensive accounting and reporting obligations and accordingly, this is considered as a key audit matter.	Our audit procedures included the following: • We obtained understanding of the Holding Company's overall hedge accounting strategy, forward contract valuation and hedge accounting process from initiation to settlement of derivative financial instruments including assessment of the design and implementation of controls and tested the operating effectiveness of these controls. • We assessed the Holding Company's accounting policy for hedge accounting in accordance with relevant accounting standards. • We tested the existence of hedging contracts by tracing to the independent balance confirmations obtained from respective banks. • We tested management's hedge documentation and contracts, on a sample basis. • We tested on a sample basis the fair values of derivative financial instruments recorded by the Holding Company with the independent balance confirmations obtained from banks. • We involved our valuation specialists in re-performing the year-end fair valuations including evaluation of hedge effectiveness of derivative financial instruments on a sample basis and compared these valuations with those recorded by the Holding Company including assessing the valuation methodology and key assumptions used therein. • We assessed the disclosure of hedge transactions in the Consolidated Ind AS financial statements of the Group.

<table>
<tr><th>Key audit matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">Impairment assessment of investments in associates and joint ventures (as described in Note 2.3(o) (Summary of significant accounting policies) and note 6 of notes forming part of the standalone Ind AS financial statements)</td></tr>
<tr><td>The Holding Company has major investments in joint ventures and associates as at March 31, 2022. The management assesses at least annually the existence of impairment indicators of each shareholdings in such associates and joint ventures.

The processes and methodologies for assessing and determining the recoverable amount of each investments are based on complex assumptions, that by their nature imply the use of the management's judgment, in particular with reference to identification of impairment indicators, forecast of future cash flows relating to the period covered by the Holding Company's strategic business plan, normalized cash flows assumed as a basis for terminal value, as well as the long-term growth rates and discount rates applied to such forecasted cash flows.

Considering the judgment required for estimating the cash flows and the complexity of the assumptions used, this is considered as a key audit matter.</td><td>Our audit procedures included the following:
• We obtained understanding of the Holding Company's policy on assessment of impairment of investment in associates and joint ventures and assumptions used by the management including design and implementation of controls. We have tested the operating effectiveness of these controls.
• We assessed the methodology used by Holding Company's management to estimate the recoverable value of each investment and consistency with accounting standards.
• We compared the carrying values of the Holding Company's investment in these associates and joint ventures with their respective net worth as per audited financial statements
• We have seen valuation model prepared by the Holding Company's management on investments where investment amount is material and there are indicators of impairment.
• We involved our valuation specialist to evaluate methodology, assumptions and estimates used in the calculations. We discussed potential changes in key drivers as compared to previous year / actual performance with Holding Company's management to evaluate whether the inputs and assumptions used in the cash flow forecasts were suitable. We also evaluated the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates used.
• We also assessed the recoverable value by performing sensitivity testing of key assumptions used.
• Analysed and examined the business plans approved along with assumptions and estimates used by management.
• We evaluated the accounting and disclosure of impairment of investment in the Consolidated Ind AS financial statements of the Group.
• We tested the arithmetical accuracy of these models.</td></tr>
</table>

Key audit matters	How our audit addressed the key audit matter
Impairment assessment of Property, Plant and Equipment (PPE) in relation to wholly owned step down subsidiaries in Germany and Sweden *(as described in Note 2.3(O) (Summary of significant accounting policies) and note 35)*	
As at March 31, 2022, the carrying value of Property, Plant and Equipment ("PPE") of the Group is INR 55,212.21 million out of which INR 12,160.13 million relates to certain specific wholly owned step-down subsidiaries ("subsidiaries") in Germany and Sweden. Considering the outbreak of COVID 19 and uncertainties involved regarding forecast of future cash flows the management performed detailed analysis considering impairment indicators. The processes and methodologies for assessing and determining the recoverable amount of the concerned PPE balances are based on complex assumptions, that by their nature imply the use of the management's judgment, in particular with reference to identification of impairment indicators, forecast of future cash flows relating to the period covered by the Company's strategic business plan, as well as the growth rates and discount rates applied to such forecasted cash flows. Considering the judgment required for estimating the cash flows and the complexity of the assumptions used, this is considered as a key audit matter.	Our audit procedures included the following: • We and other auditors obtained understanding of the Group's policy on assessment of impairment of PPE and assumptions used by the management including design and implementation of controls. We have tested the operating effectiveness of these controls. • We instructed and supervised the work of the other auditors related to the impairment assessment. • We and other auditors assessed the methodology used by management to calculate discounted future cashflows and assess the recoverable value of PPE and consistency with relevant accounting standards. • We and other auditors have obtained valuation models prepared by the management to evaluate the assumptions and estimates used in the calculations including sensitivity analysis of key assumptions used. • We and other auditors involved valuation specialists to evaluate methodology, assumptions and estimates used in the calculations. • We and other auditors tested the arithmetical accuracy of these models. • We assessed the disclosure of impairment of PPE in the Consolidated Ind AS financial statements of the Group.

Other information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated Ind AS financial statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associates and joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the Group and of its associates and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are also responsible for overseeing the financial reporting process of the Group and of its associates and joint ventures.

Auditor's responsibilities for the audit of the consolidated Ind AS financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and joint ventures of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated Ind AS financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matter

(a) We did not audit the Ind AS financial statements and other financial information, in respect of twenty one subsidiaries, whose Ind AS financial statements include total assets of INR 41,802.71 million as at March 31, 2022, and total revenues of INR 42,191.51 million and net cash (inflows) of INR 310.87 million for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net loss of INR 436.81 million for the year ended March 31, 2022, as considered in the consolidated Ind AS financial statements, in respect of six associates and three joint ventures, whose Ind AS financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associates, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint ventures and joint operations and associates, is based solely on the report(s) of such other auditors.

(b) The accompanying consolidated Ind AS financial statements include unaudited Ind AS financial statements and other unaudited financial information in respect of _two subsidiaries, whose Ind AS financial statements and other financial information reflect total assets of INR 0.26 million as at March 31, 2022, and total revenues of INR nil and net cash outflows of INR 0.16 million for the year ended on that date. These unaudited Ind AS financial statements and other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited Ind AS financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these Ind AS financial statements and other financial information are not material to the Group.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the Ind AS financial statements and other financial information certified by the Management.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate Ind AS financial statements and the other financial information of the subsidiary companies, associate companies and joint ventures companies, incorporated in India, there are no qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the companies included in the consolidated Ind AS financial statements. Accordingly, the requirement to report on clause 3(xxi) of the order is not applicable to the Holding Company.

2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate Ind AS financial statements and the other financial information of subsidiaries, associates and joint ventures, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

   (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the Ind AS financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) The matter described in Emphasis of Matter paragraph above, in our opinion, may not have an adverse effect on the functioning of the Group;

(f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, associate companies and joint ventures, none of the directors of the Group's companies, its associates and joint ventures, incorporated in India, is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

(g) With respect to the adequacy of the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, associate companies and joint ventures, incorporated in India, , refer to our separate Report in "Annexure 1" to this report;

(h) In our opinion, the managerial remuneration for the year ended March 31, 2022 has been paid / provided by the Holding Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate Ind AS financial statements as also the other financial information of the subsidiaries, associates and joint ventures, as noted in the 'Other matter' paragraph:

   i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates and joint ventures in its consolidated Ind AS financial statements – Refer note 38, 39 and note 41 to the consolidated Ind AS financial statements;

   ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer note 9 to the consolidated Ind AS financial statements;

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, associates and joint ventures, incorporated in India during the year ended March 31, 2022.

iv. a) The respective managements of the Holding Company and its subsidiaries, associate and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associate and joint ventures respectively that, to the best of its knowledge and belief, other than as disclosed in the note 54 to the consolidated Ind AS financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiaries, associate and joint ventures to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiaries, associate and joint ventures ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) The respective managements of the Holding Company and its subsidiaries, associate and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, associate and joint ventures respectively that, to the best of its knowledge and belief, other than as disclosed in the note 54 to the consolidated Ind AS financial statements, no funds have been received by the respective Holding Company or any of such subsidiaries, associate and joint ventures from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiaries, associate and joint ventures shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries, associate and joint ventures which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material mis-statement.

v) The final dividend paid by the Holding Company, its subsidiaries, associate and joint venture companies incorporated in India during the year in respect of the same declared for the previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

The interim dividend declared and paid during the year by the Holding Company, its subsidiaries, associate and joint venture companies incorporated in India and until the date of the respective audit reports of such Holding Company, subsidiaries, associate and joint ventures is in accordance with section 123 of the Act.

As stated in note 17 to the consolidated Ind AS financial statements, the respective Board of Directors of the Holding Company, its subsidiaries, associate and joint venture companies, incorporated in India have proposed final dividend for the year which is subject to the approval of the members of the respective companies at the respective ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act to the extent it applies to declaration of dividend

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Huzefa Ginwala
Partner
Membership Number: 111757
UDIN: 22111757AJATXH2664

Place of Signature: Pune
Date: May 16, 2022

S R B C & CO LLP
Chartered Accountants

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Annexure 1 referred to in paragraph (g) under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated Ind AS financial statements of Bharat Forge Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") , its associates and joint ventures, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the companies included in the Group, its associates and joint ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated Ind AS financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated Ind AS financial statements.

S R B C & CO LLP, a Limited Liability Partnership with LLP Identity No. AAB-4318 Regd. Office: 22, Camac Street, Block 'B', 3rd Floor, Kolkata-700 016

Meaning of Internal Financial Controls With Reference to Consolidated Ind AS Financial Statements

A company's internal financial control with reference to consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Ind AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Group, its associates and joint ventures, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to consolidated Ind AS financial statements and such internal financial controls with reference to consolidated Ind AS financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company, in so far as it relates to these Twelve subsidiaries and two associates, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries, associates and joint ventures incorporated in India.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Huzefa Ginwala
Partner
Membership Number: 111757
UDIN: 22111757AJATXH2664

Place of Signature: Pune
Date: May 16, 2022

BHARAT FORGE LIMITED

Consolidated Balance Sheet as at March 31, 2022

In ₹ Million

	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	3	43,964.66	44,136.82
(b) Capital work-in-progress	3	11,247.55	9,001.14
(c) Investment property	4	2.89	2.89
(d) Goodwill	5	506.43	323.33
(e) Other intangible assets	5	690.35	175.50
(f) Right-of-use asset	43	3,535.54	2,861.11
(g) Investment in associates and joint ventures	6	805.22	1,308.72
(h) Financial assets			
(i) Investments	7	6,152.10	3,987.08
(ii) Loans	8	169.61	252.77
(iii) Trade receivables	12	113.25	101.36
(iii) Derivative instruments	9	2,662.32	1,501.46
(iv) Other financial assets	10	677.79	1,147.40
(i) Deferred tax assets (net)	21	1,171.07	900.66
(j) Income tax assets (net)		550.24	536.68
(k) Other assets	14	4,530.74	3,397.10
		76,779.76	69,634.02
II. Current assets			
(a) Inventories	11	27,104.57	17,939.38
(b) Financial assets			
(i) Investments	7	19,080.24	20,771.79
(ii) Loans	8	166.77	28.38
(iii) Trade receivables	12	21,622.95	14,095.75
(iv) Derivative instruments	9	1,361.34	1,288.58
(v) Cash and cash equivalents	13	5,584.24	4,473.15
(vi) Other bank balances	13	445.93	255.47
(vii) Other financial assets	10	753.77	936.82
(c) Other assets	14	3,189.77	2,355.04
		79,309.58	62,144.36
Total assets		1,56,089.34	1,31,778.38
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity share capital	15	931.27	931.27
(b) Other equity	16	64,775.47	53,219.92
Equity attributable to equity holders of the parent		65,706.74	54,151.19
Non-controlling interests		560.77	316.95
Total equity		66,267.51	54,468.14
LIABILITIES			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	17,873.43	22,171.65
(ii) Lease liabilities	43	2,835.16	2,246.84
(iii) Derivative instruments	19a	-	2.88
(iv) Other financial liabilities	19	247.65	1.28
(b) Provisions	20	1,760.71	1,923.06
(c) Deferred tax liabilities (net)	21	2,889.16	2,345.76
(d) Other liabilities	23	3,073.52	3,441.51
		28,679.63	**32,132.98**
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	38,671.95	27,782.09
(ii) Trade payables	22		
Dues to micro enterprises and small enterprises		100.91	53.95
Dues to other than micro enterprises and small enterprises		16,212.74	12,014.41
(iii) Lease liabilities	43	335.72	506.01
(iv) Derivative instruments	19a	-	1.23
(v) Other financial liabilities	19	1,264.37	1,275.74
(b) Provisions	20	916.45	1,082.84
(c) Other liabilities	23	3,141.03	1,954.22
(d) Current tax liabilities (net)		499.03	506.77
		61,142.20	45,177.26
Total liabilities		89,821.83	77,310.24
Total equity and liabilities		1,56,089.34	1,31,778.38

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Huzefa Ginwala**
Partner
Membership Number: 111757

Place: Pune
Date: May 16, 2022

For and on behalf of the Board of Directors of
Bharat Forge Limited

B. N. Kalyani
Chairman and Managing Director
DIN : 00089380

G. K. Agarwal
Deputy Managing Director
DIN : 00037678

Kishore Saletore
Executive Director and CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 16, 2022

(1)

BHARAT FORGE LIMITED

Consolidated statement of profit and loss for the year ended March 31, 2022

In ₹ Million

	Notes	Year ended March 31, 2022	Year ended March 31, 2021
Income			
Revenue from operations	24	1,04,610.78	63,362.61
Other income	25	1,959.00	1,688.98
Total income [i]		**1,06,569.78**	**65,051.59**
Expenses			
Cost of raw materials and components consumed	26	46,175.79	24,800.94
Purchase of traded goods		1,883.13	1,737.16
(Increase) in inventories of finished goods, work-in-progress, traded goods, dies and scrap	27	(5,899.30)	(196.54)
Employee benefits expense	28	14,646.83	10,710.60
Depreciation, amortisation and impairment expense	29	7,303.01	6,121.59
Finance costs	30	1,604.05	1,077.29
Other expenses	31	27,644.98	17,693.07
Total expenses [ii]		**93,358.49**	**61,944.11**
Profit before share of (loss) of associates and joint ventures, exceptional items and tax [i - ii]		**13,211.29**	**3,107.48**
Share of (loss) of associates and joint ventures		(329.30)	(304.09)
Income tax expense / (credit)		0.90	(4.35)
Share of (loss) of associates and joint ventures		**(330.20)**	(299.74)
Profit before exceptional items and tax		**12,881.09**	**2,807.74**
Exceptional items gain/(loss)	32	924.05	(3,062.28)
Profit /(loss) before tax		**13,805.14**	(254.54)
Income tax expense	21		
Current tax		3,529.58	906.56
Adjustment of tax relating to earlier periods			
Adjustment of tax related to earlier periods		-	-
Deferred tax		(495.05)	108.56
Income tax expense		**3,034.53**	**1,015.12**
Profit/(loss) for the period/year		**10,770.61**	(1,269.66)
Other comprehensive income			
Other comprehensive income /(loss) not to be reclassified to profit and loss in subsequent periods (net of tax)			
- Re-measurement gains on defined benefit plans	33	362.73	9.51
- Net gain on FVTOCI equity securities	33	2,025.46	152.75
- Share of other comprehensive income of associates and joint ventures	33	0.57	(39.04)
		2,388.76	**123.22**
Income tax effect		(499.29)	4.54
(A)		**1,889.47**	**127.76**
Other comprehensive income/(loss) to be reclassified to profit and loss in subsequent periods (net of tax)			
- Non-controlling interest reserve [**Refer note 59]**	33	(148.19)	-
- Net movement on cash flow hedges	33	1,008.09	3,478.22
- Foreign Currency Monetary Items Translation Difference Account	33	-	18.08
- Foreign Currency Translation reserve	33	(152.11)	474.38
		707.79	**3,970.68**
Income tax effect		(245.85)	(875.54)
(B)		**461.94**	**3,095.14**
Other comprehensive income for the year (net of tax) [A+B]		**2,351.41**	3,222.90
Total comprehensive income for the year (net of tax)		**13,122.02**	1,953.24
Of the total comprehensive income above,			
Attributable to:			
Equityholders of the parent		13,168.82	1,956.18
Non-controlling interests		(46.80)	(2.94)
Of the total comprehensive income above,			
Profit / (loss) for the year			
Attributable to:			
Equityholders of the parent		10,817.56	(1,263.81)
Non-controlling interests		(46.95)	(5.85)

(2)

BHARAT FORGE LIMITED

Consolidated statement of profit and loss for the year ended March 31, 2022

In ₹ Million

	Notes	Year ended March 31, 2022	Year ended March 31, 2021
Of the total comprehensive income above,			
Other comprehensive income for the year			
Attributable to:			
Equityholders of the parent		2,351.26	3,219.99
Non-controlling interests		0.15	2.91
Earnings per equity share [nominal value per share ₹ 2/- (March 31, 2021: ₹ 2/-)]	34		
Basic		23.23	(2.71)
Diluted		23.23	(2.71)

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Huzefa Ginwala**
Partner
Membership Number: 111757

Place: Pune
Date: May 16, 2022

For and on behalf of the Board of Directors of
Bharat Forge Limited

B. N. Kalyani
Chairman and Managing Director
DIN : 00089380

G. K. Agarwal
Deputy Managing Director
DIN : 00037678

Kishore Saletore
Executive Director and CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 16, 2022

BHARAT FORGE LIMITED

Consolidated statement of changes in equity for the year ended March 31, 2022

A. Equity share capital:
Equity shares of ₹ 2/- each issued, subscribed and fully paid

Particulars	No.	In ₹ Million
As at April 1, 2020	46,55,88,632	931.27
As at March 31, 2021	46,55,88,632	931.27
As at March 31, 2022	**46,55,88,632**	**931.27**

B. Other equity

In ₹ Million

Particulars	Reserves and Surplus (Refer note 16)					Items of OCI (Refer note 16)					Non Controlling Interests	Total
	Security premium	Capital reserves	Employee stock option outstanding	General reserve	Retained Earnings	Foreign currency translation reserve (FCTR)	Equity instruments through other comprehensive income	Non-controlling interest reserve	Cash flow hedge reserve	Foreign Currency Monetary Item Translation Difference Account (FCMITDA)		
Balance as at April 1, 2020	6,930.89	15.50	-	3,230.48	40,665.93	754.50	234.36		547.45	(18.08)	319.89	51,586.02
- Profit for the year	-	-	-	-	(1,261.42)	(2.39)	-		-	-	(5.85)	(1,269.66)
Other Comprehensive Income/(Loss)	-	-	-	-	15.30	474.38	112.46		2,599.77	18.08	2.91	3,222.90
	-	-	-	-	(1,246.12)	471.99	112.46		2,599.77	18.08	(2.94)	1,953.24
Balance as at March 31, 2021	6,930.89	15.50	-	3,230.48	39,419.81	1,226.49	346.82	-	2,052.32	-	316.95	53,539.26
Balance as at April 1, 2021	**6,930.89**	**15.50**	-	3,230.48	**39,419.81**	**1,226.49**	**346.82**	-	2,052.32	-	**316.95**	**53,539.26**
- Profit / (Loss) for the year	-	-	-	-	10,817.56	-	-	-	-	-	(46.95)	10,770.61
- Other Comprehensive Income / (Loss)	-	-	-	-	261.99	(152.11)	1,627.33	(148.19)	762.24	-	0.15	2,351.41
- Compensation options granted during the year [Refer note 16 (d)]	-	-	16.29	-	-	-	-	-	-	-	-	16.29
	-	-	**16.29**	-	11,079.55	(152.11)	**1,627.33**	**(148.19)**	**762.24**	-	**(46.80)**	**13,138.31**
Acquisition of subsidiary's non-controlling interest (net) [Refer note 59]	-	-	-	-	-	-	-	-	-	-	290.62	**290.62**
Transaction with owners in their capacity as owners												
- Equity dividend	-	-	-	-	(931.18)	-	-	-	-	-	-	(931.18)
- Interim equity dividend	-	-	-	-	(698.38)	-	-	-	-	-	-	(698.38)
Balance as at March 31, 2022	**6,930.89**	**15.50**	**16.29**	3,230.48	48,869.80	1,074.38	1,974.15	(148.19)	2,814.56	-	**560.77**	**65,338.63**

The accompanying notes form an integral part of the financial statements.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Huzefa Ginwala
Partner
Membership Number: 111757

Place : Pune
Date: May 16, 2022

For and on behalf of the Board of Directors of
Bharat Forge Limited

B. N. Kalyani
Chairman and Managing Director
DIN : 00089380

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Deputy Managing Director
DIN : 00037678

Kishore Saletore
Executive Director and CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place : Pune
Date: May 16, 2022

BHARAT FORGE LIMITED

Consolidated cash flow statement for the year ended March 31, 2022

Particulars	March 31, 2022	March 31, 2021
Operating activities		
Profit/(loss) after exceptional items & before tax	**13,805.14**	**(254.54)**
Add/(Less): Share of (loss)/profit of associates and joint ventures (net of tax)	**(330.20)**	**(299.74)**
	14,135.34	**45.20**
Adjustment to reconcile profit before tax to net cash flows		
Depreciation, amortisation and impairment expense	7,303.01	6,121.60
Unrealised foreign exchange (gain)/MTM (net)	(502.98)	(517.03)
Interest income	(219.86)	(275.27)
Liabilities/provision no longer required written back	(246.41)	(138.60)
Provision for doubtful debts and advances (net) including expected credit loss	111.88	91.15
Bad debts/advances written off	5.16	0.14
Finance costs	1,604.26	1,077.29
(Gain) on sale of property, plant and equipment (net)	(223.46)	(3.36)
Dividend income from investment	(4.41)	(1.23)
Net (gain) on sale of financial investments	(903.83)	(589.87)
Net (gain) on fair valuation of financial instruments (FVTPL)	129.10	(336.59)
Share based payment expense	16.29	-
Non-cash exceptional items	(1,140.06)	2,970.45
Effects of consolidation	788.35	(1,146.25)
Operating profit before working capital changes	20,852.38	7,297.63
Working capital adjustments		
(Increase)/decrease in trade receivables	(8,035.43)	750.80
(Increase)/decrease in inventories	(9,076.27)	(592.39)
(Increase) /decrease in other financial assets	711.99	523.75
(Increase)/decrease in other assets	(799.59)	294.83
Increase/(decrease) in provisions	(166.82)	42.95
Increase/(decrease) in trade payables	4,328.65	1,916.82
Increase/(decrease) in other financial liabilities	37.14	52.72
Increase/(decrease) in other liabilities	731.76	847.11
Cash generated from operations	8,583.81	11,134.22
Income taxes paid (net of refunds)	(3,525.33)	(934.02)
Net cash flow from operating activities (I)	5,058.48	10,200.20
Investing activities		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress, capital creditors and capital advances)	(10,683.30)	(9,142.62)
Proceeds from sale of property, plant and equipment and intangible assets	1,036.96	237.13
Investments in joint venture/associates	-	(60.00)
Acquisition of a subsidiary, net of cash acquired	(1,441.80)	-
Loan given to joint venture/associates	(122.41)	(78.43)
Proceeds from loan given to joint venture/associates	67.49	2.00
Loan given to employees/others	(121.84)	(115.64)
Proceeds from loan given to employees/others	90.54	130.73
Investments in financial instruments including fixed deposits	(83,807.90)	(56,860.68)
Proceeds from sale of financial instruments including fixed deposits	87,853.52	50,501.55
Interest received	223.83	274.15
Dividend received	4.41	1.23
Net cash flows (used in) investing activities (II)	(6,900.50)	(15,110.58)
Financing activities		
Dividend paid on equity shares	(1,641.68)	-
Interest paid	(1,444.12)	(759.95)
Acquisition of minority interest	(329.68)	-
Payment of principal portion of lease liabilities	(579.81)	(440.12)
Proceeds from borrowings including bill discounting	66,810.15	49,295.42
Repayment of borrowings including bill discounting	(59,713.20)	(42,264.59)
Debenture issue expenses	-	(47.81)
Net cash flows from financing activities (III)	**3,101.66**	**5,782.95**
Net increase in cash and cash equivalents (I + II + III)	**1,259.64**	**872.57**
Cash and cash equivalents at the beginning of the year*	**4,473.15**	**3,126.20**
Cash and cash equivalents at the end of the year*	**5,732.79**	**3,998.77**
Foreign currency translation reserve movement	**(152.11)**	**474.38**
Net foreign exchange difference	**3.56**	**-**
Cash and cash equivalents at the end of the year*	**5,584.24**	**4,473.15**

* Excluding earmarked balances (on unclaimed dividend and unspent CSR accounts)

(5)

Consolidated cash flow statement for the year ended March 31, 2022 (contd.):

Cash and Cash equivalents for the purpose of cash flow statement

	March 31, 2022	March 31, 2021
Bank Balances		
In cash credit and current accounts	4,889.16	4,433.72
Deposits with original maturity of less than three months	549.93	37.03
Cash on hand	145.15	2.40
	5,584.24	4,473.15

The accompanying notes form an integral part of the financial statements.

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Huzefa Ginwala
Partner

Membership Number: 111757

Place: Pune
Date: 16th May 2022

For and on behalf of the Board of Directors of
Bharat Forge Limited

B. N. Kalyani
Chairman and Managing Director
DIN : 00089380

G. K. Agarwal
Deputy Managing Director
DIN : 00037678

Kishore Saletore
Executive Director & CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: 16th May 2022

1. Corporate information

The consolidated financial statements comprise financial statements of Bharat Forge Limited ("the Holding Company") and its subsidiaries (collectively, the Group) for the year ended March 31, 2022. Bharat Forge Limited ("the Company") is a public Company domiciled in India. Its shares are listed on two stock exchanges in India. The Group is engaged in the manufacturing, assembling and selling of forged and machined components including aluminum castings for auto and industrial sector and also in manufacturing and assembly of electric vehicle related components. The Group caters to both domestic and international markets. The registered office of the Company is located at Mundhwa, Pune. The Holding Company's CIN is L25209PN1961PLC012046. The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of directors on May 16, 2022.

2. Significant accounting policies

2.1 Basis of preparation

These consolidated financial statements ('CFS') of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the CFS.

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments;
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

In addition, the carrying values of recognized assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The consolidated financial statements are presented in INR and all values are rounded to the nearest million (INR 000,000), except when otherwise indicated.

The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiaries as at March 31, 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

During the previous year, the consolidated financial statements in respect of overseas subsidiaries (other than Bharat Forge International Limited), associates and joint venture including their respective subsidiaries/associates were drawn for the year ended December 31, 2020, whereas the financial statements of the Holding Company were drawn for the year ended March 31, 2021. Till previous year, as per the statutory requirements of the Country of incorporation the overseas components with non-coterminous periods, the year-end was considered as of and December 31, 2020. Also, the effect of significant transactions and other events that occurred January 1, 2021 to March 31, 2021 were considered in the consolidated financial statements if it is material in nature. However, for the current year, the Board of Directors of the Holding Company have decided to align the accounting year of such overseas components with the accounting year of the Holding Company. Consequently, the financial statements of these components have been prepared for 15 months from January 1, 2021 to March 31, 2022, whereas the financial statements of the Holding Company are drawn for 12 months starting from April 1, 2021 to March 31, 2022. Also refer note 60.

The financial statements of Bharat Forge International Limited have been prepared for the year ended March 31, 2022 and March 31, 2021. The financial statements of Indian subsidiaries/associates/joint controlled entities have been drawn for the year ended March 31, 2022 and March 31, 2021.

Consolidation procedure:

a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date.
b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

c) Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in the statement of profit and loss
- Reclassifies the parent's share of components previously recognized in OCI to the statement of profit and loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

When the proportion of the equity held by non-controlling interest changes, the Group adjusts the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, is directly recognized in equity and attributed to the owners of the parent.

2.3 Summary of significant accounting policies

A. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Potential tax effects of temporary differences and carry forwards of an acquiree that exist at the acquisition date or arise as a result of the acquisition are accounted in accordance with Ind AS 12

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in the statement of profit and loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in the statement of profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

B. Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group recognises share of profit/(loss) of associates and joint ventures in the statement of profit and loss and then calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit and loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the statement of profit and loss.

C. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

D. Foreign currencies

The Group's consolidated financial statements are presented in INR, which is also the parent's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the indirect method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to the statement of profit and loss reflects the amount that arises from using this method.

Transactions and Balance

Transactions in foreign currencies are initially recorded by the Group in its functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange difference that arise on settlement of monetary items or on reporting at each balance sheet date of the Group's monetary items at the closing rate are recognized as income or expenses in the period in which they arise except for differences pertaining to Long Term Foreign Currency Monetary Items as mentioned subsequently.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or the statement of profit and loss are also recognised in OCI or the statement of profit and loss, respectively).

Exchange Differences

The Group had availed the option available under Ind AS 101 para D13 AA and is continuing the policy adopted for accounting for exchange difference arising from translation of long term foreign currency monetary items recognised in the financial statements for the year ending March 31, 2016. Hence, such exchange differences are accounted as below:

a) Exchange differences arising on long-term foreign currency monetary items related to acquisition of property, plant and equipment are capitalized and depreciated over the remaining useful life of the asset.

b) Exchange differences arising on other long-term foreign currency monetary items are accumulated in the FCMITDA through Other Comprehensive Income (OCI). The amortisation of the balance of FCMITDA is transferred to the statement of profit and loss over the remaining life of the respective monetary item.

c) All other exchange differences are recognised as income or as expense in the period in which they arise.

For the purpose of (a) and (b) above, the Group treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.

Further, the Group does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the statement of profit and loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation on or after April 1, 2015 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to Ind AS (April 1, 2015), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, viz., April 1, 2015. Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

E. Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions (note 35)
- Quantitative disclosures of fair value measurement hierarchy (note 51)
- Investment in unquoted equity shares (note 7)

- Investment properties (note 4)
- Financial instruments (including those carried at amortized cost) (note 52)

F. Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The policy of recognizing the revenue is determined by the five stage model proposed by Ind AS 115 "Revenue from contract with customers".

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 35.

Sale of goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on date of bill of lading for export sales and generally on delivery for domestic sales. In case of certain subsidiaries, revenue recognition is based on ex-factory/ex works incoterms wherein the goods are made available at subsidiary company's factory location to be picked up by the customers. The performance obligation is met at the time of goods being made available for pick up by customers. The normal credit term is 30 to 240 days upon delivery.

In case of bill and hold arrangements, revenue is recognized when the Group completes its performance obligation to transfer the control of the goods to the customer in accordance with the agreed upon specifications in the contract for which customer has accepted the control. Such goods are identified and kept ready for delivery based on which revenue is recognized.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer, if any.

Export incentives

Income from export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim are fulfilled.

Tooling income

Revenue from tooling income is recognized at the point in time when the control of the die is transferred, which is on receipt of customer's approval as per the terms of the contract (referred to as production parts approval process or PPAP) as per the terms of the contract.

Sale of services

Revenue from sale of services is in nature of job work on customer product which normally takes 1 – 4 days maximum and hence revenue is recognized when products are sent to customer on which job work is completed. The normal credit period is 60 days.

Interest income

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in "other income" in the statement of profit and loss.

Dividends

Dividend income is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 2.2-R Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration in form of advance from customer (or an amount of consideration is due). If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs the obligation as per the contract.

G. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant or subsidy relates to revenue, it is recognized as income/netted off with expenses on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and is allocated to statement of profit and loss over the periods and in the proportions in which depreciation on those assets is charged. Investment grants and subsidies received or claimable are entered as liabilities in a special reserve for investment grants and written back according to the depreciation of the subsidised assets.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

H. Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Indirect taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of indirect taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

l. Property, plant and equipment

Property, plant and equipment, are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss (if any). Internally manufactured plant and equipment are capitalized at cost, including non-creditable indirect taxes after deducting the net proceeds from selling any items produced while bringing the asset to the required location and condition, wherever applicable. All significant costs relating to the acquisition and installation of property, plant and equipment / investment property are capitalized. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for provision are met.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized.

The identified components are depreciated over their useful lives, the remaining asset is depreciated over the life of the principal asset.

Depreciation for identified components is computed on straight line method based on useful lives, determined based on internal technical evaluation as follows:

Type of assets	Useful life estimated by management (years)
Building - Factory	8 – 50
Buildings – Others	5 – 60
Plant and machinery (including dies)	1 – 23
Plant and machinery – Windmill	19
Plant and machinery – continuous processing plant	18
Plant and Machinery - computer	3
Office equipment	3 – 11
Railway sidings	10

Power Line	6
Electrical installation	10
Factory equipments	2 – 10
Furniture and fixtures	10
Vehicles	3 – 9
Aircraft	6 – 18

Expenditure on power line is amortized on a straight-line basis over a period of six years.

The Holding Company and its Indian subsidiaries, based on technical assessment made by technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Freehold land is carried at cost.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

J. Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Though the Group measures investment property using cost-based measurements, the fair value measurement of investment property is disclosed in note 4. Fair values are determined based on a periodic evaluation performed by an accredited external independent valuer applying valuation model.

The investment properties held by the Group are in the nature of freehold land, hence are not subject to depreciation.

Investment properties are derecognized either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of profit and loss in the period of derecognition.

In determining the amount of consideration from the derecognition of investment property, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

K. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the net carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Group amortizes intangible assets on Straight line basis over the useful life of the asset as mentioned below:

Type of Asset	**Useful life estimated by management (years)**
Computer software	3 – 5
Development costs	10
Patents	10
Technology license	5
Customer Contracts	2
Technical Know-how	3

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization expense is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

During the period of development, the asset is tested for impairment annually.

L. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs w.r.t. borrowing taken on or after April 1, 2016.

M. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets
The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Type of Asset	Useful life estimated by management (years)
Buildings	2 - 18
Plant and machinery	3 -15
Motor vehicles and other equipment	3 -5
Leasehold Land	99

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to accounting policies in Note 2.2-O Impairment of non-financial assets.

ii) Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

N. Inventories

Cost of inventories have been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and components, stores and spares and loose tools are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Costs are determined on weighted average basis.

Work-in-progress and finished goods are valued at the lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost of work-in-progress and finished goods are determined on a weighted average basis.

Traded goods are valued at lower of Costs are determined on weighted average basis and net realizable value.

Dies are valued at cost or net realizable value. Cost includes direct material and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of dies are determined on a weighted average basis.

Scrap is valued at net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

O. Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Intangible assets under development are tested for impairment annually.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or Group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

P. Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements. A disclosure for a contingent liability is made where there is a possible obligation arising out of past event, the existence of which will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation arising out of past event where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Q. Post-employment and other employee benefits

Provident fund

The Holding Company operates a defined benefit plan for the eligible employees to provide employee benefit in the nature of provident fund. For the employees of the Group which are not covered under the above plan, a separate plan is operated which is a defined contribution plan.

The eligible employees of the Holding Company receive benefits from a provident fund, which is a defined benefit plan. Both the employee and the Holding Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Holding Company contributes a part of the contributions to the "Bharat Forge Group Limited Staff Provident Fund Trust". The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the Government. The Holding Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The cost of providing benefits under above mentioned defined benefit plan is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

With respect of the employees of the Group who are not covered under the above scheme, portion of provident fund is contributed to the Government administered pension fund which is a defined contribution scheme.

The Holding Company and its Indian subsidiaries have no obligation, other than the contribution payable to the provident fund. The Holding Company and its Indian subsidiaries recognises contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Gratuity

The Holding Company and some of its Indian subsidiaries operate two defined benefits plan for its employees viz. gratuity and special gratuity scheme, whereas, the overseas subsidiaries operate only one defined benefit plan for gratuity payable to its employees. Payment for present liability of future payment of gratuity is being made to approved gratuity funds. The special gratuity scheme is unfunded. The cost of providing benefits under these plans is determined on the basis of actuarial valuation at each year end. Separate actuarial valuation is carried out for each plan using the project unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in the statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment
- The date that the Group recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Superannuation

Retirement benefit in the form of superannuation plan is a defined contribution plan. Defined contributions to Life Insurance Corporation for employees covered under Superannuation scheme are accounted at the rate of 15% of such employees' basic salary. The Group recognizes expense toward the contribution paid/ payable to the defined contribution plan as and when an employee renders the relevant service. If the contribution already paid exceeds the contribution due for service before the balance sheet date, the Group recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or cash refund. If the contribution already paid is lower than the contribution due for service before the balance sheet date, the Group recognises that difference excess as a liability. The Group has no obligation, other than the contribution payable to the superannuation fund.

Privilege leave benefits

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Group presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of these benefits; and (b) when the entity recognizes cost for a restructuring that is within the scope of Ind AS 37 and involves payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Other long-term employee benefits

In case of certain overseas subsidiaries, there are long term employee benefits in the nature of pension plans, jubilee scheme and early retirement scheme. Long-term employee benefits are defined benefit obligations and are provided for on the basis of an actuarial valuation. Separate actuarial valuation is carried out for each plan using the project unit credit method.

Actuarial gains and losses for all defined benefit plans are recognized in full in the period in which they occur in the consolidated statement of profit and loss.

R. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit and loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Debt instruments at amortized cost
- Debt instruments, derivatives and equity instruments at fair value through profit and loss (FVTPL)
- Debt instruments, Equity and derivative instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in other income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss. This category generally applies to exchange traded funds, trade and other receivables.

The Company intends to hold its investment in open ended target maturity funds (i.e. exchange traded funds/ETF) till maturity. It may be noted that these funds have a pre-determined maturity date. These funds follow a passive buy and hold strategy; in which the existing underlying investment bonds are expected to be held till maturity unless sold for meeting redemptions or rebalancing requirements as stated in the scheme document. In our view, such strategy mitigates intermittent price volatility in open ended target maturity fund's underlying investments; and investors who remain invested until maturity are expected to mitigate the market/volatility risk to a large extent. These funds can invest only in plain vanilla INR bonds with fixed coupon and maturity; and cannot invest in floating rate bonds. Based on this, the Company believes that the investments in open ended target maturity funds meet the requirements of SPPI test as per the requirements of Ind AS 109.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For all equity instruments not held for trading, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance
b) Lease receivables under Ind AS 116
c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115
d) Financial assets that are measured at FVTOCI

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss.

The balance sheet presentation for various financial instruments is described below:

- *Financial assets measured as at amortized cost, contractual revenue receivables and lease receivables:* ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.
- Debt instruments measured at FVTOCI:
  Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Group does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit and loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit and loss

Financial liabilities at fair value through profit and loss include financial liabilities designated upon initial recognition as at fair value through profit and loss. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the DE recognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognized in the statement of profit and loss.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit and loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the statement of profit and loss, unless designated as effective hedging instruments.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

S. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit and loss, except for the effective portion of cash flow hedges, which is recognized in OCI and later reclassified to the statement of profit and loss when the hedge item affects the statement of profit and loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment

- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognized in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the statement of profit and loss as a charge.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through the statement of profit and loss over the remaining term of the hedge using the EIR method. EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in trade receivables. The change in fair value is recognized as an asset or liability with corresponding gain or loss recognized in the statement of profit and loss.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in the statement of profit and loss. When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain or loss recognized in the statement of profit and loss.

Cash flow hedges

Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment.

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit and loss.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognized in the statement of profit and loss. Refer to note 50 for more details.

Amounts recognized as OCI are transferred to the statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

T. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

U. Dividend to equity holders of the Group

The Group recognizes a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorized and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

V. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

W. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

X. Share based payments

Employees of one of the components of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. Further details are given in Note 61.
For options which are granted post acquisition date, the cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

2.4 Changes in accounting policies and new and amended standards

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 Apr 2021. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective:

(i) Interest Rate Benchmark Reform – Phase 2: Amendments to Ind AS 109, Ind AS 107, Ind AS 104 and Ind AS 116

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

(ii) Conceptual framework for financial reporting under Ind AS issued by ICAI

The Framework is not a Standard and it does not override any specific standard. Therefore, this does not form part of a set of standards pronounced by the standard-setters. While, the Framework is primarily meant for the standard-setter for formulating the standards, it has relevance to the preparers in certain situations such as to develop consistent accounting policies for areas that are not covered by a standard or where there is choice of accounting policy, and to assist all parties to understand and interpret the Standards.

The amendments made in following standards due to Conceptual Framework for Financial Reporting under Ind AS. includes amendment of the footnote to the definition of an equity instrument in Ind AS 102- Share Based Payments, footnote to be added for definition of liability i.e. definition of liability is not revised on account of revision of definition in conceptual framework in case of Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets etc.
The MCA has notified the Amendments to Ind AS consequential to Conceptual Framework under Ind AS vide notification dated June 18, 2021, applicable for annual periods beginning on or after April 1, 2021. Accordingly, the Conceptual Framework is applicable for preparers for accounting periods beginning on or after 1 April 2021.

These amendments had no impact on the financial statements of the Group.

(iii) **Ind AS 116: COVID-19 related rent concessions**

MCA issued an amendment to Ind AS 116 Covid-19-Related Rent Concessions beyond 30 June 2021 to update the condition for lessees to apply the relief to a reduction in lease payments originally due on or before 30 June 2022 from 30 June 2021. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

These amendments had no impact on the financial statements of the Group.

(iv) **Ind AS 103: Business combination**

The amendment states that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards issued by the Institute of Chartered Accountants of India at the acquisition date. Therefore, the acquirer does not recognise those costs as part of applying the acquisition method. Instead, the acquirer recognises those costs in its post-combination financial statements in accordance with other Ind AS.

Group has considered impact of this while accounting for the business combinations acquired during the year and impact of this change in not material.

(v) **Amendment to Ind AS 105, Ind AS 16 and Ind AS 28**

The definition of "Recoverable amount" is amended such that the words "the higher of an asset's fair value less costs to sell and its value in use" are replaced with "higher of an asset's fair value less costs of disposal and its value in use". The consequential amendments are made in Ind AS 105, Ind AS 16 and Ind AS 28.

These amendments had no impact on the financial statements of the Group.

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BHARAT FORGE LIMITED

Notes to consolidated financial statements for the year ended March 31, 2022

3. Property, plant and equipment

In ₹ Million

	Freehold land	Buildings (Notes a, b)	Plant and machinery (Notes d)	Railway sidings	Office equipments	Electrical installations	Factory equipments	Sub Total (A)
Cost								
As at April 1, 2020	773.98	9,575.18	44,191.51	0.02	149.10	180.91	3,091.09	57,961.79
Reclassified on account of adoption of IND AS 116	-	-	-	-	-	-		-
Foreign Currency Translation Reserve	40.36	410.54	1,472.41	-	(1.06)	-	293.92	2,216.17
Additions	-	1,303.49	8,712.75	-	31.81	77.15	325.97	10,451.17
Additions on acquisition of subsidiary	-	-	-	-	-	-	-	-
Disposals	-	(4.33)	(1,795.84)	-	(0.31)	-	(48.63)	(1,849.11)
Other adjustments								-
- Borrowing cost (Refer note c)	-	1.24	203.14	-	-	-	0.98	205.36
- Exchange differences	-	(4.00)	(7.05)	-	-	-	(0.46)	(11.51)
As at March 31, 2021	814.34	11,282.12	52,776.92	0.02	179.54	258.06	3,662.87	68,973.87
Foreign Currency Translation Reserve	(18.92)	(224.25)	(849.86)	-	1.16	-	(157.94)	(1,249.81)
Additions	-	477.71	5,848.54	-	21.19	-	467.03	6,814.47
Additions on acquisition of subsidiary	30.38	193.27	343.68	-	1.81	-	-	569.14
Disposals	-	(0.52)	(735.93)	-	(23.31)	-	(250.56)	(1,010.32)
Other adjustments								-
- Borrowing cost (Refer note c)	-	0.81	64.47	-	-	-	0.30	65.58
- Exchange differences	(1.02)	-	-	-	0.67	-		(0.35)
As at March 31, 2022	824.78	11,729.13	57,447.82	0.02	181.06	258.06	3,721.70	74,162.58
Depreciation and impairment								
As at April 1, 2020	-	1,640.44	18,900.02	-	68.97	129.78	1,478.13	22,217.34
Foreign Currency Translation Reserve	-	110.81	788.82	-	(0.48)	-	169.71	1,068.86
Charge for the year	-	431.40	4,399.60	-	24.94	19.90	407.96	5,283.80
Disposals	-	(1.08)	(1,601.75)	-	(0.24)	-	(48.38)	(1,651.45)
Other adjustments								
- Others (Refer note e)	-	-	-	-	-	-	-	-
As at March 31, 2021	-	2,181.57	22,486.69	-	93.19	149.68	2,007.42	26,918.55
Foreign Currency Translation Reserve	-	(66.41)	(483.67)	-	0.74	-	(101.69)	(651.03)
Charge for the year	-	536.55	5,237.55	-	26.82	6.74	496.58	6,304.24
Disposals	-	(0.51)	(739.34)	-	(22.15)	-	(127.00)	(889.00)
Other adjustments								-
- Others (Refer note e)	-	-	-	-	-	-	-	-
As at March 31, 2022	-	2,651.20	26,501.23	-	98.60	156.42	2,275.31	31,682.76
Net block								
As at March 31, 2021	814.34	9,100.55	30,290.23	0.02	86.35	108.38	1,655.45	42,055.32
As at March 31, 2022	824.78	9,077.93	30,946.59	0.02	82.46	101.64	1,446.39	42,479.82

3. Property, plant and equipment (contd.)

In ₹ Million

	Furniture and fixtures	Vehicles and aircraft	Power line	Sub Total (B)	Grand Total (A+B)	Capital work-in-progress
Cost						
As at April 1, 2020	279.05	3,089.43	6.17	3,374.65	61,336.44	11,438.98
Foreign Currency Translation Reserve	-	0.62	-	0.62	2,216.79	269.28
Additions	32.93	26.00	10.00	68.93	10,520.10	7,666.56
Disposals	(0.61)	(7.30)	-	(7.91)	(1,857.02)	-
Transferred to asset block	-	-	-	-	-	(10,520.10)
Other adjustments						
- Borrowing cost (Refer note c)	-	-	-	-	205.36	135.28
- Exchange differences	-	-	-	-	(11.51)	23.37
As at March 31, 2021	**311.37**	**3,108.75**	**16.17**	**3,436.29**	**72,410.16**	**9,013.37**
Foreign Currency Translation Reserve	0.00	0.31	-	0.31	(1,249.50)	59.50
Additions	11.68	10.70	-	22.38	6,836.85	7,333.40
Additions on acquisition of subsidiary	4.56	1.91	-	6.47	575.61	100.38
Disposals	(12.28)	(1,421.28)	-	(1,433.56)	(2,443.88)	(5,367.74)
Other adjustments						
- Borrowing cost (Refer note c)	-	-	-	-	65.58	106.47
- Exchange differences	(0.67)	-	-	(0.67)	(1.02)	14.40
As at March 31, 2022	**314.66**	**1,700.40**	**16.17**	**2,031.23**	**76,193.81**	**11,259.78**
Depreciation and impairment						
As at April 1, 2020	76.93	978.64	6.17	1,061.74	23,279.08	12.23
Foreign Currency Translation Reserve	-	0.47	-	0.47	1,069.33	-
Charge for the year	29.71	269.81	0.47	299.99	5,583.79	-
Disposals	(0.36)	(7.05)	-	(7.41)	(1,658.86)	-
As at March 31, 2021	**106.28**	**1,241.87**	**6.64**	**1,354.79**	**28,273.34**	**12.23**
Foreign Currency Translation Reserve	(0.00)	0.01	-	0.01	(651.02)	-
Charge for the year	29.37	262.63	1.43	293.44	6,597.68	-
Disposals	(10.15)	(1,091.68)	-	(1,101.84)	(1,990.84)	-
As at March 31, 2022	**125.49**	**412.83**	**8.07**	**546.39**	**32,229.15**	**12.23**
Net block						
As at March 31, 2021	**205.09**	**1,866.88**	**9.53**	**2,081.50**	**44,136.82**	**9,001.14**
As at March 31, 2022	**189.17**	**1,287.57**	**8.10**	**1,484.84**	**43,964.66**	**11,247.55**

Note 3 Property, plant and equipment (Contd:)

(a) Buildings include cost of hangar jointly owned with other companies ₹ 0.07 million (March 31, 2021: ₹ 0.07 million).

(b) The title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Holding Company except for one immovable property (Hangar at Lohegaon) aggregating gross block of ₹ 0.07 million and net block of ₹ 0.05 million as at March 31, 2022 (March 31, 2021 : Two immovable properties aggregating gross block of ₹ 0.51 million and net block of ₹ 0.43 million) for which title deeds were not available with the Company. This property is jointly held by the Company with other companies.

(c) Capitalised borrowing costs :

The Group capitalises these borrowing costs in the capital work-in-progress (CWIP) first. The amount of borrowing costs capitalised as other adjustments in the above note reflects the amount of borrowing cost transferred from Capital work-in-progress (CWIP) balances. The borrowing costs capitalised during the year ended March 31, 2022 was ₹ 151.49 million (March 31, 2021: ₹ 125.89 million).

(d) Assets include assets lying with third parties amounting to ₹ 156.40 Million (March 31, 2021: ₹ 115.75 Million)

(e) Other adjustments are related to reclassification within block of assets

(f) None of the components in the Group have revalued any property, plant and equipment during the year.

(g) Capital work in progress (CWIP) ageing schedule

In ₹ Million

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
March 31, 2022					
Projects in progress	5,995.06	3,992.75	682.82	576.92	**11,247.55**
Projects temporarily suspended	-	-	-	-	-
Total	**5,995.06**	**3,992.75**	**682.82**	**576.92**	11,247.55
March 31, 2021					
Projects in progress	4,547.64	1,319.50	2,804.17	329.83	9,001.14
Projects temporarily suspended*	-	-	-	-	-
Total	**4,547.64**	**1,319.50**	**2,804.17**	**329.83**	**9,001.14**

There are no projects whose completion is overdue or have exceeded their cost compared to original plan.

*During the previous year, the Holding Company had temporarily suspended activities in the projects in progress from April 1, 2020 to June 30, 2021, due to COVID 19 related restrictions.

(h) The Company has not revalued any property, plant and equipment during the year.

4. Investment property

In ₹ Million

	Total
Cost	
As at April 1, 2020	**2.89**
Additions	-
Disposals	-
As at March 31, 2021	**2.89**
Additions	-
Disposals	-
As at March 31, 2022	**2.89**
Depreciation and impairment	
As at April 1, 2020	-
Depreciation for the year	-
As at March 31, 2021	-
Depreciation for the year	-
As at March 31, 2022	-
Net block	
As at March 31, 2021	**2.89**
As at March 31, 2022	**2.89**

Information regarding income and expenditure of investment property

In ₹ Million

	March 31, 2022	March 31, 2021
Rental income derived from investment properties **[included in Rent in note 25]**	3.12	2.95
Direct operating expenses (including repairs and maintenance) generating rental income	-	-
Direct operating expenses (including repairs and maintenance) that did not generate rental income [included in Rates and taxes in note 31]	1.03	1.03
Profit arising from investment properties before depreciation and indirect expenses	**2.09**	**1.92**
Less : Depreciation	-	-
Profit arising from investment properties before indirect expenses	**2.09**	**1.92**

The Group's investment properties consist of three parcels of land situated at Pune, Satara and Chakan.

As at March 31, 2022 and March 31, 2021, the fair values of the properties are ₹ 2,432.95 and ₹ 2,432.95 million respectively. The Group obtains independent valuations for its investment properties at least annually. These valuations are performed by an accredited independent valuer firm and this firm is a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.The best evidence of fair value is current prices in an active market for similar properties, where such information is not available, the Group considers ready reckoner rates. The main input used is the ready reckoner rate. All resulting fair value estimates for investment properties are included in Level 2.

The Group has no restrictions (other than the land for which matter is being subjudice and for which no income has been considered) on the realisability of its investment properties and has no contractual obligations to either construct or develop investment properties or for repairs, maintenance and enhancements. The Group's investment properties consist of three parcels of land situated at Pune, Satara and Chakan. Freehold land parcel includes 25 acres of land situated at Pune and 24.13 acres of land situated at Satara and 8.40 acres of land situated at Chakan, which have been given on lease. Due to certain matters being sub- judice, the Group has not executed lease deed with related party for one of the said land.

Reconciliation of fair value

In ₹ Million

Investment properties	**Free hold land**
at April 1, 2020	2,426.11
Fair value difference	6.84
Purchases	-
at March 31, 2021	2,432.95
Fair value difference	-
Purchases	-
at March 31, 2022	**2,432.95**

5 Intangible assets and Goodwill

In ₹ Million

	Goodwill	Computer and Software	Customer contracts	Technical know-how	Development cost	Patents	Technology License	Total
Cost								
As at April 1, 2020	525.04	464.04	7.84	8.65	141.12	2.64	193.73	1,343.06
Foreign Currency Translation Reserve	58.69	15.99	-	-	17.51	0.37	-	92.56
Additions	-	46.11	-	-	-	-	-	46.11
Disposals	-	(0.02)	-	-	-	-	-	(0.02)
As at March 31, 2021	583.73	526.12	7.84	8.65	158.63	3.01	193.73	1,481.71
Foreign Currency Translation Reserve	(32.52)	(7.23)	-	-	(9.07)	(0.19)	-	(49.01)
Additions	-	54.73	-	-	1.19	-	369.20	425.12
Business combination [Refer note 5(a)]	285.39	14.45			47.11		293.96	640.91
Disposals	-	(304.94)	-	-	-	-	-	(304.94)
As at March 31, 2022	836.60	283.13	7.84	8.65	197.86	2.82	856.89	2,193.78
Amortisation/Impairment								
As at April 1, 2020	155.33	357.59	2.69	1.63	141.12	2.26	60.00	720.62
Foreign Currency Translation Reserve	20.58	13.01	-	-	17.51	0.33	-	51.43
Charge for the year	-	79.20	5.15	3.12	-	0.12	38.75	126.34
Impairment	84.49	-	-	-	-	-	-	84.49
As at March 31, 2021	260.40	449.80	7.84	4.75	158.63	2.71	98.75	982.88
Foreign Currency Translation Reserve	(17.00)	(6.31)	-	-	(9.07)	(0.18)	0.00	(32.56)
Charge for the year	-	59.16	-	3.12	3.20	0.17	76.44	142.09
Disposals	-	(304.03)	-	-	-	-	-	(304.03)
Impairment	86.77							86.77
Other adjustments								
- Other adjustments	-	5.62			13.35	-	102.88	121.86
As at March 31, 2022	330.17	204.25	7.84	7.87	166.11	2.70	278.07	997.01
Net Block								
at March 31, 2021	323.33	76.32	-	3.90	-	0.30	94.98	498.83
at March 31, 2022	506.43	78.88	-	0.78	31.75	0.12	578.82	1,196.78

(a) During the current year the group has acquired Tork Motors Private Limited which is engaged in the business of design, development, manufacture and distribution of electric motor cycles and three wheeler electric drive train. Accordingly as part of the overall business combination, the group recognised the goodwill amounting to ₹ 285.39 million based on the valuation reports obtained as part of purchase price allocation.

(b) The Group has identified the Company Mécanique Générale Langroise (MGL) as the CGU, to which goodwill has been allocated. MGL is involved in machining of Oil & Gas and other industrial sector components. The goodwill generated through business combination has been entirely allocated to CGU 'MGL' which pertains to the forging segment. The carrying amount of goodwill as at March 31, 2022 is ₹ 255.91 million (March 31, 2021 : ₹ 271.43 million) net of impairment.

Impairment of Goodwill:

1. KPIT Technologies Limited

The Group performed its annual impairment test for year ended March 31, 2022. The Group considers the discounted cash flows, among other factors, when reviewing for indicators of impairment. The calculations use pre-tax cash flow projections based on financial budgets/forecasts approved by the management

Key assumptions used for value in use calculations

Weighted Average Cost of Capital % (WACC) before tax (discount rate) : 21.55% (March 31, 2021 : 24.52%)

Terminal growth rate : 5.00% (March 31, 2021 : 5.[illegible])

The discount rate is calculated as follows : WACC = Cost of equity x (1- gearing) + Cost of debt x (1- tax rate) x gearing. The terminal growth rate used is in line with long term inflation rate.

The Group has performed sensitivity analysis around the base assumptions and have concluded that no reasonable changes in key assumptions would cause the recoverable amount of the CGU to be less than the carrying value.

Based on the above assessment, there is no need for impairment of goodwill.

2. Mécanique Générale Langroise (MGL)

The Group performed its annual impairment test for year ended March 31, 2022. The Group considers the discounted cash flows, among other factors, when reviewing for indicators of impairment. Considering the continuing impact of COVID 19, management has performed additional stress test to test the recoverable amount of the goodwill, indicating a potential impairment of goodwill, the management has provided for additional impairment of ₹ 86.77 million for the year ended March 31, 2022 (March 31, 2021: ₹ 84.49 million).

Key assumptions used for value in use calculations

Weighted Average Cost of Capital % (WACC) before tax (discount rate) : 10.90% (March 31, 2021 : 11.1%)

Terminal growth rate : 1.50% (March 31, 2021 : 1.43%)

The discount rate is calculated as follows : WACC = Cost of equity x (1- gearing) + Cost of debt x (1- tax rate) x gearing. The terminal growth rate used is in line with long term inflation rate.

The Group has performed sensitivity analysis around the base assumptions and have concluded that no reasonable changes in key assumptions would cause the recoverable amount of the CGU to be less than the carrying value after impairment.

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In ₹ Million

6. Investment in associates and joint ventures	As at March 31, 2022	As at March 31, 2021
At cost		
Unquoted equity instruments (fully paid)		
- Investment in associates		
Talbahn GmbH [note 6 (a)]	0.30	0.30
Less: Provision for diminution	(0.30)	(0.30)
	-	-
49,000 (March 31, 2021: 49,000) equity shares of ₹ 10/- each fully paid up in Ferrovia Transrail Solutions Private Limited [Refer note 39]	-	-
14,208 (March 31, 2021: 14,208) equity shares of ₹ 10/- each fully paid up in Tork Motors Private Limited [Refer note 6 (b),note 37 and 39]	-	199.25
Nil (March 31, 2021 : 794,217) ordinary shares of £ 0.00001 each in Tevva Motors (Jersey) Limited [10,094,948 (March 31, 2020 : GBP 10,094,948)] [Refer note 6 (c), note 39 and note 32 (d)]	-	478.80
Add: Conversion of Loan note of GBP 3.50 million along with interest accrued	-	134.91
Less : Provision for impairment in value of investments [refer note 32(d)]	-	(475.87)
	-	137.84
78,000 (March 31, 2021: 78,000) equity shares of ₹ 10/- each fully paid up in Aeron Systems Private Limited [Refer note 6 (d) and note 39]	116.06	119.46
- Investments in joint ventures		
7,128,219 (March 31, 2021: 7,128,219) equity shares of ₹ 10/- each fully paid up in BF NTPC Energy Systems Ltd. (BFNTPCESL) [Refer note 6(a)(f)]	-	-
100,000 (March 31, 2021: 100,000) equity shares of ₹ 10/- each fully paid up in BF Premier Energy Systems Pvt. Ltd. (BFPESPL) [Refer note 38]	-	-
12,500 (March 31, 2021: 12,500) ordinary shares of Eur 1.00 each in Refu Drive GmbH [11,350,000 (March 31, 2021: Euro 11,350,000)] [Refer note 6 (e) and note 38]	689.16	852.17
Total	805.22	1,308.72

a. Not included in the consolidation based on materiality

b. During the earlier year, the Group had made further investment in Tork Motors Private Limited of ₹ 39.99 million by acquiring 1,895 equity shares of ₹ 10/- each. During the current year, the Group has made an investments of ₹ 400 million in form of zero coupon optionally convertible debentures (ZOCD) . The Group was holding 48.86% interest in Tork Motors Private Limited ('TMPL') till November 21, 2021 and post conversion of such ZOCDs, Group holds 64.29% interest in TMPL as at March 31, 2022 and is classified as subsidiary post that date.

c. The Group holds investments in Tevva Motors Limited (held through Tevva Motors (Jersey) Limited), collectively referred to as Tevva. Tevva is a start-up engaged in modular electrification system for medium range of commercial vehicles. During the previous year, the Group had further extended the tenure of the convertible loan note amounting to GBP 3.50 million to December 31, 2021. Considering the management's intention to convert the said loan (along with interest accrued thereon) into equity at GBP 13.38 per share, the Group had disclosed the amount of loan as investment in associate as of March 31, 2021. During the current year, this loan has been converted into equity share capital

During the year, Tevva Motors raised additional funding to finance its operations. Post allotment of equity shares by Tevva Motors to the new investors, Tevva has ceased to be an associate of the Group. Accordingly, the Company has classified it to be an equity instrument held as fair value through other comprehensive income. For further details refer note 32.

d. During the previous year, the Group has made further investment in Aeron Systems Private Limited of ₹ 60.00 million by acquiring 58,500 equity shares of ₹ 10/- each.

e. During the earlier year, the Group had entered into a Joint Venture Agreement with Refu Elektronik GmbH, Germany and its affiliates / Promoters (REFU) for incorporating a Joint Venture Company i.e. Refu Drive GmbH (JV), under the laws of Germany. During the earlier year, the Holding Company has made an investment of ₹ 892.34 million by acquiring 12,500 equity shares of Eur 1/- each and balance portion pertains transactions costs that are directly attributable to the investment.

f. During the earlier year, the shareholders of BFNTPCESL at their EGM held on October 9, 2018 decided to voluntarily liquidate the Company and engaged liquidator to liquidate the Company under the provisions of Section 59 of Insolvency and Bankruptcy Code 2016.

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In ₹ Million

7. Investments		As at March 31, 2022	As at March 31, 2021
Non-current Investment			
(a) Investments designated at amortised cost			
- Debt instruments (unquoted) (fully paid) (Refer standalone financial statements note 7 for details)		500.22	-
	(a)	500.22	
(b) Investments designated at fair value through OCI (FVTOCI) (Refer note 7 (a))			
- Equity instruments (unquoted)			
- Investments in others (Group holds 5% or more of the share capital) fully paid			
38,384,202 (March 31, 2021: 38,384,202) equity shares of ₹ 10/- each fully paid up in Khed Economic Infrastructure Private Limited		825.26	589.58
14,245,000 (March 31, 2021 : 14,245,000) equity shares of ₹ 10/- each in Avaada SataraMH Private Limited [Refer note 7(e)]		142.45	142.45
2,033,850 (March 31, 2021 : Nil) equity shares of ₹ 10/- each in Avaada MHBuldhana Private Limited [Refer note 7(f)]		20.34	-
1,160,668 (March 31, 2021 : 794,217) ordinary shares of £ 0.00001 each in Tevva Motors (Jersey) Ltd [Refer note 6(c)]		2,941.02	-
8,491,812 (March 31, 2021 : Nil) Preferred Stock having par value $ 0.00001 in Electron Transport Inc. [Refer note 7(h)]		305.70	-
- Equity instruments (quoted)			
Investment in others			
613,000 (March 31, 2021: 613,000) equity shares of ₹ 10/- each fully paid up in KPIT Technologies Limited (Refer standalone financial statements note 7 for details)		368.44	108.84
613,000 (March 31, 2021: 613,000) equity shares of ₹ 2/- each fully paid up in Birlasoft Limited (Refer standalone financial statements note 7 for details)		278.88	155.12
Total FVTOCI Investments	(b)	4,882.09	995.99
(c) Investments at fair value through profit or loss (FVTPL)			
Equity instruments (unquoted)			
Investments in others (Group holds 5% or more of the share capital)			
504,432 (March 31, 2021: 504,432) equity shares of ₹ 10/- each fully paid up in Gupta Energy Private Limited [Refer note 7(b)]		-	-
Investments in private equity fund (unquoted funds)			
1,179,546.87 (March 31, 2021 : 1,823,082.56) Units of ₹ 100/- each of Paragon Partners Growth Fund - I		307.78	242.20
Investments in mutual funds (quoted funds) (Refer standalone financial statements note 7 for details)		338.52	812.15
Investments in mutual funds (unquoted funds) (Refer standalone financial statements note 7 for details)		123.49	1,936.74
Total FVTPL Investments	(c)	769.79	2,991.09
	Total (a) + (b)+(C)	6,152.10	3,987.08
Current investments			
Investments at fair value through profit or loss (fully paid)			
Investments in mutual funds (quoted funds) (Refer standalone financial statements note 7 for details		2,942.97	4,225.70
Investment in mutual funds (quoted funds) by subsidiary companies		74.54	37.11
Investments in mutual funds (unquoted funds) [Refer standalone financial statements note 7 for details]		16,051.97	16,508.98
Investment in mutual funds (unquoted funds) by subsidiary companies		10.76	-
	Total	19,080.24	20,771.79
Aggregate book value of quoted investments		2,955.87	4,600.44
Aggregate market value of quoted investments		4,003.35	5,338.92
Aggregate value of unquoted investments		21,228.99	19,419.95

(a) These investments are designated as FVTOCI as they are not held for trading purpose and are not in similar line of business as the Group.

(b) Gupta Energy Private Limited
Shares of GEPL pledged against the facility obtained by Gupta Global Resources Private Limited. This investment is carried at fair value of ₹ Nil.

(c) Investments at fair value through OCI (fully paid) reflect investment in quoted and unquoted equity securities and quoted debt securities. Refer note 51 for determination of their fair values.

(d) Investments at fair value through profit or loss (fully paid) reflect investment in quoted / unquoted equity and debt securities. Refer note 51 for determination of their fair values.

(e) Avaada SataraMH Private Limited [ASPL]
During the previous year, the Group has made further investment in Avaada SataraMH Private Limited (ASPL) of ₹ 142.44 million by acquiring 14,243,911 equity shares of ₹ 10/- each, as a pre-condition for seeking approval from MSEDCL for Open Access permission by ASPL. Hence, the said investment is made subject to, amongst other conditions, obtaining permission by ASPL from relevant government authorities for consumption of renewable energy by the Company under open access for solar plant of ASPL.

(f) Avaada MHBuldhana Private Limited [ABPL]
During the current year, the Group has made investment in Avaada MHBuldhana Private Limited (ABPL) of ₹ 20.24 million by acquiring 2,033,850 equity shares of ₹ 10/- each, as a pre-condition for seeking approval from MSEDCL for Open Access permission by ABPL.Hence, the said investment is made subject to, amongst other conditions, obtaining permission by ABPL from relevant government authorities for consumption of renewable energy by the Company under open access for solar plant of ABPL.

(g) Includes investment in mutual funds amounting to ₹ 74.54 million (March 31,2021 : ₹ 37.11 million) with respect to 2 (March 31, 2021: 1) of the subsidiaries.

Name of the mutual fund plan	March 31, 2022		March 31, 2021	
	Units held	Amount	Units held	Amount
Units of Axis Liquid Fund (G)	4,518.416	10.62		
Units of HDFC Liquid Fund (G)	6,608.465	27.44	9,172.597	37.11
Units of ICICI Pru Liquid Fund (G)	48,058.997	15.04		
Units of Kotak Liquid Fund Reg (G)	633.136	2.71		
Units of SBI Liquid Fund Reg Plan (G)	3,186.088	10.55		
Units of Tata Liquid Fund (G)	2,453.567	8.18		
		74.54		37.11

(h) During the current year, the Group has made investment in the preferred stock of Electron Transport Inc, USA having par value of $ 0.00001 amounting to ₹ 305.70 million.

In ₹ Million

8. Loans	As at March 31, 2022	As at March 31, 2021
Non-current (Unsecured, considered good)		
Other loans		
Loans to employees	59.68	41.05
Loans to associates and joint ventures [Refer note 6(c), 45, 47]	109.93	211.72
Total	169.61	252.77
Current (Unsecured, considered good)		
Other loans		
Loans to employees	33.06	20.38
Loans to associates and joint ventures [Refer note 6(c), 45, 47]	110.71	8.00
Loans to others	23.00	-
Total	166.77	28.38

No loans are due from directors or other officers of the Group, firms in which director is a partner or private companies in which director is a director or member either severally or jointly with any other person, except for loans/advances disclosed in Note 45 and 47.

Loans are non derivative financial assets which generate fixed interest income for the Company. The carrying value may be affected by changes in the credit risk of the counter parties.

During the current year, the Group through its wholly owned subsidiary, Kalyani Powertain Limited, acquired additional stake in Tork Motors and hence it is classified as a subsidiary as on March 31, 2022. Hence the amount receivable from TMPL has been included as part of loans to subsidiaries in standalone financial statements (Current ₹ 10.50 million and non-current ₹ 17.50 million). The same was disclosed as part of loans to associate as at March 31, 2021.

In ₹ Million

9. Derivative Instruments	As at March 31, 2022	As at March 31, 2021
Non-current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	2,525.66	1,501.46
Fair value hedges (FVTPL)		
Cross currency swap	136.66	-
Total	2,662.32	1,501.46
Current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	1,317.73	1,288.58
Fair value hedges (FVTPL)		
Cross currency swap	7.14	
Foreign currency forward contracts	36.47	-
Total	1,361.34	1,288.58

Derivative instruments at fair value through OCI reflect the positive change in fair value of foreign currency forward contracts, designated as cash flow hedges to hedge highly probable forecast sales in US Dollars (USD) and Euro (EUR).

Derivative instruments at fair value through profit or loss reflect the positive change in fair value of cross currency swaps, designated as fair value hedge through which the Holding Company has converted one of its USD loans into a Euro loan to avail the benefit of the negative EURIBOR interest rates. Further, one of the subsidiary has cross currency swap agreeement, designated at fair value hedge through which the company has converted its USD loan to Euro loan to avail the benefit of negative EURIBOR interest rates. They also reflect positive changes in fair value of foreign currency forward contracts to hedge exposure to changes in fair value of underlying trade receivables.

In ₹ Million

10. Other financial assets	As at March 31, 2022	As at March 31, 2021
Non current		
Government grants*	350.05	735.41
Security deposits	318.30	356.12
Deposits with original maturity for more than twelve months**	9.44	55.87
Total	677.79	1,147.40
Current		
Government grants*	579.20	884.11
Energy credit receivable - windmills	10.56	8.37
Interest accrued on fixed deposits and others	72.62	35.14
Security deposits	1.12	2.24
Other receivables***	90.27	6.96
Total	753.77	936.82

* Includes receivable against various schemes of export incentives and Industrial Promotion Subsidy (IPS) under Package Scheme of Incentives (PSI) 2007, Energy Tax refund, compensation for short time work (Kurzarbeit) and subsidy for capital expansion with respect to some of the subsidiaries. There are no unfulfilled conditions or other contingencies attached to the these Government grants.

** ₹ 1.17 million (March 31, 2021: ₹ 0.03 million) held as security for various Government authorities and ₹ 1.17 million (March 31, 2021: Nil) under bank lien for bank guarantees issued.

***Other receivables includes sundry balances receivables.

In ₹ Million

11. Inventories	As at March 31, 2022	As at March 31, 2021
Raw materials and components [includes items lying with third parties and items in transit]	6,349.74	3,111.38
Work-in-progress [includes items lying with third parties]	7,777.52	5,947.02
Finished goods [includes items lying with third parties and items in transit]	10,422.00	5,940.34
Stock of traded goods [includes items lying with third parties and items in transit]	355.26	526.67
Stores, spares and loose tools	1,933.80	1,945.16
Dies and dies under fabrication	187.14	438.45
Scrap	79.11	30.36
Total	27,104.57	17,939.38

During the year ended March 31, 2022: ₹ 7.96 million [March 31, 2021: (₹ 76.26 million)] was recognised as (reversal of expense)/expenses for inventories carried at net realisable value.

In ₹ Million

12. Trade receivables	As at March 31, 2022	As at March 31, 2021
Non current		
Unsecured		
Considered good	117.36	101.36
Significant increase in credit risk	-	3.68
Total	117.36	105.04
Less :		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Unsecured (Considered good)	4.11	-
Significant increase in credit risk	-	3.68
	4.11	3.68
	113.25	101.36
Current		
Secured		
Considered good	83.33	82.44
	83.33	82.44
Unsecured		
Considered good (including related parties receivable)	21,755.55	14,198.82
Significant increase in credit risk	-	-
Credit impaired	104.73	121.32
	21,860.28	14,320.14
Less:		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Credit impaired	104.73	121.32
Unsecured (considered good)	215.93	185.51
	320.66	306.83
Total	21,622.95	14,095.75

No trade receivables are due from directors or other officers of the Group either severally or jointly with any other person.

For terms and conditions relating to related party receivables, refer note 48.

Trade receivables are non-interest bearing and are generally on terms of 15 to 240 days.

For details of debts due from firms or private companies in which any director is a partner, a director or a member, refer note 48.

Trade receivable ageing schedule

As at March 31, 2022

Particulars	Not yet due	Outstanding for following periods from due date of payment					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues							
(a) Considered good	17,387.88	4,003.38	275.63	126.23	39.59	123.53	21,956.24
(b) Which have significant increase in credit risk	-	-	-	-	-	-	-
(c) Credit impaired	-	0.04	28.50	24.74	2.83	14.65	70.76
Unbilled revenue	-	-	-	-	-	-	-
Disputed dues							-
(a) Considered good	-	-	-	-	-	-	-
(b) Which have significant increase in credit risk	-	-	-	-	-	-	-
(c) Credit impaired	-	-	-	-	-	33.97	33.97
Unbilled revenue	-	-	-	-	-	-	-
Total	17,387.88	4,003.43	304.13	150.96	42.42	172.15	22,060.97

As at March 31, 2021

Particulars	Not yet due	Outstanding for following periods from due date of payment					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
Undisputed dues							
(a) Considered good	10,770.45	2,784.34	244.83	266.66	181.21	135.13	14,382.62
(b) Which have significant increase in credit risk	-	-	3.68	-	-	-	3.68
(c) Credit impaired	-	-	67.81	28.19	4.64	20.68	121.32
Unbilled revenue	-	-	-	-	-	-	-
Total	10,770.45	2,784.34	316.32	294.85	185.85	155.81	14,507.62

The amount repayable under the bill discounting arrangement is presented as borrowing The relevant carrying amounts are as follows:

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Transferred receivables	3,208.58	2,633.36
Associated borrowing [bank loans - Refer note 18]	3,210.65	2,634.73

In ₹ Million

13. Cash and bank balances	As at March 31, 2022	As at March 31, 2021
Cash and cash equivalent		
Balances with banks:		
In cash credit and current accounts	4,889.16	4,433.72
Deposits with original maturity of less than three months	549.93	37.03
Cash on hand	145.15	2.40
Total	5,584.24	4,473.15
Other bank balances		
Earmarked balances (on unclaimed dividend accounts)	47.61	39.17
Deposits with original maturity of less than twelve months*	398.32	216.30
Total	445.93	255.47

Bank deposits earns interest at fixed rates. Short term deposits are generally made for varying periods between seven days to twelve months, depending on the cash requirements of the Company and earn interest at the respective deposit rates.

*Includes deposits of ₹ 21.23 million (March 31, 2021: ₹ 32.84 million) under bank lien for bank guarantees issued.

In ₹ Million

14. Other assets	As at March 31, 2022	As at March 31, 2021
Non-current (Unsecured, considered good)		
Capital advances	2,770.70	1,711.09
Balances with government authorities	367.31	310.34
Advances to suppliers#	1,363.78	1,350.00
Others*	28.95	25.67
Total	4,530.74	3,397.10
Current (Unsecured, considered good)		
Balances with government authorities	1,564.37	1,325.36
Advance to suppliers	737.01	534.08
Others *	888.39	495.60
Total	3,189.77	2,355.04

* Includes prepaid expenses, sundry debit balances etc.

No advances are due from directors or other officers of the Group, firms in which a director is a partner or private companies in which director is a director or a member either severally or jointly with any other person except as disclosed in note 45.

For terms and conditions relating to related party receivables, refer note 48.

Pertains to long-term advance given to Saarloha Advanced Materials Private Limited for a period of 4 years at an interest rate of 8.25% p a Frequency of interest payment is quarterly

In ₹ Million

Break up of financial assets carried at amortised cost	As at March 31, 2022	As at March 31, 2021
Investments [Refer note 7]	500.22	-
Loans [Refer note 8]	336.38	281.15
Other financial assets [Refer note 10]	1,431.56	2,084.22
Trade receivables [Refer note 12]	21,736.20	14,197.11
Cash and cash equivalents [Refer note 13]	5,584.24	4,473.15
Other bank balances [Refer note 13]	445.93	255.47
Total	30,034.53	21,291.10

In ₹ Million

Break up of financial assets carried at fair value through OCI	As at March 31, 2022	As at March 31, 2021
Investments [Refer note 7]	4,882.09	995.99
Derivative instruments [Refer note 9]	3,843.39	2,790.04
Total	8,725.48	3,786.03

In ₹ Million

Break up of financial assets carried at fair value through profit and loss	As at March 31, 2022	As at March 31, 2021
Investments [Refer note 7]	19,850.03	23,762.88
Derivative instruments [Refer note 9]	180.27	-
Total	20,030.30	23,762.88

In ₹ Million

15. Equity share capital	As at March 31, 2022	As at March 31, 2021
Authorised shares (No.)		
975,000,000 (March 31, 2021: 975,000,000) equity shares of ₹ 2/- each	1,950.00	1,950.00
43,000,000 (March 31, 2021: 43,000,000) cumulative non convertible preference shares of ₹ 10/- each	430.00	430.00
2,000,000 (March 31, 2021: 2,000,000) unclassified shares of ₹ 10/- each	20.00	20.00
Issued (No.)		
465,768,492 (March 31, 2021: 465,768,492) equity shares of ₹ 2/- each	931.54	931.54
Subscribed and fully paid-up (No.)		
465,588,632 (March 31, 2021: 465,588,632) equity shares of ₹ 2/- each	931.18	931.18
Add:		
172,840 (March 31, 2021: 172,840) forfeited equity shares comprising of 15,010 equity shares (March 31, 2021: 15,010) of ₹ 2/- each (amount partly paid ₹ 1/- each) and 157,830 equity shares (March 31, 2021: 157,830) of ₹ 2/- each (amount partly paid ₹ 0.50/- each)	0.09	0.09
Total issued, subscribed and fully paid-up share capital	931.27	931.27

(a) Terms / rights attached to equity shares

The Holding Company has only one class of issued equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. The Holding Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

(b) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

Equity Shares	As at March 31, 2022		As at March 31, 2021	
	No.	In ₹ Million	No.	In ₹ Million
At the beginning of the year	46,55,88,632	931.18	46,55,88,632.00	931.18
Issued during the year	-	-	-	-
Outstanding at the end of the year	46,55,88,632	931.18	46,55,88,632.00	931.18

In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Disclosure of shareholding of promoter and promoter group

Name of the promoter / promoter group member	Number of shares held at March 31, 2022	% of total shares	% Change during the year
Promoter			
Babasaheb Neelkanth Kalyani	78,150	0.02%	0.00%
Promoter group			
Amit Babasaheb Kalyani	7,00,350	0.15%	0.00%
Deeksha Amit Kalyani	50	0.00%	0.00%
Gaurishankar Neelkanth Kalyani	6,90,440	0.15%	0.00%
Rohini Gaurishankar Kalyani	1,01,460	0.02%	0.00%
Sheetal Gaurishankar Kalyani	22,980	0.00%	0.00%
Viraj Gaurishankar Kalyani	22,800	0.00%	0.00%
Sulochana Neelkanth Kalyani*	-	0.00%	0.00%
Babasaheb Kalyani Family Trust*	-	0.00%	0.00%
KSL Holdings Private Limited	4,62,85,740	9.94%	0.00%
Ajinkya Investment & Trading Company	1,49,81,850	3.22%	(23.71%)
Sundaram Trading and Investment Private Limited	5,52,40,174	11.86%	0.00%
Kalyani Investment Company Limited	6,33,12,190	13.60%	0.00%
BF Investments Limited	1,56,14,676	3.35%	0.00%
Rajgad Trading Company Private Limited	13,60,260	0.29%	0.00%
Tangmarg Trading and Investment Private Limited	9,04,200	0.19%	0.00%
Yusmarg Trading and Investment Private Limited	18,47,000	0.40%	0.00%
Kalyani Consultants Private Limited	9,36,472	0.20%	0.00%
Janhavi Investment Private Limited	46,86,640	1.01%	0.00%
Dronacharya Trading and Investment Private Limited	1,52,980	0.03%	0.00%
Cornflower Investment & Finance Limited	5,33,900	0.11%	0.00%
Dandkaranya Trading and Investment Private Limited	11,07,350	0.24%	0.00%
Campanula Investment & Finance Limited	7,39,980	0.16%	0.00%
Hastinapur Trading and Investment Private Limited	1,78,800	0.04%	0.00%
Kalyani Export & Investment Pvt Ltd	10,03,240	0.22%	0.00%
Aboli Investment Pvt Ltd	1,27,872	0.03%	0.00%
Wathar Investment & Trading Co. Pvt Ltd	61,320	0.01%	0.00%

BHARAT FORGE LIMITED

Notes forming part of consolidated financial statements for the year ended March 31, 2022

15. Equity share capital (Contd.):

Name of the promoter / promoter group member	Number of shares held at March 31, 2021	% of total shares	% Change during the year
Promoter			
Babasaheb Neelkanth Kalyani	78,150	0.02%	0.00%
Promoter group			
Amit Babasaheb Kalyani	7,00,350	0.15%	(0.01%)
Deeksha Amit Kalyani	50	0.00%	100.00%
Gaurishankar Neelkanth Kalyani	6,90,440	0.15%	0.00%
Rohini Gaurishankar Kalyani	1,01,460	0.02%	0.00%
Sheetal Gaurishankar Kalyani	22,980	0.00%	0.00%
Viraj Gaurishankar Kalyani	22,800	0.00%	0.00%
Sulochana Neelkanth Kalyani*	-	0.00%	0.00%
Babasaheb Kalyani Family Trust*	-	0.00%	0.00%
KSL Holdings Private Limited	4,62,85,740	9.94%	0.00%
Ajinkya Investment & Trading Company	1,96,37,850	4.22%	0.00%
Sundaram Trading and Investment Private Limited	5,52,40,174	11.86%	0.00%
Kalyani Investment Company Limited	6,33,12,190	13.60%	0.00%
BF Investments Limited	1,56,14,676	3.35%	0.00%
Rajgad Trading Company Private Limited #	13,60,260	0.29%	0.00%
Tangmarg Trading and Investment Private Limited #	9,04,200	0.19%	0.00%
Yusmarg Trading and Investment Private Limited #	18,47,000	0.40%	0.00%
Kalyani Consultants Private Limited #	9,36,472	0.20%	0.00%
Jannhavi Investment Private Limited #	46,86,640	1.01%	0.00%
Dronacharya Trading and Investment Private Limited #	1,52,980	0.03%	0.00%
Cornflower Investment & Finance Limited #	5,33,900	0.11%	0.00%
Dandkaranya Trading and Investment Private Limited #	11,07,350	0.24%	0.00%
Campanula Investment & Finance Limited #	7,39,980	0.16%	0.00%
Hastinapur Trading and Investment Private Limited #	1,78,800	0.04%	0.00%
Kalyani Export & Investment Pvt Ltd #	10,03,240	0.22%	0.00%
Aboli Investment Pvt Ltd #	1,27,872	0.03%	0.00%
Wathar Investment & Trading Co. Pvt Ltd #	61,320	0.01%	0.00%

* Sulochana Neelkanth Kalyani and Babasaheb Kalyani Family Trust are not holding any shares.

\# shareholding since corrected and filed settlement applications with SEBI for shares held by these entities which were inadvertently classified under "Public Shareholding" instead of as part of 'Promoter Group'

(d) Shares held by holding/ ultimate holding company and /or their subsidiaries/ associates

The Company being ultimate holding company, there are no shares held by any other holding, ultimate holding company and their subsidiaries/ associates.

(e) Aggregate number of bonus shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

Particulars	As at March 31, 2022	As at March 31, 2021
Equity shares allotted as fully paid bonus shares by capitalisation of capital redemption reserve and securities premium account during the year ended March 31, 2018	23,27,94,316.00	23,27,94,316.00

(f) Details of shareholders holding more than 5% shares in the Company

Name of shareholder	As at March 31, 2022		As at March 31, 2021	
	No.	% of Holding	No.	% of Holding
Equity Shares of ₹ 2/- each fully paid				
Kalyani Investment Company Limited	6,33,12,190	13.60	6,33,12,190.00	13.60
Sundaram Trading and Investment Private Limited	5,52,40,174	11.87	5,52,40,174.00	11.87
KSL Holding Private Limited	4,62,85,740	9.94	4,62,85,740.00	9.94

(g) Shares reserved for issue under option

Particulars	As at March 31, 2022	As at March 31, 2021
4,680 (March 31, 2021: 4,680) equity shares of ₹ 2/- each out of the previous issue of equity shares on a right basis together with 234 (March 31, 2020: 234) detachable warrants entitled to subscription of 2,340 (March 31, 2020: 2,340) equity shares of ₹ 2/- each, have been kept in abeyance and reserve for issue pending adjudication of title to the pre-right holding.	7,020.00	7,020.00

(h) Global depository receipts

The Company had issued 3,636,500 equity shares of ₹ 10/- each (later sub-divided into 18,182,500 equity shares of ₹ 2/- each) in April 2005 represented by 3,636,500 Global Depository Receipts (GDR) (on sub division 18,182,500 GDRs) evidencing "Master GDR Certificates" at a price of USD 27.50 per GDR (including premium). GDRs outstanding as at year end are 800 (March 31, 2021 : 800). The funds raised had been utilized towards the object of the issue. Holders of GDRs will have no voting rights or other direct rights of a shareholder with respect to the shares underlying the GDR

In ₹ Million

16. Other equity	As at March 31, 2022	As at March 31, 2021
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
Employee stock option outstanding [Refer note 16(d)]		
Balance as per the last financial statements	-	-
Add: Compensation options granted during the year	16.29	-
Less: Exercise of shares options	-	-
Closing balance	16.29	-
Foreign Currency Monetary Item Translation Difference Account (FCMITDA) [Refer note 2.3 (d)]		
Balance as per the last financial statements	-	(18.08)
Add: Arising during the year (loss)	-	8.43
Less: Adjusted during the year	-	(9.65)
Closing balance	-	-
Hedge reserve [Refer note 2.3 (s)]		
Balance as per the last financial statements	2,052.32	(547.45)
Add: Arising during the year	1,772.42	2,207.11
Less: Adjusted during the year	1,010.18	(392.66)
Closing balance	2,814.56	2,052.32
General reserve		
Balance as per the last financial statements	3,230.48	3,230.48
Add: Amount transferred from surplus balance in the statement of profit and loss	-	-
Closing balance	3,230.48	3,230.48
Non-controlling interest reserve		
Balance as per the last financial statements	-	
Add: Acquisition of non-controlling interest in KSSL [Refer note 59]	(148.19)	-
	(148.19)	-
Foreign currency translation reserve (FCTR) [Refer note 2.3 (d)]		
Balance as per the last financial statements	1,226.49	754.50
Add: Arising during the year	(152.11)	474.38
Less: Adjusted during the year	-	2.39
Closing balance	1,074.38	1,226.49
Surplus in the statement of profit and loss		
Balance as per the last financial statements	39,764.24	40,900.29
Add:		
- Net profit for the year	10,817.56	(1,263.81)
- Items of other comprehensive income :		
(1) Re-measurement of defined benefit obligations	261.99	15.30
(2) Equity instruments through other comprehensive income	1,627.33	112.46
	12,706.88	(1,136.05)
Less:		
- Final equity dividend of previous year	931.18	-
- Interim equity dividend	698.38	-
	1,629.56	-
Closing balance	50,841.56	39,764.24
Total	64,775.47	53,219.92

(a) Special capital incentive:
Special capital incentive has been created during the financial year 1999-2000, amounting to ₹ 2.50 million under the 1988 Package Scheme of Incentives.

(b) Warrants subscription money:
The Company had issued and allotted to Qualified Institutional Buyers, 10,000,000 equity shares of ₹ 2/- each at a price of ₹ 272/- per share aggregating to ₹ 2,720 million on April 28, 2010, simultaneous with the issue of 1,760, 10.75% Non Convertible Debentures (NCD) of a face value of ₹ 1,000,000/- at par, together with 6,500,000 warrants at a price of ₹ 2/- each entitling the holder of each warrant to subscribe for 1 equity share of ₹ 2/- each at a price of ₹ 272/- at any time within 3 years from the date of allotment. Following completion of three years term, the subscription money received on issue of warrants was credited to capital reserve as the same is not refundable / adjustable. Further the warrants had lapsed and ceased to be valid from April 28, 2013.

(c) Securities premium account:
Securities premium is used to record the premium on issue of shares. The reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

(d) Employee stock option outstanding
One of the subsidiaries in India has issued equity settled stock options to its employees. Refer note 61 for details

In ₹ Million

17. Distribution made and proposed to be made	As at March 31, 2022	As at March 31, 2021
Cash dividends on equity shares declared and paid :		
Final dividend		
For the year ended on March 31, 2021 : ₹ 2 per share (March 31, 2020 : ₹ Nil)	931.18	-
Interim dividend		
For the year ended on March 31, 2022: Nil (March 31, 2021: ₹ Nil)	698.38	-
Proposed dividend on equity shares :		
Final cash dividend		
For the year ended on March 31, 2022: ₹ 5.50 per share (March 31, 2021 : ₹ 2 per share)	2,560.74	931.18

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at year end.

The Company has complied with the provisions of Section 123 of the Companies Act 2013 related to dividend declared and dividend paid

In ₹ Million

18. Borrowings	As at March 31, 2022	As at March 31, 2021
Non-current borrowings		
- Debentures		
5.97% Rated unsecured non-convertible debentures **[Refer note 18 (c)]**	4,969.27	4,958.77
- Term loans from banks		
Foreign currency term loans (other than Rupee loans) (secured)		
On bilateral basis **[Refer note18 a]**	4,863.71	4,532.16
Foreign currency term loans (other than Rupee loans) (unsecured)		
On bilateral basis **[Refer note18 a]**	7,127.68	11,135.39
On syndication basis **[Refer note18 a]**	909.57	1,535.41
Rupee term loans (secured)		
On bilateral basis **[Refer note18 (b)]**	3.20	3.22
- Other loans (secured)		
GITA R&D project loan **[Refer note 18 (d)]**	-	6.70
Total	17,873.43	22,171.65
Current borrowings		
- Current maturity of term loans from banks		
Foreign currency term loans (other than Rupee loans) (secured)		
On bilateral basis **[Refer note18 a]**	507.62	1,017.52
Foreign currency term loans (other than Rupee loans) (unsecured)		
On bilateral basis **[Refer note18 a]**	4,087.71	658.05
On syndication basis **[Refer note18 a]**	682.18	2,480.07
Rupee term loans (secured)		
On bilateral basis **[Refer note18 (b)]**	-	0.57
- From banks		
- Foreign currency loans		
Preshipment packing credit (secured) **[Refer note18 e(i)]**	4,606.28	3,184.64
Preshipment packing credit (unsecured) **[Refer note18 e(i)]**	-	1,798.20
Bill discounting with banks (secured) **[Refer note18 e(ii)]**	12,461.28	10,165.45
Bill discounting with banks (unsecured) **[Refer note18 e(ii)]**	3,795.61	-
Overdraft facilities (secured) **[Refer note18 e(iii)]**	12,080.91	8,038.57
- Rupee loans		
Cash credit (secured) **[Refer note18 e(iv)]**	29.63	10.05
Bill discounting with banks (secured) **[Refer note18 e(ii)]**	-	305.08
Bill discounting with banks (unsecured) **[Refer note18 e(ii)]**	352.31	106.83
Loans from companies and directors (unsecured) **[Refer note18 e(vi)]**	68.42	17.06
Total	38,671.95	27,782.09
Total secured loans	34,552.63	27,263.96
Total unsecured loans	21,992.75	22,689.78
Total	56,545.38	49,953.74

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18. Borrowings (contd.)

Changes in liabilities arising from financing activities — In ₹ Million

Particulars	Current borrowings	Non-current borrowings
Balance as on April 1, 2020	24,733.72	18,747.34
Net cash flows	(1,821.29)	7,284.31
Foreign exchange management	728.06	339.12
Reclassified from non-current to current	4,178.50	(4,178.50)
Others	(1.97)	(12.24)
Transferred to lease liabilities	-	-
Balance as on March 31, 2021	27,817.02	22,180.03
Net cash flows	6,681.99	1,013.69
Foreign exchange movement	(894.86)	(146.05)
Reclassified from non-current to current	5,196.76	(5,196.76)
Others	(143.43)	25.65
Balance as on March 31, 2022	38,657.48	17,876.56

* For details relating to lease liabilities refer note 43.

(a) Term loans

Foreign currency term loans on syndicated and bilateral basis (Secured & unsecured)

Repayable in half yearly / yearly instalments along with interest ranging from LIBOR + 65 bps to LIBOR + 100 bps p.a. and EURIBOR + 60 bps to EURIBOR + 95 bps p.a.

Date of repayment	Repayment schedule			
	As at March 31, 2022		As at March 31, 2021	
	USD in Million	In ₹ Million	USD in Million	In ₹ Million
From				
- August, 2021 (Yearly installment over 3 years)	21.00	1,591.75	30.00	2,193.45
- October, 2021 (Yearly installment over 3 years)	35.00	2,652.91	50.00	3,655.75
- December, 2022 (18 months installment over 4.5 years)	40.00	3,031.90	40.00	2,924.60
- November, 2018 (Monthly installment for 32 months)	-	-	-	-
- August, 2019 (Quarterly installment for 8 quarters)	-	-	0.63	45.94
- November, 2019 (Yearly installment over 3 years)	-	-	1.35	98.38
- April, 2021 (Yearly installment over 3 years)*	-	-	1.63	118.90
- December 2023 (Quarterly installment for 12 quarters)	17.40	1,269.90	-	-
	EUR in Million	In ₹ Million	EUR in Million	In ₹ Million
From				
- August, 2020 (Yearly installment over 3 years)	8.00	673.68	14.00	1,200.92
- May, 2022 (Yearly installment over 3 years)	40.00	3,368.40	40.00	3,431.20
- February, 2020 (Yearly installment over 5 years)	18.00	1,515.78	26.00	2,230.28
- June 21 (Half yearly installment for 8 half years)	6.75	571.45	9.00	808.14
- January 23 (Monthly installment for 16 months)	9.90	838.13	9.90	888.95
- December 2014 (Quarterly installment for 28 quarters)	-	-	1.08	96.71
- September 2014 (Monthly installment for 60 months)	-	-	0.16	14.26
- April 2014 (Monthly installment for 60 months)	-	-	0.41	36.60
- February 2016 (Monthly installment for 60 months)	-	-	0.19	17.30
- September 2019 (Quarterly installment for 19 quarters)	-	-	9.75	875.48
- March 2020 (Quarterly installment for 19 quarters)	-	-	2.37	212.79
- April 2021 (Quarterly installment for 32 quarters)	30.52	2,583.48	28.00	2,514.21
- August 2013 (Monthly installment for 84 months)	-	-		0.23
- July 2014 (Monthly installment for 84 months)	-	-	0.03	2.80
- June 2021 (Single installment)	-	-	0.07	6.29
- July 2021 (Single installment)	-	-	0.08	7.18
- August 2021 (Single installment)	-	-	0.10	8.98
- December 2021 (Single installment)	-	-	0.45	40.41
- December 2023 (Monthly installment for 12 months)	0.70	59.26	-	-

* In the previous year, subsidiaries in USA received loan proceeds amounting to USD 1.63 million under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks ("the covered period" as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period. As of December 31, 2020, the subsidiary companies did not have a reasonable assurance that loan amount will be 100% forgiven and therefore, the entire loan proceeds were recognized as a loan liability.

During the current year, the subsidiaries applied for forgiveness of the PPP loan, and received full forgiveness. Accordingly, a gain on forgiveness of PPP loan has been accounted for in the current year and employee benefit expenses for these subsidiaries have been disclosed net of this gain.

18. Borrowings (contd.)

(a) Term loans are secured against general property, plant and equipment and specific property, plant and equipment of the Group

(b) Rupee term loan on bilateral basis (Secured)

Repayable in 84 monthly installments from date of start of repayment, along with interest at base rate + 3.45% . The loan is secured against land and guarantee given by directors of the concerned subsidiary.

(c) Unsecured Non-convertible debentures (NCDs) Repayable in yearly instalments along with interest of 5.97% p.a.

During the previous year, the Company issued 5,000 5.97% BFL 2025 listed, rated, unsecured, redeemable, non-convertible debentures having face value of ₹ 1,000,000/- each on private placement basis.

In the event of rating downgrade of the Debenture to A+ or below or suspension / withdrawal of the rating of the Issuer / Debenture by any rating agency, the Debenture Holders would reserve a right to recall the outstanding principal amount on the Debentures along with other monies/accrued interest due in respect thereof.

Date of repayment	Repayment schedule	
	As at March 31, 2022	As at March 31, 2021
From	In ₹ Million	In ₹ Million
- August 2023 (Yearly Installment over 3 years)	5,000.00	5,000.00

(d) GITA R&D project loan (Secured)

The loan was secured by bank guarantee executed by the Company in favour of Global Innovation & Technology Alliance (GITA) which was repayable in 5 yearly instalments, along with interest @ 12.00% p.a. only on 67% of the principal amount and balance amount was interest free. The entire loan has been repaid during the year.

(e) Working capital loans

(i) Preshipment packing credit

The loan is secured against hypothecation of inventories (refer note 11) and trade receivables (refer note 12).

Preshipment packing credit - Rupee (secured and unsecured) is repayable within 30 days to 180 days and carries interest @ 7.50% to 8.50% p.a.

Preshipment packing credit - foreign currency (secured and unsecured) is repayable within 30 days to 180 days and carries interest @ LIBOR + 60 bps to LIBOR/SOFR + 125 bps p.a. and EURIBOR + 45 bps to EURIBOR + 70 bps p.a. respectively.

(ii) Bill discounting with banks

The loan is secured against hypothecation of inventories (refer note 11) and trade receivables (refer note 12).

Bill discounting (secured and unsecured) with banks is repayable within 30 to 210 days.

Rupee and Foreign bill discounting (secured and unsecured) with banks carries interest @ 7.50% p.a. to 8.50% p.a. and LIBOR + 60 bps to LIBOR + 125 bps p.a & EURIBOR + 45 bps to EURIBOR + 95 bps p.a. respectively.

(iii) Overdraft facility (Foreign currency) (secured)

The loan is secured against hypothecation of inventories and trade receivables.

Overdraft is repayable on demand and carries interest at Euribor/LIBOR + 2 to 3% per annum.

(iv) Cash credits (Rupee) (secured)

The loan is secured against hypothecation of inventories and trade receivables.

Cash credit is repayable on demand and carries interest @ 8.05% to 14.00% per annum.

(v) Letter of credit discounting (secured)

Letter of credit discounting facility covers discounting of inland bills drawn by suppliers of raw material, consumable stores and spares and backed by letters of credit issued by banks. The facility carries interest as informed by bank from time to time.

(vi) Loans from companies and directors (unsecured)

Loans from companies and directors are repayable on demand carrying interest in the range of 13% to 18% per annum.

(vii) Working Capital Demand Loan (Secured)

The secured loan is secured against hypothecation of inventories and trade receivables.

Working Capital Demand Loan is repayable within 7 to 30 days and carries interest @ 7.00% to 8.50% p.a.

(g) Loan availed for specific purpose and not used for the same :

During the year a component in the Group has availed fresh term loans of ₹ 1269.90 Million and these funds have been utilised for the intended purpose. The Holding Company has raised term loans in form of external commercial borrowings and non convertible debentures during the previous year. Till the time these funds were not utilised for the intended purposes, the Holding Company had invested these funds in term deposits with its bankers. As the Holding Company has utilised these funds for the intended purpose, the balance in term deposits as at March 31, 2022 is ₹ Nil (March 31, 2021 : ₹ 1,048.33 Million)

During the previous year, the Holding Company issued listed, rated, unsecured, redeemable, non-convertible debentures on private placement basis. Proceeds from these debentures have been utilised for the intended purpose.

(h) Working capital facilities and statements filed with bank

Companies of the group have availed working capital facilities from banks in form of packing credit, bill discounting and cash credit. These companies have filed the quarterly statements with banks with regard to the securities provided against such working capital facilities on periodic basis. The statements filed by the respective company's are in agreement with the books of accounts of the Holding Company. Till the previous financial year, the Company used to report this information based on monthly information system.

(g) None of the companies in the Group has been declared as wilful defaulter by any bank or financial institution or government or any government authority.

In ₹ Million

19. Other financial liabilities	As at March 31, 2022	As at March 31, 2021
Other non-current financial liabilities at amortised cost		
Voluntary retirement scheme compensation	227.31	1.28
Security deposits	20.34	-
Total	247.65	1.28
Other current financial liabilities at amortised cost		
Interest accrued but not due on borrowings	151.77	257.24
Payables for capital goods	615.46	675.21
Contract liabilities (Advance from customers)*	-	39.19
Security deposits	247.30	226.32
Directors commission	6.95	6.80
Investor Education and Protection Fund (as and when due) #		
- Unpaid dividend	35.14	38.83
- Unpaid matured deposits	0.04	0.04
Voluntary retirement scheme compensation	155.06	30.42
Others ***	52.65	1.69
Total	1,264.37	1,275.74

*Advance from customer disclosed under financial liabilities by subsidiary considering the terms of contract with the customer.
Includes unpaid due to litigation
*** Other include commission payable and other liabilities.

In ₹ Million

19. (a) Derivative Instruments	As at March 31, 2022	As at March 31, 2021
Non-current		
Fair value hedges (FVTPL)		
Cross currency swap	-	2.88
Total	-	2.88
Current		
Fair value hedges (FVTPL)		
Cross currency swap	-	1.23
Total	-	1.23

Derivative instruments at fair value through profit or loss reflect the negative change in fair value of cross currency swaps, designated as fair value hedge through which the Company has converted one of its USD loans into a Euro loan to avail the benefit of the negative EURIBOR interest rates.

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In ₹ Million

20. Provisions	As at March 31, 2022	As at March 31, 2021
Provision for employees benefits		
Non-current		
Provision for gratuity [Refer note 40]	125.86	173.59
Provision for special gratuity [Refer note 40]	169.57	174.13
Provision for pension and similar obligation [Refer note 40]	1,097.46	1,327.28
Provision for jubilee scheme [Refer note 40]	85.95	91.65
Provision for early retirement [Refer note 40]	3.69	36.41
Provision for employee's provident fund [Refer note 40]	29.58	120.00
Provision for manpower cost optimization [Refer note 32(b)]	248.60	-
Total	1,760.71	1,923.06
Current		
Provision for gratuity [Refer note 40]	111.63	111.30
Provision for special gratuity [Refer note 40]	11.33	11.24
Provision for leave benefits	640.30	609.71
Provision for commitment*	18.06	-
Provision for pension and similar obligation [Refer note 40]	19.81	32.76
Provision for early retirement [Refer note 40]	-	25.92
Provision for manpower cost optimization [Refer note 32(b)]	115.32	291.91
Total	916.45	1,082.84

* In case of one of the subsidiaries of the Group, the erstwhile management had entered into contracts with various customers, which have been classified as onerous on account of cost overruns and delays in timely execution. Accordingly, a provision for expected losses on such contracts has been recognised to the extent of present obligation under the contract.

Provision for manpower cost optimization

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Opening balance	291.91	267.61
Add: Created during the year	195.26	169.04
Less: Utilised during the year	(106.73)	(177.94)
Less: Foreign currency transaction reserve	(16.52)	33.20
Closing balance	363.92	291.91

21. Income and deferred taxes

The major components of income tax expense/(income) recognised for the year ended March 31, 2022 and March 31, 2021 are :
Statement of profit and loss:

In ₹ Million

Profit or loss section	As at March 31, 2022	As at March 31, 2021
Current income tax :		
Current income tax charge	3,529.58	906.56
Deferred tax		
Relating to origination and reversal of temporary differences	(495.05)	108.56
Income tax expense reported in the statement of profit and loss	3,034.53	1,015.12

In ₹ Million

OCI section	As at March 31, 2022	As at March 31, 2021
Deferred tax related to items recognised in OCI:		
Net movement on cash flow hedges	245.85	875.54
Net loss on re-measurement of defined benefit plans	101.16	(4.54)
Net loss/(gain) on FVTOCI equity securities	398.13	-
Tax charged to OCI	745.14	871.00

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21. Income and deferred taxes (contd.)

Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for March 31, 2022 and March 31, 2021

In ₹ Million

Particulars	As at March 31, 2022	As at March 31, 2021
Accounting profit before tax from operations	13,805.14	(254.54)
Accounting profit before income tax		
At India's statutory income tax rate of 25.168% (March 31, 2021: 25.168%)	3,474.48	(64.06)
Exceptional items	(353.31)	278.42
Tax impact of losses on which deferred tax asset is not recognised	20.66	60.11
Effect of differential rates	114.58	(214.06)
Adjustments in respect of reversal of tax expenses of earlier years	(157.50)	(102.92)
Effects of deferred tax asset on tax losses in Germany	(159.67)	-
Utilisation of previously unrecognised tax losses	(226.06)	-
Other disallowances (including consolidation adjustments)	321.35	1,057.63
At the effective income tax rate of (23.08%) (March 31, 2021: 398.80%)	3,034.53	1,015.12
Income tax expense reported in the statement of profit and loss	3,034.53	1,015.12

Major components of deferred tax as at March 31, 2022 and March 31, 2021:

In ₹ Million

Deferred tax liability (net)	Balance Sheet	
	As at March 31, 2022	As at March 31, 2021
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	1,963.37	2,012.12
Fair valuation of cash flow hedges	946.61	700.76
Fair valuation of FVTOCI equity securities	434.64	-
Other deductible temporary differences	(455.46)	(367.12)
Net deferred tax liability	2,889.16	2,345.76

In ₹ Million

Deferred tax asset (net)	Balance Sheet	
	As at March 31, 2022	As at March 31, 2021
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	3.57	42.47
Other deductible temporary differences	(464.05)	(438.21)
Unrealised profit on inventory	(710.59)	(504.92)
Net deferred tax asset	(1,171.07)	(900.66)

Major components of deferred tax for the year ended March 31, 2022 and March 31, 2021:

In ₹ Million

Deferred tax expense/(income)	Statement of Profit and Loss	
	Year ended March 31, 2022	Year ended March 31, 2021
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	(87.65)	127.78
Unrealised profit on inventory	(205.67)	(35.68)
Other taxable temporary differences	(201.73)	16.46
Deferred tax (income)	(495.05)	108.56

In ₹ Million

Reflected in the balance sheet as follows	As at March 31, 2022	As at March 31, 2021
Deferred tax assets	(20.82)	(367.12)
Deferred tax liabilities	2,909.98	2,712.88
Deferred tax liabilities (net)	2,889.16	2,345.76
Deferred tax assets	(1,174.64)	(943.13)
Deferred tax liabilities	3.57	42.47
Deferred tax assets (net)*	(1,171.07)	(900.66)

*Relates to temporary differences arising in different tax jurisdiction

21. Income and deferred taxes (contd.)

In ₹ Million

Reconciliation of deferred tax liabilities and assets	As at March 31, 2022	As at March 31, 2021
Reconciliation of deferred tax liabilities (net)		
Opening balance	2,345.76	1,310.78
Tax (expense) during the period recognised in profit or loss	(145.54)	145.77
Tax income during the period recognised in OCI	688.94	889.21
Closing balance	2,889.16	2,345.76
Reconciliation of deferred tax assets (net)		
Opening balance	(900.66)	(804.19)
Tax income/(expense) during the period recognised in profit or loss	(349.51)	(37.21)
Tax (expense)/income during the period recognised in OCI	56.20	(18.21)
Other adjustments (including FCTR)	22.90	(41.05)
Closing balance	(1,171.07)	(900.66)

(a) The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

(b) The Group has tax losses which arose due to carried forward business losses in India ₹ 1,372 88 million (March 31, 2021: ₹ 1,375.31 million) that are available for offsetting for eight years against future taxable profits of the Group under the head income from business. This loss will expire in eight years from the end of the respective year to which it pertains.

(c) The Group has tax losses which arose due to carried forward business losses in the USA of ₹ 2,177 22 million (March 31, 2021: ₹ 2,098.14 million) that are available for offsetting for twenty years and ₹ 317 79 million (March 31, 2021: ₹ 371.97 million) that are available for offsetting indefinitely against future taxable profits under relevant heads of income of the companies in which the losses arose. These losses will expire in various years between tax years 2026 and 2037.

(d) The Group has tax losses which arose due to carried forward business losses in Sweden of ₹ 1,994 21 million (March 31, 2021: ₹ 2,384 94 million) that are available for offsetting for an indefinite period against future taxable profits under relevant heads of income of the subsidiary in which the losses arose. Also the Group has tax losses which arose due to carried forward business losses in Germany of ₹ Nil (March 31, 2021: ₹ 1,293.02 million) that are available for offsetting for an indefinite period against future taxable profits under relevant heads of income of the subsidiaries in which the losses arose.

(e) Deferred tax assets have not been recognised in respect of the above mentioned loss as they may not be used to offset taxable profits, they have arisen on account of carried forward business losses and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Group was able to recognise all unrecognised deferred tax assets, the profit would increase by ₹ 1,296.64 million (March 31, 2021: ₹ 1,800.56 million)

(g) During the years ended March 31, 2022 and March 31, 2021, the Group has not surrendered any transaction or disclosed as income in the tax assessments under the Income Tax Act, 1961, (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

In ₹ Million

22. Trade payables	As at March 31, 2022	As at March 31, 2021
Dues to micro enterprises and small enterprises	100.91	53.95
Dues to other than micro enterprises and small enterprises (including related parties payables)	16,212.74	12,014.41
Total	16,313.65	12,068.36

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are generally settled on 60 to 90 days terms.
- Other payables (under note 19 and 23) are non-interest bearing and have an average term of 90 days
- For terms and conditions with related parties, refer note 48.

Trade payable includes acceptances given by the Company for invoices of its supplier which were financed by the supplier with banks

The above amount of trade payables is net off certain advances given to suppliers (Related parties) amounting to ₹ 720 million (March 31, 2021 : ₹ 720 million). The Company currently has a legally enforceable right to set off the advance against the respective payables. The Company intends to settle these amounts on a net basis.

For Group's credit risk management processes, refer Note 55

Trade payables Ageing

As at 31 March 2022

In ₹ Million

Particulars	Outstanding for following periods from due date of payment						
	Unbilled*	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises (Undisputed)	-	66.70	684.04	0.24	0.04	-	751.02
Total outstanding dues of creditors other than micro enterprises and small enterprises (Undisputed)	2,261.15	4,636.03	6,860.35	981.38	137.31	675.06	15,551.28
Total outstanding dues of creditors other than micro enterprises and small enterprises (Disputed)	-	-	4.70	3.59	3.06	-	11.35
Total	2,261.15	4,702.73	7,549.09	985.21	140.41	675.06	16,313.65

*Unbilled represents accrual for expenses

As at 31 March 2021

In ₹ Million

Particulars	Outstanding for following periods from due date of payment						
	Unbilled*	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Total outstanding dues of micro enterprises and small enterprises (Undisputed)	-	32.35	182.95	0.03	0.01	-	215.34
Total outstanding dues of creditors other than micro enterprises and small enterprises (Undisputed)	1,980.26	5,435.80	4,061.72	157.70	169.35	48.19	11,853.02
Total outstanding dues of creditors other than micro enterprises and small enterprises (Disputed)	-	-	-	-	-	-	-
Total		5,468.15	4,244.67	157.73	169.36	48.19	12,068.36

*Unbilled represents accrual for expenses

In ₹ Million

23. Other liabilities	As at March 31, 2022	As at March 31, 2021
Non-current		
Government grant*	541.49	657.79
Settlement for anti-trust proceedings [Refer note 32]	2,531.93	2,783.59
Others**	0.10	0.13
Total	3,073.52	3,441.51
Current		
Contract liabilities (Advance from customers) $	959.21	669.74
Employee contributions and recoveries payable ****	612.53	410.69
Statutory dues payable including tax deducted at source **** #	1,071.74	529.22
Government grant*	85.97	89.05
Settlement for anti-trust proceedings [Refer note 32]	304.37	102.31
Others **	107.21	153.21
Total	3,141.03	1,954.22

* Government grants include grants and subsidies for investments in property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

** Others include rent received in advance, rent equalisation reserve and miscellaneous liabilities

$ The contract liabilities primarily relate to the advance consideration received on contracts entered with customers for which performance obligations are yet to be performed, therefore, revenue will be recognized when the goods are passed on to the customers.

**** Includes payable on account of deferral given in relation to overseas subsidiaries granted on account of COVID support measures.

Includes payable with respect to Good and Services Tax, Local Body Tax, Gram Panchayat Tax, With holding taxes, provident fund etc.

Government grant - investment subsidies and grants

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Opening balance	746.84	646.50
Add: Received during the year	19.56	102.22
Less: Released to the statement of profit and loss	(98.64)	(80.45)
Less: Foreign currency transaction reserve	(40.30)	78.57
Closing balance	627.46	746.84

In ₹ Million

Break up of the financial liabilities at amortised cost	As at March 31, 2022	As at March 31, 2021
Borrowings [Refer note 18]	56,545.38	49,953.74
Lease liabilities [Refer note 43]	3,170.88	2,752.85
Other financial liabilities [Refer note 19]	1,512.02	1,277.02
Trade payables [Refer note 22]	16,313.65	12,068.36
Total financial liabilities carried at amortised cost	77,541.93	66,051.97

In ₹ Million

Break up of the financial liabilities at fair value through profit or loss	As at March 31, 2022	As at March 31, 2021
Derivative instruments [Refer note 19(a)]	-	4.11

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In ₹ Million

24. Revenue from operations	Year ended March 31, 2022	Year ended March 31, 2021
Sale of products		
- Sale of goods	97,961.67	59,664.97
- Tooling income	421.88	682.39
Total sale of products	98,383.55	60,347.36
Sale of services		
- Job work charges	596.13	445.36
Other operating revenues		
- Manufacturing scrap	4,715.88	2,049.87
- Government grants - export incentives [Refer note 10]	859.17	490.37
- Sale of electricity / REC - Windmills	56.05	29.65
	5,631.10	2,569.89
Total Revenue from operations	1,04,610.78	63,362.61

Set out below is the amount of revenue recognised from

In ₹ Million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Amounts included in contract liabilities at the beginning of the year	229.37	238.16
Performance obligations satisfied in previous years	-	-

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

In ₹ Million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from operations	1,04,610.78	63,362.61
Less: Adjustments		
- Government grants - export incentives	859.17	490.37
	1,03,751.61	62,872.24
Add: Adjustments		
- Miscellaneous income	521.78	64.64
- Sale of property, plant and equipment	855.84	202.35
	1,377.62	266.99
Revenue from contract with customers	1,05,129.23	63,139.23
Add/(less): Adjustments (sales returns, discounts, etc.)	(776.90)	813.53
Revenue as per contracted price	1,05,906.13	62,325.70

In ₹ Million

25. Other income	Year ended March 31, 2022	Year ended March 31, 2021
Dividend income from investments	4.41	1.22
Net gain on fair valuation of financial instruments (FVTPL)	(129.64)	336.62
Net gain on sale of financial investments	903.83	589.87
Government grants*	114.45	86.65
Provision for doubtful debts and advances written back (net)		-
Liabilities / provisions no longer required written back	246.41	138.60
Interest income on		
- Fixed deposits and others**	182.36	237.15
- Loan to associates	39.33	38.12
Rent [Refer note 43(b)]	20.58	8.01
Gain on sale/discard of property, plant and equipment (net)	223.46	3.36
Miscellaneous income ***	353.81	249.38
Total	1,959.00	1,688.98

* Includes Government grants received as part of the Packaged Scheme of Incentives for the purpose of capital investment in designated areas, investment grants and subsidies released to the statement of profit and loss with respect to investments in property, plant, equipment for one of the subsidiaries and also includes government grant on pre shipment credit and bill discounting where the Holding Company has availed the benefit of interest equalisation scheme of the Reserve Bank of India. Interest on borrowings is accounted for on gross basis in note 30. There are no unfulfilled conditions or contingencies attached to these grants.

** Includes interest on account of unwinding of security deposits.

*** Miscellaneous income includes sundry sale, discount received, miscellaneous recoveries, etc.

In ₹ Million

26. Cost of raw materials and components consumed	Year ended March 31, 2022	Year ended March 31, 2021
Inventory at the beginning of the year [Refer note 11]	3,111.38	2,837.06
Inventory on acquisition	37.63	-
Add: Purchases	49,376.52	25,075.26
Less: Inventory as at end of the year [Refer note 11]	6,349.74	3,111.38
Total	46,175.79	24,800.94

In ₹ Million

27. Decrease/(Increase) in inventories of finished goods, work-in-progress, traded goods, dies and scrap	Year ended March 31, 2022	Year ended March 31, 2021
Inventories at the end of the year [Refer note 11]		
Work-in-progress [includes items lying with third parties]	7,777.52	5,947.02
Finished goods [includes items lying with third parties and items in transit]	10,422.00	5,940.34
Stock of traded goods [includes items lying with third parties and items in transit]	355.26	526.67
Dies and dies under fabrication	187.14	438.45
Scrap	79.11	30.36
	18,821.03	12,882.84
Inventories at the beginning of the year [Refer note 11]		
Work-in-progress [includes items lying with third parties]	5,947.02	5,915.72
Finished goods [includes items lying with third parties and items in transit]	5,940.34	6,064.73
Stock of traded goods [includes items lying with third parties and items in transit]	526.67	405.72
Dies and dies under fabrication	438.45	241.58
Scrap	30.36	58.55
	12,882.84	12,686.30
Add: Inventory on acquisition	38.89	-
Total	(5,899.30)	(196.54)

In ₹ Million

28. Employee benefits expense	Year ended March 31, 2022	Year ended March 31, 2021
Salaries, wages and bonus (including managing and whole time director's remuneration)*	12,128.51	8,809.67
Contributions to provident and other funds / scheme (net) # *	730.11	673.54
Gratuity expense [Refer note 40 (a,f)]	83.30	80.80
Special gratuity expense [Refer note 40 (b)]	20.87	17.87
Employee stock option scheme [Refer note 61]	16.29	-
Staff welfare expenses	1,667.75	1,128.72
Total	14,646.83	10,710.60

Other funds / scheme includes contribution towards early retirement scheme and Employee State Insurance scheme

The code on Social Security, 2020 ('Code') relating to employees benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

*Net of government grant in the nature of short time work (Kurzarbeit) and PPP loan for COVID support with respect to some of the subsidiaries amounting to ₹ 258.61 million (March 31, 2021: ₹ 500.98 million). Refer note 18 for details with respect to PPP loan.

In ₹ Million

29. Depreciation, amortisation and impairment expense	Year ended March 31, 2022	Year ended March 31, 2021
Depreciation on property, plant and equipment [Refer note 3]	6,597.68	5,583.79
Amortisation on other intangible assets [Refer note 5]	142.09	126.34
Depreciation on right of use asset [Refer note 43]	476.47	326.97
Impairment of goodwill [Refer note 5]	86.77	84.49
Total	7,303.01	6,121.59

In ₹ Million

30. Finance costs	Year ended March 31, 2022	Year ended March 31, 2021
Interest on bank facilities*	1,049.89	805.01
Exchange differences regarded as an adjustment to borrowing costs **	181.75	45.30
Interest on lease liabilities (Refer note 43)	232.15	107.75
Others#	140.26	119.23
Total	1,604.05	1,077.29

* Includes unwinding impact of transaction cost on borrowings

** Represents exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Others includes net interest expense on defined benefit plans [Refer note 40] etc.

In ₹ Million

31. Other expenses	Year ended March 31, 2022	Year ended March 31, 2021
Consumption of stores, spares and tools	4,655.91	3,194.58
Machining/subcontracting charges	4,343.35	2,531.32
Power, fuel and water*	5,830.69	4,021.07
Less: Credit for energy generated	62.33	60.09
	5,768.36	3,960.98
Repairs and maintenance		
- Building repairs and road maintenance	234.09	123.29
- Plant and machinery	1,585.06	944.56
Rent (Refer note 43 (a))	126.05	72.60
Rates and taxes	165.10	118.16
Insurance	238.55	225.16
CSR Expenditure	170.77	225.30
Legal and professional fees	997.28	964.56
Commission	121.60	98.58
Donations	28.33	25.88
Packing material	1,033.25	683.82
Freight and forwarding charges	4,331.47	1,691.75
Directors' fees and travelling expenses	3.38	4.70
Commission to directors other than managing and whole time directors	6.95	6.80
Provision for doubtful debts and advances (includes expected credit loss) (net)	111.88	91.15
Bad debts / advances written off/back (net)	5.16	0.14
Exchange difference (net)** $	(349.33)	16.17
Payment to Auditors***	90.28	91.95
Loss on closure of subsidiary/associate (includes FCTR ₹ 2.39 million on closure of overseas subsidiary)	-	2.44
Miscellaneous expenses ****	3,977.49	2,619.18
Total	27,644.98	17,693.07

*Net of government grant in the nature of energy tax refund with respect to some of the subsidiaries amounting to ₹ 190 16 million (March 31, 2021: ₹ 150.67 million)

**Includes MTM (gain)/loss of ₹ (177.24) million (March 31, 2021: ₹ 149.61 million)

$ Includes foreign exchange (gain) /loss amounting to ₹ (38.94) million (March 31, 2021: ₹ 35.21million) on account of differential restatement of foreign exchange loan.

***Includes ₹ 68.74 million (March 31, 2021: ₹ 73.51 million) paid to subsidiary auditors

**** Miscellaneous expenses includes labour charges, travelling expenses, printing, stationery, postage, telephone, etc.

Capitalization of expenditure

The Group has capitalised the following expenses of revenue nature to the cost of Property, plant and equipment/capital work in progress(CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Group.

In ₹ Million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Interest on bank facilities	112.43	125.79
Salaries, wages and bonus	469.81	354.07
Material consumed	-	237.84
Consumption of stores and spares and loose tools	45.06	9.43
Others	52.83	30.28
Total	680.13	757.41

Expenditure on research and development

In ₹ Million

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Cost of raw materials and components consumed	9.80	3.89
Employee benefits expense	310.31	201.13
Other expenses	257.88	242.44
Total	577.99	447.46

In ₹ Million

32. Exceptional items	Year ended March 31, 2022	Year ended March 31, 2021
Voluntary retirement scheme compensation [Refer note 32(a)]	(739.56)	(91.83)
Provision for manpower cost optimization in overseas subsidiaries [Refer note 32(b)]	(106.53)	(227.77)
Settlement amount and related expenses in overseas subsidiaries [Refer note 32(c)]	-	(2,742.68)
Reversal of impairment and gain on fair valuation, on loss of significant influence, in Tevva Motors (Jersey) Ltd. [Refer note 32(d)]	1,499.62	-
Conversion of Tork Motors Private Limited from associate to subsidiary and gain on fair valuation of shares [Refer note 32(e)]	270.52	-
Total	924.05	(3,062.28)

(a) Voluntary retirement scheme compensation

During the year, the Holding Company has announced Voluntary Retirement Schemes (VRS) on June 4, 2021, October 25, 2021 and December 30, 2021 for its permanent eligible employees who have attained 40 years of age and have completed 10 years of service with the Holding Company. The amount of expenditure under these schemes is disclosed as exceptional item.

During the year ended March 31, 2021, the Holding Company had announced Voluntary Retirement Schemes (VRS) on March 12, 2020, July 4, 2020 and November 11, 2020 for its eligible employees who have completed 10 years of service with the Company. The amount of expenditure under said scheme is disclosed as an exceptional item for the comparative period.

(b) Provision for manpower cost optimization in Overseas subsidiaries

Certain overseas subsidiaries, as a part of one off cost optimisation initiative, have decided to rationalize the manpower cost in relation to its activities.
On account of these actions, cost of redundancy payment to employees is provided for.

(c) Federal Cartel Office's settlement with the Group's German subsidiaries

During the previous year, Germany's National Competition regulator (Federal Cartel Office)(FCO) had concluded the settlement with the Group's German subsidiaries. On account of this an amount of ₹ 2,742.68 million has been provided towards such settlement including related expenses. The settlement amount will be paid over the period of 5 years along with applicable interest thereon.

(d) Reversal of impairment and gain on fair valuation on, loss of significant influence

During the year, the Group's associate viz. Tevva Motors Limited (held through Tevva Motors (Jersey) Limited), collectively referred to as "Tevva", a start-up engaged in modular electrification system for medium range of commercial vehicles, raised additional funding to finance its operations. Post allotment of equity shares to the new investors, Tevva has ceased to be an associate of the Group.
The Group's equity investment in Tevva Motors (Jersey) Limited was earlier impaired in the financial year ended March 31, 2020. With the global EV markets gaining traction and setting higher valuation benchmarks, reversal of impairment and gain on fair valuation on loss of significant influence as an associate of ₹ 1,499.62 million has been recorded as a part of "Exceptional items" for the year ended March 31, 2022.

(e) Conversion of Tork Motors Private Limited from associate to subsidiary and gain on fair valuation of shares

During the year, Kalyani Powertrain Limited (KPL) has converted its investment in Zero Coupon Optionally Convertible Debentures of Tork Motors Private Limited ("TMPL") into equity shares, amounting to ₹ 400 million. Pursuant to this conversion, KPL's stake (and Group's stake) in TMPL's equity shares has increased to 60.66% (on fully diluted basis). Consequently, TMPL became a subsidiary of the Group w.e.f. November 22, 2021. Accordingly, gain on fair valuation of shares of TMPL of ₹ 270.52 million has been recorded as a part of "Exceptional items" in the consolidated financial statements for the year ended March 31, 2022.

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33. Components of Other Comprehensive Income (OCI)

The disaggregation of changes to OCI for each type of reserve in equity is shown below :

In ₹ Million

During the year ended March 31, 2022	Cash flow hedge reserve	FVTOCI Reserve	Foreign currency monetary items translation difference account	Non-controlling interest reserve	Retained earnings	Foreign currency translation differences	Income tax / Deferred tax effect	Total
Currency forward contracts	2,358.02	-	-	-	-	-	(585.60)	1,772.42
Reclassified to statement of (profit) or loss	(1,349.93)	-	-	-	-	-	339.75	(1,010.18)
Gain on FVTOCI financial assets	-	2,025.46	-	-	-	-	(398.13)	1,627.33
Acquisition of partly owned subsidiaries	-	-	-	(148.19)	-	-	-	(148.19)
Re-measurement gains/(losses) on defined benefit plans (including share of associate, joint ventures)	-	-	-	-	363.30	-	(101.16)	262.14
Foreign exchange translation difference	-	-	-	-	-	(152.11)	-	(152.11)
Total	1,008.09	2,025.46	-	(148.19)	363.30	(152.11)	(745.14)	2,351.41

In ₹ Million

During the year ended March 31, 2021	Cash flow hedge reserve	FVTOCI Reserve	Foreign currency monetary items translation difference account	Retained earnings	Foreign currency translation differences	Income tax / Deferred tax effect	Total
Foreign exchange revaluation differences	-	-	18.08	-	-	-	18.08
Currency forward contracts	2,954.82	-	-	-	-	(743.81)	2,211.01
Reclassified to statement of (profit) or loss	523.40	-	-	-	-	(131.73)	391.67
Gain on FVTOCI financial assets (including share of associate, joint ventures)	-	112.46	-	-	-	-	112.46
Re-measurement gains /(losses) on defined benefit plans (including share of associate, joint ventures and discontinued operations)	-	-	-	10.76	-	4.54	15.30
Foreign exchange translation difference	-	-	-	-	474.38	-	474.38
Total	3,478.22	112.46	18.08	10.76	474.38	(871.00)	3,222.90

34. Earnings per share		Year ended March 31, 2022	Year ended March 31, 2021
Numerator for basic and diluted EPS			
Net (loss)/profit after tax attributable to equity holders of parent (in ₹ million)	(A)	10,817.56	(1,263.81)
Denominator for basic EPS [Refer note 15(b)]			
Weighted average number of equity shares for basic EPS	(B)	46,55,88,632	46,55,88,632
Denominator for diluted EPS [Refer note 15(b)]			
Weighted average number of equity shares for diluted EPS	(C)	46,55,88,632	46,55,88,632
Basic earnings per share of face value of ₹ 2 each (in ₹)	(A/B)	23.23	(2.71)
Diluted earnings per share of face value of ₹ 2 each (in ₹)	(A/C)	23.23	(2.71)

35. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

1) Leases

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. Accordingly, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group included the renewal period as part of the lease term for leases of plant and machinery with shorter non-cancellable period (i.e., three to five years). The Company typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of plant and machinery with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Refer to Note 43 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

2) Derivative contracts

The holding company enters into foreign exchange forward contracts to hedge its exposure of foreign currency risk of highly probable forecasted sales. The outstanding contracts at each reporting date are measured at fair value through OCI and derivative assets / liabilities is recognized accordingly. Due to the changes in risks and estimates during the lifecycle of the customer contracts, in order to apply hedge accounting, management is required to demonstrate that the underlying contract is considered to be a highly probable transaction and that the hedges are highly effective and maintain hedge documentation. Management has exercised judgement to determine that the underlying contracts are highly probable and accordingly the hedge is effective.

3) Embedded derivative

The Group has entered into certain hybrid contracts i.e. where an embedded derivative is a component of a non-derivative host contract, in the nature of financial liability. The Group has exercised judgement to evaluate if the economic characteristics and risks of the embedded derivative are closely related to the economic characteristics and risks of the host. Based on the evaluation, the Group has concluded, that these economic characteristics and risks of the embedded derivatives are closely related to the economic characteristics and risks of the host and thus not separated from the host contract and not accounted for separately.

4) Control assessment for Joint ventures / partly owned subsidiaries

In assessing the power over investee for control evaluation, the Group has exercised judgement in considering certain rights given to the co-venturer in a joint venture arrangement / shareholders' agreement as either substantive rights or protective rights. The Group has evaluated if the rights are designed to protect the interests of their holder without giving that party power over the investee to which those rights relate in which case, it is considered as protective right not considered in the control assessment for joint ventures. Also, in case of all the joint arrangements, the Group has interest in the net assets of the joint arrangements and accordingly the same is considered as joint ventures. Further, with respect to certain subsidiaries in regulated segments, the Group has evaluated and believes that it exercises control over such subsidiaries in accordance with the terms of the Foreign Direct investment & Foreign Investment Promotion Board Policies.

5) Share of profit / loss of associates

In case of loss making associates and joint ventures the, Group discontinues to absorb its share of losses once the carrying amount of the relevant investment becomes NIL. However, if there are other long term interests that in substance form part of the investor's net investment in an associate or joint venture then group continues to absorb its share of losses against such long term interest. The Group has used judgement to determine if it is legally or constructively obliged to make payments on behalf of the associate or joint venture.

35. Significant accounting judgements, estimates and assumptions (contd.)

6) Revenue from contracts with customers

The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

I. Identifying contract with customers

The Group enters into Master service agreement ('MSA') with its customers which define the key terms of the contract with customers. However, the rates for quantity to be supplied is separately agreed through purchase orders. Management has exercised judgment to determine that contract with customers for the purpose of Ind AS 115 is MSA and customer purchase orders for purpose of identification of performance obligations and other associated terms.

II. Identifying performance obligation

The Group enters into contract with customers for tooling income and goods. The Group determined that both the tooling income and the goods are capable of being distinct. The fact that the Group regularly sell these goods on a stand-alone basis indicate that the customer can benefit from it on an individual basis. The Group also determined that the promises to transfer these goods are distinct within the context of the contract. These goods are not input to a combined item in the contract. Hence, the tooling income and the sale of goods are separate performance obligations.

III. Determination of timing of satisfaction of performance obligation for sale of products

The Group concluded that tooling income and goods is to be recognized at a point in time because it does not meet the criteria for recognizing revenue over a period of time. The Group has applied judgment in determining the point in time when the control of the tooling income and goods are transferred based on the criteria mentioned in the standard read along with the contract with customers, applicable laws and considering the industry practices which are as follows:

1. Sale of goods

The goods manufactured are "Build to print" as per design specified by the customer for which the tools/dies are approved before commercial production commences. Further, the dispatch of goods is made on the basis of the purchase orders obtained from the customer taking into account the just in time production model with customer. Further some orders have variable considerations (including LME adjustments) for the review of prices under negotiation which are estimated based on the expected probability method and, where appropriate, they would be limited to the amount that is highly unlikely to be reversed in the future.

2. Tooling income

Tools are manufactured as per the design specified by the customer which is approved on the basis of the customer acceptance of prototypes or sample production. Management has used judgment in identification of the point in time where the tools are deemed to have been accepted by the customer.

3. Determination of revenue in case of Bill-and-hold transaction in relation to one of the Subsidiary

I) Bill-and-hold arrangement

The Group completes its performance obligation to transfer the control of the goods to the customer in accordance with the agreed -upon specifications in the contract for which customer has accepts the control and confirms to the Group basis which criteria for bill and hold is met. However, due to the situation of the COVID-19 lock down the physical movement of goods did not happen. Hence, Group recognized the revenue of these goods.

ii) The Group identified the goods and stored separately in the factory premises until goods are cleared from the factory premises.

iii) The goods are ready for physical transfer to the customer from the factory premises of the Group.

iv) The Group cannot use the goods for any other purpose and direct it to another customer.

v) The advance received from customer under the contract is shown under financial liability.

7) Factoring arrangement

One of the subsidiary of the Group has entered into a factoring arrangement. Based on the terms agreed with the counterparty, it is considered to be a non-recourse arrangement and accordingly, respective trade receivable balance has been derecognised as per the terms of the agreements.

Estimates and assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

A. Impairment of non-financial assets including property, plant and equipment, goodwill and other intangible asset

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining the fair value less costs to disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators as the case may be.

B. Defined benefit plans

The cost of the defined benefit gratuity plans, other defined benefit plans and other post-employment plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, expected return on planned assets and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

35. Significant accounting judgements, estimates and assumptions (contd.)

The mortality rate is based on publicly available mortality tables based on the country where the entity operates. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases, discount rate and return on planned assets are based on expected future inflation rates of the respective country.

Further details about defined benefit plans are given in Note 40.

C. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using different valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 51 for further disclosures.

D. Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Further, the Group also evaluates risk with respect to expected loss on account of loss in time value of money which is calculated using average cost of capital for relevant financial assets.

The holding company has investments in associates and joint ventures as at the reporting period. The management is required to check, at least annually, the existence of impairment indicators for each investment. The evaluation of assessment for impairment and methodology for assessing and determining the recoverable amount of each investments are based on complex assumptions. It involves management's judgement with respect to identification of impairment indicators for each investment and estimates regarding the projected cash flows, long term growth rate and discounting rate used in valuation models. A sensitivity analysis is also performed to check the impact of changes in key variable on the valuation. The management believes that no impairment is required as at the reporting period end based on the procedures performed.

E. Income tax and deferred tax

Deferred tax assets are not recognized for unused tax losses as it is not probable that taxable profit will be available against which the losses can be utilized. Significant management judgement/estimate is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits.

Further details on taxes are disclosed in note 21.

F. Provision for Inventories

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realizable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete, slow-moving and items where net realizable value is below cost. Management is satisfied that adequate allowance for obsolete and slow-moving Inventories has been made in the financial statements.

G. Current / Non-Current Classification

The group evaluates funds requirement on the basis of internal budgets and forecasts and believes that on the basis of current scale of operations and cash realization cycle, it would be able to generate sufficient funds from operations in order to meet such requirement in the foreseeable future of upto one year. Accordingly, the Group has classified major portion of its investment in mutual funds as non-current.

H. Litigations

The Group has various ongoing litigations, the outcome of which may have a material effect on the financial position, results of operations or cashflows. Legal team regularly analyses current information about these matters and assesses the requirement for provision for probable losses including estimates of legal expense to resolve such matters. In making the decision regarding the need for loss provision, management considers the degree of probability of an unfavourable outcome and the ability to make sufficiently reliable estimate of the amount of loss. The filing of a law suit or formal assertion of a claim against the group or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate. Considering the facts on hand and the current stage of certain ongoing litigations, the Group foresee remote risk of any material claim arising from claims against the Group. Management has exercised significant judgement in assessing the impact, if any, on the disclosures in respect of litigations in relation to Holding Company and its subsidiaries.

I. Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

J. Contingent consideration

The Group has a legal obligation to pay additional consideration upon fulfilment of certain milestones in relation to businesses / joint ventures acquired in the past. Assessment in relation to determination of the fulfilment of such milestones involves estimation. Accordingly, the management has concluded basis such assessment that the prescribed milestones will not be achieved and hence no impact has been taken in the financial statements.

36. Group information

The consolidated financial statements of the Group includes subsidiaries listed in the table below:

Name	Principal activities	Principal place of business	% equity interest		Financial year ended on
			March 31, 2022	March 31, 2021	
1) Bharat Forge Global Holding GmbH (BFGH) and its wholly owned subsidiaries @	Holding	Germany	100%	100%	March 31
i. Bharat Forge Holding GmbH and its wholly owned subsidiaries @	Holding	Germany	100%*	100%*	March 31
a) Bharat Forge Aluminiumtechnik GmbH (BFAT) @	Forging	Germany	100%*	100%*	March 31
ii. Bharat Forge Kilsta AB @	Forging	Sweden	100%*	100%*	March 31
iii. Bharat Forge CDP GmbH and its wholly owned subsidiary @	Forging	Germany	100%*	100%*	March 31
a) Bharat Forge Daun GmbH @	Die Manufacturing	Germany	100%*	100%*	March 31
b) Bharat Forge CDP Trading **** @	Others	Russia	NA	NA	March 31
iv. Mecanique Generale Langroise @	Machining	France	100%*	100%*	March 31
2) Bharat Forge America Inc. and its wholly owned subsidiaries @	Holding	U.S.A	100%	100%	March 31
i. Bharat Forge PMT Technologie LLC @	Forging	U.S.A	100%*	100%*	March 31
ii. Bharat Forge Tennessee Inc. @	Others	U.S.A	100%*	100%*	March 31
iii. Bharat Forge Aluminium USA, Inc. @	Forging	U.S.A	100%*	100%*	March 31
3) Bharat Forge International Limited	Forging	U.K.	100%	100%	March 31
4) Kalyani Strategic Systems Limited and its subsidiaries	Others	India	100%	51%	March 31
i. Kalyani Rafael Advanced Systems Private Limited **	Others	India	50%*	50%*	March 31
ii. Kalyani Strategic Systems Australia Pty Limited #	Others	Australia	NA	NA	March 31
iii. Sagar Manas Technologies Limited (not consolidated) ##	Others	India	100%*	NA	March 31
5) Kalyani Powertrain Limited and its subsidiaries	Others	India	100%	100%	March 31
i. Kalyani Mobility INC (formerly Kalyani Precision Machining INC.) (From September 9, 2021)* @	Machining	U.S.A	100%*	NA	March 31
ii. Tork Motors Private Limited*****	Others	India	64.29%*	NA	March 31
a) Lycan Electric Private Limited*****	Others	India	64.29%*	NA	March 31
6) BF Industrial Solutions Limited (Formerly Nouveau Power and Infrastructure Private Limited) and its wholly owned subsidiaries	Others	India	100%	NA	March 31
i. BF Industrial Technology & Solutions Limited (Formerly Sanghvi Forging and Engineering Limited)**	Others	India	100%*	NA	March 31
a) Sanghvi Europe B.V.	Machining	Netherlands	100%*	NA	March 31
7) BF Infrastructure Limited and its subsidiary	Others	India	100%	100%	March 31
i. BFIL-CEC JV	Projects	India	74%*	74%*	March 31
8) Analogic Controls India Limited	Others	India	100%	100%	March 31
9) Kalyani Centre for Precision Technology Limited	Machining	India	100%	100%	March 31
10) BF Elbit Advanced Systems Private Limited**	Others	India	51%	51%	March 31
11) Eternus Performance Materials Private Limited	Others	India	51%	51%	March 31
12) Indigenous IL Limited * @**	Others	Israel	NA	NA	March 31

* held through subsidiaries
** based on control assessment as per Ind AS 110
*** not consolidated as the holding Company has not yet invested in Indigenous IL Limited and operations are not yet commenced
**** Deregistered w.e.f. January 14, 2021
***** converted to subsidiary w.e.f. November 22, 2021
@ Change in financial year end date from current accounting period for group reporting purpose
\# w.e.f. November 10, 2021
\## w.e.f. March 07, 2022

Details of the Group's ownership interest in associates are as follows:

Name	Principal activities	Principal place of business	% equity interest		Financial year ended on
			March 31, 2022	March 31, 2021	
1) Talbahn GmbH (not consolidated)	Others	Germany	35%*	35%*	March 31
2) Ferrovia Transrail Solutions Private Limited	Projects	India	49%*	49%*	March 31
3) Aeron Systems Private Limited	Others	India	37.14%	37.14%	March 31
4) Tork Motors Private Limited (up to November 21, 2021) **	Others	India	NA	48.86%	March 31
i) Lycan Electric Private Limited (up to November 21, 2021)	Others	India	NA	48.86%	March 31
5) Tevva Motors (Jersey) Limited (up to November 8, 2021) ***	Others	UK	NA	36.51%	March 31
i) Tevva Motors Limited (up to November 8, 2021)***	Others	UK	NA	17.89%	March 31

* held through subsidiaries
** converted to subsidiary w.e.f. November 22, 2021
*** converted to financial instruments w.e.f. November 9, 2021. Refer note 32.

Joint arrangement in which the Group is a joint venturer

Name	Principal activities	Principal place of business	% equity interest		Financial year ended on
			March 31, 2022	March 31, 2021	
1) BF Premier Energy Systems Private Limited	Others	India	50%*	50%*	March 31
2) BF NTPC Energy Systems Limited**	Projects	India	51%	51%	March 31
3) Refu Drive GmbH @	Others	Germany	50%	50%	March 31
i) Refu Drive India Private Limited @	Others	India	50%	50%	March 31

* held through subsidiaries
** Not consolidated as the shareholders of the Joint Venture Company decided to voluntarily liquidate the joint venture at their EGM held on October 9, 2018.
@ Change in financial year end date from current accounting period for group reporting purpose

BHARAT FORGE LIMITED

Notes forming part of consolidated financial statements for the year ended March 31, 2022

37. Material partly owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests based on IND AS Financial Statement is provided below:

Proportion of equity interest held by non-controlling interests:

Name	Country of Incorporation	% equity interest March 31, 2022	% equity interest March 31, 2021
Kalyani Strategic Systems Limited*	India	NA	49%
Kalyani Rafael Advanced Systems Private Limited	India	50%	50%
BF Elbit Advanced Systems Limited	India	49%	49%
Eternus Performance Materials Private Limited	India	49%	49%
Tork Motors Private Limited (from November 22, 2021)**	India	35.71%	NA
Lycan Electric Private Limited (from November 22, 2021)**	India	35.71%	NA

* During the year ended March 31, 2021, board of directors of the Holding Company had passed resolution for acquisition of non-controlling interest in KSSL. During current year, on receipt of necessary approval from Department for Promotion of Industry and Internal Trade, the Holding Company has acquired the balance 49% stake in KSSL resulting in an increase in the Company's stake in KSSL from 51% to 100%. Consequently, KSSL has become a wholly owned subsidiary of the Company with effect from February 28, 2022.

** On November 22, 2021, the Group has converted the Zero Coupon Optionally Convertible Debentures held in Tork Motors Private Limited ('Tork Motors'), into equity shares, amounting to ₹ 400 million. Pursuant to this conversion, Group's stake in Tork Motor's equity shares has increased to 60.66% (on fully diluted basis). Consequently, Tork and its subsidiary Lycan Eletric Private Limited have became a subsidiaries w.e.f. November 22, 2021. Also refer note 39 .2 for disclosures related to financial information of Tork Motors as an associate till November 21, 2021.

Information regarding non-controlling interest

(In ₹ Million)

	March 31, 2022	March 31, 2021
Accumulated balances of material non-controlling interest:		
Kalyani Strategic Systems Limited	NA	191.98
Kalyani Rafael Advanced Systems Private Limited	185.48	182.07
BF Elbit Advanced Systems Limited	(63.20)	(55.28)
Eternus Performance Materials Private Limited	(2.35)	(1.82)
Tork Motors Private Limited (on consolidated basis, from November 22, 2021)	440.84	NA
Total Comprehensive income allocated to material non-controlling interest:		
Kalyani Strategic Systems Limited	(7.56)	0.14
Kalyani Rafael Advanced Systems Private Limited	0.47	6.07
BF Elbit Advanced Systems Limited	(7.93)	(7.39)
Eternus Performance Materials Private Limited	(0.53)	(1.76)
Tork Motors Private Limited (on consolidated basis, from November 22, 2021)	(31.25)	NA

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit and loss

(In ₹ Million)

	Kalyani Strategic Systems Limited *	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited	Tork Motors Private Limited**
Reporting periods	April 1, 2021 to February 28, 2022	April 1, 2021 to March 31, 2022	April 1, 2021 to March 31, 2022	April 1, 2021 to March 31, 2022	November 22, 2021 to March 31, 2022
Revenue	56.08	750.93	-	6.72	14.38
Other income	4.61	9.40	-	-	2.18
Cost of raw materials and components consumed	2.70	226.76	-	0.32	12.74
Purchase of stock in trade	51.94	410.27	-	-	-
(Increase)/decrease in inventories of finished goods, work-in-progress, traded goods, dies & scrap		(6.09)	-	(2.69)	(4.23)
Employee benefits expense	6.79	33.05	-	6.40	34.77
Depreciation and amortisation expense	2.48	30.74	0.98	0.79	36.67
Finance costs	1.09	1.67	14.94	0.64	2.02
Other expenses	11.63	61.71	0.25	2.52	22.17
Profit / (loss) before tax	**(15.94)**	**2.22**	**(16.17)**	**(1.26)**	**(87.58)**
Income tax	-	(1.45)	-	0.17	-
Profit /(loss) for the year	**(15.94)**	**0.77**	**(16.17)**	**(1.09)**	**(87.58)**
Other Comprehensive Income:					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)					
Re-measurement gain/(losses) on defined benefit plans	0.05	0.15	-	-	0.05
Other comprehensive income for the year, net of tax	**0.05**	**0.15**	**-**	**-**	**0.05**
Total comprehensive income	**(15.89)**	**0.92**	**(16.17)**	**(1.09)**	**(87.52)**
Attributable to non-controlling interests**	**(7.56)**	**0.47**	**(7.93)**	**(0.53)**	**(31.25)**
Dividend paid to non-controlling interests	-	-	-	-	-

*Non-controlling interest is calculated at Kalyani Strategic System Limited consolidated level, however balance sheet and statement of profit and loss numbers are disclosed at Kalyani Strategic System Limited standalone level.

**Non-controlling interest is calculated at consolidated level for Tork Motors Private Limited and Lycan Electric Private Limited

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37. Material partly owned subsidiaries (contd.)

Summarised statement of profit and loss for the year ended March 31, 2021

(In ₹ Million)

	Kalyani Strategic Systems Limited**	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited
Revenue	50.07	798.92	-	4.90
Other Income	10.59	9.51	0.28	0.44
Cost of raw material and components consumed	0.54	223.18	-	0.87
Purchase of stock in trade	43.18	461.86	-	-
(Increase)/decrease in inventories of finished goods, work-in-progress, dies and scrap	-	(0.85)	-	0.23
Employee benefits expense	5.12	26.41	-	5.46
Depreciation and amortisation expense	2.27	35.25	0.81	0.82
Finance costs	10.76	1.53	13.69	0.21
Other expenses	4.47	54.29	0.86	1.51
Profit/ (loss) before tax	(5.68)	6.76	(15.08)	(3.76)
Income tax	(0.09)	1.47	-	0.16
Profit /(loss) for the year	(5.77)	8.23	(15.08)	(3.60)
Other Comprehensive Income:				
Other comprehensive income not to be reclassified to profit or loss				
Net movement on cash flow hedges	-	3.90	-	-
Re-measurement gain/(losses) on defined benefit plans	0.01	0.02	-	-
Other comprehensive income for the year, net of tax	0.01	3.92	-	-
Share in profit and loss of associate/joint venture	(0.01)	-	-	-
Total comprehensive income	(5.77)	12.15	(15.08)	(3.60)
Attributable to non-controlling interests	0.14	6.07	(7.39)	(1.76)
Dividends paid to non-controlling interests	-	-	-	-

**Non-controlling interest is calculated at Kalyani Strategic System Limited consolidated level, however balance sheet and statement of profit and loss numbers are disclosed at Kalyani Strategic System Limited standalone level.

Summarised balance sheet as at March 31, 2022:

(In ₹ Million)

	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited*	Tork Motors Private Limited**
Trade receivables, inventories and cash and bank balances (current)	748.04	9.37	25.38	161.08
Property, plant and equipment and other non-current financial and non-financial assets	143.17	20.54	14.35	964.75
Trade and other payables (current) and (non-current)	(526.15)	(2.31)	(22.60)	(130.42)
Interest-bearing loans and borrowing and deferred tax liabilities (current) and (non-current)	-	(156.59)	(19.04)	(28.00)
Total equity	365.06	(128.99)	(1.91)	967.41
Attributable to:				
Equity holders of parent	179.58	(65.79)	0.44	526.57
Non-controlling interest*	185.48	(63.20)	(2.35)	440.84

*The share of total equity of non-controlling interest in case of Eternus Performance Materials Private Limited includes accumulated losses for the pre- acquisition period.

**Non-controlling interest is calculated at consolidated level for Tork Motors Private Limited and Lycan Electric Private Limited.

Summarised balance sheet as at March 31, 2021:

(In ₹ Million)

	Kalyani Strategic Systems Limited*	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited
Trade receivables, inventories and cash and bank balances (current)	71.97	589.22	13.40	20.96
Property, plant and equipment and other non-current financial and non-financial assets	351.63	135.24	19.12	14.24
Trade and other payables (current) and (non-current)	(33.71)	(360.33)	(2.13)	(16.82)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	(9.08)	-	(143.20)	(19.22)
Total equity	380.81	364.13	(112.81)	(0.84)
Attributable to:				
Equity holders of parent	188.83	182.07	(57.53)	0.98
Non-controlling interest*	191.98	182.06	(55.28)	(1.82)

*Non-controlling interest is calculated at Kalyani Strategic System Limited consolidated level, however balance sheet numbers are disclosed at Kalyani Strategic System Limited standalone level.

37. Material partly owned subsidiaries (contd.)

Summarised cash flow information for the year ended March 31, 2022:

(In ₹ Million)

	Kalyani Strategic Systems Limited *	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited	Tork Motors Private Limited**
Operating	(61.28)	64.80	(4.00)	(1.16)	(36.96)
Investing	48.83	(11.83)	(2.41)	0.08	(319.38)
Financing	15.52	(6.28)	(1.97)	1.34	356.51
Net increase/(decrease) in cash and cash equivalents	3.07	46.69	(8.38)	0.26	0.17

* from April 1, 2021 to February 28, 2022

**Non-controlling interest is calculated at consolidated level for Tork Motors Private Limited and Lycan Electrric Private Limited

Summarised cash flow information for the year ended March 31, 2021:

(In ₹ Million)

	Kalyani Strategic Systems Limited	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited
Operating	(9.09)	(2.13)	(24.51)	(1.42)
Investing	158.56	(1.46)	(0.03)	(5.84)
Financing	(151.56)	(5.13)	(1.54)	7.19
Net increase/(decrease) in cash and cash equivalents	(2.09)	(8.72)	(26.08)	(0.07)

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38. Interest in Joint Ventures

1. BF Premier Energy Systems Private Limited

The Group has 50% interest in BF Premier Energy Systems Private Limited, a joint venture incorporated in India and with objective of manufacturing defence products such as Bi-modular cartridges systems, ammunition of selected types, ready to use defence products such as rockets, missiles, mines, bombs, torpedoes and ammunition, etc. The Joint Venture was engaged in the activities of setting up its business during the period covered by these financial statements. The Group's interest in BF Premier Energy Systems Private Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind AS financial statements:

Summarised balance sheet (In ₹ Million)

	March 31, 2022	March 31, 2021
Current assets	0.10	0.15
Non-current assets	-	-
Current liabilities	(0.27)	(0.21)
Non-current liabilities		-
Equity	**(0.17)**	**(0.06)**
Share of the Group in the capital commitment, contingent liabilities of jointly controlled entity	-	-
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	-	-

Summarised statement of profit and loss for the year ended: (In ₹ Million)

	March 31, 2022	March 31, 2021
Income		
Other income	-	-
	-	-
Expenses		
Employee benefits expense	-	-
Depreciation	-	-
Other expenses	0.11	0.04
	0.11	0.04
Loss before tax	**(0.11)**	**(0.04)**
Tax expenses	-	-
Loss for the year	**(0.11)**	**(0.04)**
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(0.11)	(0.04)
Group's share of loss for the year	**(0.06)**	(0.02)
Group's share of other comprehensive income for the year	-	-

2. Refu Drive GmbH

The Group has acquired 50% interest in Refu Drive Gmbh on September 19, 2019, a joint venture incorporated in Germany, involved in manufacturing and selling on board controllers and components mainly - drives, invertors, convertors (including AC/DC) and all kind of auxiliary applications, related power electronics and battery management (BMS) etc. for all quality of e-mobility vehicles viz, hybrid and electric 2-wheelers, 3-wheelers, cars and commercial vehicles along with its wholly owned subsidiary "Refu India Private Limited, India". The Group's interest in Refu Drive GmbH is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind AS financial statements for the period January 1, 2021 to March 31, 2022 are as follows:

Summarised balance sheet (In ₹ Million)

	March 31, 2022	December 31, 2020
Current assets	675.64	678.35
Non-current assets	567.40	700.66
Current liabilities	(475.13)	(374.63)
Non-current liabilities	(218.28)	(84.97)
Equity	549.63	**919.41**
Share of the Group in the capital commitment, contingent liabilities of jointly controlled entity	-	-
Proportion of the Group's ownership	274.82	459.71
Carrying amount of the investment	689.16	852.17

The Group has invested an amount of ₹ Nil (March 31, 2021: ₹Nil) in equity shares. The Group's Share of equity is ₹ 274.82 million (March 31, 2021: 459.71 million). Carrying amount of investment includes resultant goodwill amounting to ₹ 202.06 million (March 31, 2021: ₹ 365.02 million)(net of share of loss for the year/period).

38. Interest in Joint Ventures (contd.)

Summarised statement of profit and loss for the year/period ended: (In ₹ Million)

	March 31, 2022	December 31, 2020
Income		
Revenue	1,672.89	1,457.25
Other income	24.70	22.10
	1,697.59	1,479.35
Expenses		
Cost of raw material and components consumed	1,069.62	813.48
Purchase of stock in trade	2.62	6.88
(Increase)/decrease in inventories of finished goods, work-in-progress, dies and scrap	(19.02)	37.03
Employee benefits expense	530.39	445.95
Depreciation and Amortisation	216.47	140.05
Finance costs	6.77	5.70
Other expenses	215.55	160.27
	2,022.40	1,609.36
Loss before tax	(324.81)	(130.01)
Tax expenses/(income)	2.48	(9.24)
Loss for the year	(327.29)	(120.77)
Other comprehensive (loss) for the period	1.37	(0.63)
Total comprehensive (loss) for the period	(325.92)	(121.40)
Group's share of loss for the period	(163.65)	(60.39)
Group's share of other comprehensive (loss) for the period	0.69	(0.32)

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BHARAT FORGE LIMITED

Notes forming part of consolidated financial statements for the year ended March 31, 2022

39. Investment in an associate

1. Ferrovia Transrail Solutions Private Limited

The Group has 49% interest in Ferrovia Transrail Solutions Private Limited (FTSPL), investment through wholly owned subsidiary. FTSPL is involved in carrying out the project of design, procurement, construction of railway track and railway track related work. The Group's interest in FTSPL is accounted for using the equity method in the consolidated financial statements. Summarized financial information of the Group's investment in Ferrovia Transrail Solutions Private Limited based on its audited IND AS financial statements:

Summarized Balance sheet **(In ₹ Million)**

	March 31, 2022	March 31, 2021
Current assets	121.70	176.10
Non-current assets	5.13	6.73
Current liabilities	(141.10)	(202.31)
Non-current liabilities	(0.19)	(0.20)
Equity	**(14.46)**	**(19.68)**
Share of the Group in the capital commitment, contingent liabilities of associates*	-	**4.07**
Proportion of the Group's ownership	**49%**	**49%**
Carrying amount of the investment and loan*	**136.56**	**181.72**

*The Group has a constructive obligation to make payments on behalf of the associate whenever required. Accordingly, BF Infrastructure its' holding company has absorbed the gain for the year and adjusted the same against loan given to FTSPL being long term interest of the Group in the said associate. Management has used judgement in determining whether such loan constitutes Group's long term interest in Ferrovia.

Summarized statement of profit and loss for the year ended: **(In ₹ Million)**

	March 31, 2022	March 31, 2021
Income		
Revenue from operations	19.23	-
Other income	12.16	0.39
	31.39	0.39
Expenses		
Project expenses	-	3.02
Employee benefits expense	1.05	1.10
Finance costs	0.01	0.07
Other expenses	6.64	5.93
	7.70	10.12
Profit before exceptional items and tax	**23.69**	**(9.73)**
Exceptional Items - Gain	(18.50)	-
Loss before tax	**5.19**	**(9.73)**
Tax expenses		
Current tax	0.00	-
Deferred tax	-	0.03
Loss for the year	**5.19**	**(9.70)**
Other comprehensive income	**0.02**	**0.03**
Total comprehensive income/(loss) for the year	5.21	(9.67)
Group's share of loss for the year *	5.21	(9.67)

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39. Investment in an associate (contd.)

2. Tork Motors Private Limited

The Group was holding 48.86 % interest in Tork Motors Private Limited ('TMPL') till November 21, 2021 and post conversion of optionally convertible debentures, Group holds 64.29 % interest in TMPL as at March 31, 2022. TMPL has a wholly owned subsidiary viz. Lycan Electric Private Limited. TMPL is involved in research and development and manufacturing of electric two and three wheelers. The Group's interest in TMPL, for the period beginning from April 1, 2021 to November 21, 2021 is accounted for using the equity method in the consolidated financial statements. Summarized financial information of the Group's investment (up to November 21, 2021) in TMPL based on its consolidated Ind AS financial statements:

Summarized Balance sheet (In ₹ Million)

	March 31, 2022	March 31, 2021
Current assets	NA	21.09
Non-current assets	NA	415.04
Current liabilities	NA	(68.61)
Non-current liabilities	NA	(33.01)
Equity	**NA**	**334.51**
Share of the Group in the capital commitment, contingent liabilities of associates	NA	-
Proportion of the Group's ownership	NA	48.86%
Carrying amount of the investment	**NA**	**199.25**

Summarized statement of profit and loss for the year ended: (In ₹ Million)

	April 1, 2021 to November 21, 2021	March 31, 2021
Income		
Revenue from operations	30.24	43.09
Other income	3.45	0.82
	33.69	43.91
Expenses		
Cost of raw materials and components consumed	15.58	10.53
(Increase) in inventories of finished goods, work-in-progress, traded goods, dies and scrap	0.96	(0.96)
Employee benefit expenses	16.32	20.97
Finance cost	2.89	3.25
Depreciation and amortization	26.62	60.56
Other expenses	11.18	20.17
Loss before tax	**(39.86)**	**(70.61)**
Income tax expense		
Current tax	-	-
Deferred tax	-	-
Loss for the year	**(39.86)**	**(70.61)**
Other comprehensive income/(loss) for the year	**(0.32)**	**2.90**
Total comprehensive income/(loss) for the year	**(40.18)**	**(67.71)**
Group's share of loss for the year	**(19.48)**	**(34.50)**
Group's share of other comprehensive income/(loss) for the year	**(0.15)**	**1.42**

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39. Investment in an associate (contd.)

3. Tevva Motors (Jersey) Limited

The Group holds investments in Tevva Motors Limited (held through Tevva Motors (Jersey) Limited). During the previous year, the Group had further extended the tenure of the convertible loan note amounting to GBP 3.50 million to December 31, 2021. Considering the management's intention to convert the said loan (along with interest accrued thereon) into equity at GBP 13.38 per share, the Group had disclosed the amount of loan as investment in associate as of March 31, 2021. During the current year, this loan has been converted into equity share capital. The Group was holding interest of 34.45% up to November 8, 2021 in Tevva Motors (Jersey) Limited (TMJL) and TMJL in turn held 14.27% interest in Tevva Motors Limited (TML) till that date (TMJL and TML are together referred to as "Tevva"). During the year, Tevva Motors Limited raised additional funding to finance its operations. Post allotment of equity shares by Tevva Motors to the new investors, Tevva has ceased to be an associate of the Group. Accordingly, the Company has classified it to be an equity instrument held as fair value through other comprehensive income. As on March 31, 2022, the Group holds 41.27% interest in TMJL and 11.16% interest in TML. TML is involved in research and development and manufacturing of electric range extended mid-sized trucks. Upto November 8, 2021, Group's interest in Tevva is accounted for using the equity method in the consolidated financial statements. Summarized financial information of the Group's investment in TMJL based on its audited consolidated Ind AS financial statements:

Summarized Balance sheet (In ₹ Million)

	March 31, 2022	December 31, 2020
Current assets	NA	7.15
Non-current assets	NA	1474.76
Current liabilities	NA	-
Non-current liabilities	NA	(601.06)
Equity	**NA**	**880.85**
Share of the Group in the capital commitment, contingent liabilities of associates	NA	-
Proportion of the Group's ownership	NA	36.51%
Carrying amount of the investment (net of impairment provision) (refer note 32)	**NA**	**137.84**

Summarized statement of profit and loss for the period ended*: (In ₹ Million)

	January 1, 2021 to November 8, 2021	December 31, 2020
Income		
Revenue from operations	-	77.73
Other income	-	0.03
	-	77.76
Expenses		
Cost of raw material and components consumed	-	11.13
(Increase)/decrease in inventories of finished goods, work-in-progress, dies and scrap	-	-
Employee benefit expenses	-	168.11
Finance cost	62.47	71.73
Depreciation and amortization	167.76	216.67
Other expenses	0.73	75.87
Loss before tax and share of loss of associate	(230.96)	(465.75)
Share of loss of associate	(651.88)	(37.10)
Loss before tax	**(882.84)**	(502.85)
Income tax expense	-	-
Current tax	-	-
Loss for the year	**(882.84)**	**(502.85)**
Other comprehensive income/(loss)	-	**(110.34)**
Total comprehensive income/(loss) for the year	(882.84)	**(613.19)**
Group's share of loss for the year	(255.36)	**(183.59)**
Group's share of other comprehensive income/(loss) for the year	-	**(40.29)**

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39. Investment in an associate (contd.)

4. Aeron Systems Private Limited

The Group owned 22.42% stake in Aeron Systems Private Limited as of March 31, 2020. Further, on August 14,2020 additional 3.58% stake was acquired to reach 26.00% ownership. Further on March 9, 2021 additional stake of 11.14% was acquired to reach total ownership of 37.14% as of March 31, 2021 as well as March 31, 2022. Aeron Systems Private Limited is engaged in the business of manufacturing of technology products such as Inertial Navigation Systems (INS) and IoT devices for industries such as Aerospace and Defense, Automotive, Renewable energy and Industry 4.0. The Group's interest in Aeron Systems Private Limited is accounted for using the equity method in the consolidated financial statements. Summarized financial information based on its Ind AS financial statements as follows:

Summarized Balance sheet		**(In ₹ Million)**
	March 31, 2022	**March 31, 2021**
Current assets	249.31	82.23
Non-current assets	250.01	256.23
Current liabilities	(244.08)	(69.14)
Non-current liabilities	(9.88)	(14.79)
Equity	245.36	254.53
Share of the Group in the capital commitment, contingent liabilities of associates	1.79	14.28
Proportion of the Group's ownership	37.14%	37.14%
Carrying amount of the investment	**116.06**	**119.46**

The Group has invested an amount of ₹ 140.00 million in equity shares. Group's share of equity is ₹ 89.23 million. Carrying amount of investment includes resultant goodwill amounting to ₹ 24.57 million (March 31, 2021: ₹ 24.57 million)(net of share of loss for the year).

Summarized statement of profit and loss for the year/period ended:		**(In ₹ Million)**
	March 31, 2022	**March 31, 2021**
Income		
Revenue from operations	320.52	113.70
Other income	3.41	0.62
	323.93	114.32
Expenses		
Cost of Material Consumed	230.22	59.30
Changes in inventories	(11.48)	7.00
Employee benefit expenses	38.25	32.20
Finance cost	11.00	5.93
Depreciation and amortization	39.58	39.20
Other expenses	26.46	14.04
Loss before tax	(10.10)	(43.35)
Income tax expense		
Current tax	-	0.00
Deferred tax	0.91	(1.04)
Loss for the year	(9.19)	(44.39)
Other comprehensive income/(loss) for the period	**0.03**	**0.50**
Total comprehensive income/(loss) for the period	(9.16)	(43.89)
Group's share of loss for the period	(3.41)	(11.54)
Group's share of other comprehensive income/(loss) for the period	**0.01**	**0.13**

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Notes forming part of consolidated financial statements for the year ended March 31, 2022

40. Gratuity and other post-employment benefit plans

(a) Gratuity plan

Funded scheme

The Holding Company has a defined benefit gratuity plan for its employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the employee's length of service and salary at retirement age. An employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. In case of certain category of employees who have completed 10 years of service, gratuity is calculated based on 30 days salary (last drawn) for each completed year of service and cap for gratuity is 20 years. The scheme is funded with insurance companies in the form of a qualifying insurance policies.

Risk exposure and asset-liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as company take on uncertain long term obligations to make future benefit payments.

1) Liability risks

a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements.

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz. LIC of India and other insurance companies. LIC and other insurance companies have a sovereign guarantee and have been providing consistent and competitive returns over the years. The Holding Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Company has no control over the management of funds but this option provides a high level of safety for the total corpus. The same account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured and also interest rate and inflation risk are taken care of.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plans.

The principal assumptions used in determining gratuity for the Holding Company's plan is shown below:

	As at March 31, 2022	As at March 31, 2021
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	7.20%	6.90%
Expected rate of return on plan assets	6.90%	6.80%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)	11.14	11.37
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	5.00%	5.00%
Age 31 - 44 years	5.00%	5.00%
Age 45 - 50 years	5.00%	5.00%
Age above 50 years	5.00%	5.00%

Notes forming part of consolidated financial statements for the year ended March 31, 2022

40. Gratuity and other post-employment benefit plans (Contd.):

(a) Gratuity plan (Contd.):

Changes in the present value of the defined benefit obligation recognised in the balance sheet are as follows:

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Present value of obligation as at the beginning of the period	1,214.15	1,151.42
Interest expense	79.51	75.63
Current service cost	80.17	79.90
Benefits (paid)	(123.65)	(78.32)
Remeasurements on obligation [actuarial (gain) / loss]	(33.88)	(14.48)
Closing defined benefit obligation	**1,216.30**	**1,214.15**

Changes in the fair value of plan assets recognised in the balance sheet are as follows:

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Opening fair value of plan assets	932.52	866.70
Interest income	63.87	57.85
Contributions	110.00	101.43
Benefits paid	(123.65)	(78.32)
Remeasurements		
Return on plan assets, excluding amount recognised in Interest Income-(loss)/gain	9.65	(15.14)
Closing fair value of plan assets	**992.39**	**932.52**
Actual return on plan assets	43.97	42.71

Net interest (income)/expense

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Interest Expense – Obligation	79.51	75.63
Interest (Income) – Plan assets	(63.87)	(57.85)
Net Interest Expense for the period	**15.64**	**17.78**

Remeasurement for the period [actuarial (gain)/loss]

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Experience (gain) / loss on plan liabilities	(4.42)	(4.57)
Demographic (gain) on plan liabilities	-	-
Financial loss on plan liabilities	(29.46)	(9.92)
Experience loss / (gain) on plan assets	(8.73)	7.32
Financial (gain) on plan assets	(0.92)	7.82

Notes forming part of consolidated financial statements for the year ended March 31, 2022

40. Gratuity and other post-employment benefit plans (Contd.):

(a) Gratuity plan (Contd.):

Amount recognised in statement of other comprehensive income (OCI)

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Remeasurement for the period-obligation (gain) / loss	33.88	(14.48)
Remeasurement for the period-plan assets loss	9.65	15.14
Total remeasurement cost for the period recognised in OCI	**43.53**	**0.66**

The amounts to be recognised in the balance sheet

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Present value of obligation	(1,216.30)	(1,214.15)
Fair value of plan assets	992.39	932.52
Net asset / (liability) to be recognised in the balance sheet	**(223.91)**	**(281.63)**

Expense recognised in the statement of profit and loss

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Current service cost	80.17	79.90
Net interest (income) / expense (refer note 30)	15.64	17.78
Net periodic benefit cost recognised in the statement of profit and loss	**95.81**	**97.68**

Reconciliation of net asset/(liability) recognised:

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Net asset (liability) recognised at the beginning of the period	(281.63)	(284.72)
Company's contributions	110.00	101.42
Expense recognised for the year	(95.81)	(97.68)
Amount recognised in OCI	(43.53)	(0.66)
Net asset / (liability) recognised at the end of the period	**(310.97)**	**(281.64)**

The Holding Company expects to contribute ₹ 110.00 million to gratuity fund in the next year (March 31, 2021 : ₹ 110.00 million)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2022	As at March 31, 2021
Funds managed by insurer	100.00%	100.00%

Notes forming part of consolidated financial statements for the year ended March 31, 2022

40. Gratuity and other post-employment benefit plans (Contd.):

Sensitivity analysis :

A) Impact of change in discount rate when base assumption is decrease / increase in present value of obligation

In ₹ Million

Discount rate	As at March 31, 2022	As at March 31, 2021
Decrease by 1%	1,317.80	1,317.52
Increase by 1%	1,124.69	1,119.64

B) Impact of change in salary increase rate when base assumption is decrease / increase in present value of obligation

In ₹ Million

Salary increment rate	As at March 31, 2022	As at March 31, 2021
Decrease by 1%	1,133.28	1,128.49
Increase by 1%	1,305.84	1,305.13

C) Impact of change in withdrawal rate when base assumption is decrease / increase in present value of obligation

In ₹ Million

Withdrawal rate	As at March 31, 2022	As at March 31, 2021
Decrease by 1%	1,220.31	1,218.17
Increase by 1%	1,209.82	1,206.12

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following are the expected benefit payments to the defined benefit plan in future years :

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Within one year	195.45	185.12
After one year but not more than five years	370.72	354.53
After five years but not more than ten years	625.00	644.13

Weighted average duration of the defined benefit plan obligation (based on discounted cash flows using mortality, withdrawal and interest rate) is 10.83 years (March 31, 2021: 10.93 years).

40. Gratuity and other post-employment benefit plans (Contd.):

(b) Special gratuity

The Holding Company has a defined benefit special gratuity plan. Under the gratuity plan, every eligible employee who has completed ten years of service gets an additional gratuity on departure which will be salary of specified months based on last drawn basic salary. The scheme is unfunded.

1) Liability risks

a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Holding Company is successfully able to neutralise valuation swings caused by interest rate movements.

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Unfunded plan risk

This represents unmanaged risk and a growing liability. There is an inherent risk here that the Holding Company may default on paying the benefits in adverse circumstances. Funding the plan removes volatility in the Company's financial statements and also benefit risk through return on the funds made available for the plan.

The principal assumptions used in determining special gratuity for the Holding Company's plan is shown below:

	Year ended March 31, 2022	Year ended March 31, 2021
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	7.20%	6.90%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)	11.70	11.90
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	5.00%	5.00%
Age 31 - 44 years	5.00%	5.00%
Age 45 - 50 years	5.00%	5.00%
Age above 50 years	5.00%	5.00%

Changes in the present value of the defined benefit obligation recognised in the balance sheet are as follows:

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Present value of obligation as at the beginning of the period	185.37	142.02
Interest expense	12.54	9.69
Past service cost	-	0.72
Current service cost	20.87	17.87
Benefits (paid)	(7.24)	(3.15)
Remeasurements on obligation [Actuarial (Gain) / Loss]	(30.64)	18.22
Closing defined benefit obligation	**180.90**	**185.37**

Net Interest (Income)/Expense

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Interest expense – obligation	12.54	9.69
Interest (income) / expense – plan assets	-	-
Net interest expense for the period	**12.54**	**9.69**

Notes forming part of consolidated financial statements for the year ended March 31, 2022

40. Gratuity and other post-employment benefit plans (Contd.):

(b) Special gratuity (Contd.):

Remeasurement for the period [Actuarial (Gain)/loss]

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Experience (gain) / loss on plan liabilities	(24.73)	18.22
Demographic loss on plan liabilities	-	-
Financial (gain) /loss on plan liabilities	(5.91)	-
Experience (gain) / loss on plan assets	-	-
Financial (gain) / loss on plan assets	-	-

Amount recognised in statement of other comprehensive Income (OCI)

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Remeasurement for the period-obligation (gain)/loss	(30.64)	18.22
Remeasurement for the period-Plan assets (gain)/loss	-	-
Total remeasurement cost for the period recognised in OCI	**(30.64)**	**18.22**

The amounts to be recognised in the Balance Sheet

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Present value of obligation as at the end of the period	(180.90)	(185.37)
Fair value of plan assets as at the end of the period	-	-
Net asset / (liability) to be recognised in the balance sheet	**(180.90)**	**(185.37)**

Expense recognised in the statement of profit and loss

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Current service cost **[Refer note 28]**	20.87	17.87
Past service cost	-	0.72
Net interest (income) / expense **[Refer note 30]**	12.54	9.69
Net periodic benefit cost recognised in the statement of profit and loss	**33.41**	**28.28**

Reconciliation of Net Asset/(Liability) recognised:

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Net asset / (liability) recognised at the beginning of the period	(185.37)	(142.02)
Company's contributions	-	-
Benefits directly paid by Company	7.24	3.15
Expense recognised for the year	(33.41)	(28.28)
Amount recognised in OCI	30.64	(18.22)
Net asset / (liability) recognised at the end of the period	**(180.90)**	**(185.37)**

40. Gratuity and other post-employment benefit plans (Contd.):

(b) Special gratuity (Contd.):

The following are the expected benefit payments to the defined benefit plan in future years :

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Within one year	11.33	11.24
After one year but not more than five years	59.12	47.53
After five years but not more than ten years	102.88	89.01

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 12.46 years (March 31, 2021 : 11.07 years).

Sensitivity analysis

A) Impact of change in discount rate when base assumption is decreased / increased - present value of obligation

In ₹ Million

Discount rate	Year ended March 31, 2022	Year ended March 31, 2021
Decrease by 1%	201.77	207.42
Increase by 1%	163.15	166.66

B) Impact of change in salary increase rate when base assumption is decreased / increased - present value of obligation

In ₹ Million

Salary increment rate	Year ended March 31, 2022	Year ended March 31, 2021
Decrease by 1%	164.49	168.08
Increase by 1%	199.74	205.32

C) Impact of change in withdrawal rate when base assumption is decreased / increased - present value of obligation

In ₹ Million

Withdrawal rate	Year ended March 31, 2022	Year ended March 31, 2021
Decrease by 1%	180.60	185.71
Increase by 1%	181.16	185.06

40. Gratuity and other post-employment benefit plans (Contd.):

(c) Provident fund

In accordance with the law, all employees of the Holding Company are entitled to receive benefits under the provident fund. The Holding Company operates two plans for its employees to provide employee benefits in the nature of provident fund, viz. defined contribution plan and defined benefit plan.

Under the defined contribution plan, provident fund is contributed to the government administered provident fund. The Holding Company has no obligation, other than the contribution payable to the provident fund.

Under the defined benefit plan, the Company contributes to the "Bharat Forge Company Limited Staff Provident Fund Trust". The Holding Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The details of the defined benefit plan based on actuarial valuation report are as follows:

1) Liability risks:

a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Holding Company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset risks:

All plan assets are maintained in a trust fund managed by a public sector insurer viz. LIC of India and other insurance companies. LIC and other insurance companies have a sovereign guarantee and have been providing consistent and competitive returns over the years. The Holding Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Holding Company has no control over the management of funds but this option provides a high level of safety for the total corpus. The same account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured and also interest rate and inflation risk are taken care of.

The principal assumptions used in determining provident fund liability / shortfall for the Holding Company's plan is shown below:

	Year ended March 31, 2022	Year ended March 31, 2021
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	7.20%	6.90%
Interest rate declared by Employees' Provident Fund Organisation for the year	8.10%	8.55%
Yield spread	0.50%	0.50%
Expected average remaining working lives of employees (in years)	11.36*	11.61*
Withdrawal rate		
Age upto 30 years	5.00%	5.00%
Age 31 - 44 years	5.00%	5.00%
Age 45 - 50 years	5.00%	5.00%
Age above 50 years	5.00%	5.00%

* It is actuarially calculated term of the plan using probabilities of death, withdrawal and retirement.

Table showing changes in present value of expected interest rate shortfall:

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Present value of expected interest rate shortfall as at the beginning of the period	3,261.33	2,962.68
Interest cost	219.22	195.53
Current service cost	105.95	102.08
Employee contribution	153.57	151.08
Benefits paid	(168.40)	(174.41)
Actuarial (gain) / loss on obligations	(111.23)	24.37
Present value of expected interest rate shortfall as at the end of the period	**3,460.44**	**3,261.33**

40. Gratuity and other post-employment benefit plans (contd.):

(c) Provident fund (Contd.):

Table showing changes in fair value of plan assets (Surplus account)

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Fair value of plan assets as at the beginning of the period (surplus account)	3,141.33	2,793.65
Interest income	219.40	192.01
Current service cost	91.72	83.48
Employee contribution	153.56	151.08
Benefits paid	(168.39)	(174.41)
Actuarial Gain on plan assets	(6.76)	95.52
Fair value of plan assets as at the end of the period (surplus account)	**3,430.86**	**3,141.33**

Net interest (Income)/expense

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Interest Expense – Obligation	219.22	195.53
Interest (Income) – Plan assets	219.40	192.01
Net Interest Expense / (Income) for the period	**(0.18)**	**3.52**

Actuarial (gain) / loss recognised

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Actuarial Loss for the period – Obligation	(111.23)	24.37
Actuarial Loss for the period – Plan assets	6.76	(95.52)
Total (gain) / loss for the year	**(104.47)**	**(71.15)**
Actuarial (gain) / loss recognised in the year	**(104.47)**	**(71.15)**

The amounts to be recognised in the balance sheet:

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Present value of expected interest rate shortfall as at the end of the period	3,460.44	3,261.33
Fair value of the plan assets as at the end of the period (surplus account)	3,430.86	3,141.33
(Deficit)	**(29.58)**	**(120.00)**
Net (liability) recognised in the balance sheet	(29.58)	(120.00)

Amount recognised in Statement of Other comprehensive Income (OCI):

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Remeasurement for the period-obligation (gain)/ loss	(111.23)	24.37
Remeasurement for the period-plan assets(gain)/loss	6.76	(95.52)
Total Remeasurement cost for the period recognised in OCI	**(104.47)**	**(71.15)**

Notes forming part of consolidated financial statements for the year ended March 31, 2022

40. Gratuity and other post-employment benefit plans (contd.):

(c) Provident fund (Contd.):

Expense recognised in the statement of profit and loss:

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Current service cost **[Refer note 28]**	105.95	102.08
Net interest expense **[Refer note 30]**	(0.18)	3.52
Net periodic benefit cost recognised in the statement of profit and loss	**105.77**	**105.60**

Sensitivity analysis

A) Impact of change in discount rate when base assumption is decreased/increased by 50 basis point - present value of obligation

In ₹ Million

Discount rate	Year ended March 31, 2022	Year ended March 31, 2021
Decrease by 0.50%	3,519.09	3,322.75
Increase by 0.50%	3,405.09	3,203.43

B) Impact of change in expected future interest rate on PF when base assumption is decreased/increased by 50 basis point - - present value of obligation

In ₹ Million

PF interest rate	Year ended March 31, 2022	Year ended March 31, 2021
Decrease by 0.50%	3,403.99	3,205.23
Increase by 0.50%	3,516.89	3,317.42

BHARAT FORGE LIMITED

Notes forming part of consolidated financial statements for the year ended March 31, 2022

40. Gratuity and other post-employment benefit plans (contd.)

Overseas subsidiaries

(d) Pension plan

The overseas subsidiaries operate a pension scheme which is a defined benefit plan. The scheme pertains to employees who have left the organization. The present value of defined benefit obligation and the related current service costs are measured using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. An individual's estimated benefit obligation is the present value of the attributed benefit for valuation purposes at the beginning of the plan year, and the service cost is the present value of the benefit attributed to the year of service in the plan year

The following table summarizes the components of net benefit expense recognized in the Statement of profit and loss and amounts recognized in the balance sheet for the pension plan.

The principal assumptions used in determining pension plan for the Group's overseas subsidiaries is shown below:

	As at March 31, 2022	As at March 31, 2021
Mortality table	Heubeck 2018 G	Heubeck 2018 G
Discount rate	0.00% to 0.00%	0.50% to 2.34%
Rate of increase in compensation levels	0.00% to 0.00%	1.00% to 2.00%

Changes in the present value of the defined benefit obligation recognized in consolidated balance sheet are as follows:

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Opening defined benefit obligation	1,383.68	1,176.74
Foreign Currency Translation Reserve (FCTR) Impact on opening balance	(158.76)	151.52
Interest expense	14.66	16.59
Current service cost	17.62	17.49
Benefits paid	(27.07)	(28.42)
Remeasurements on obligation [Actuarial (Gain) / Loss]	(90.10)	49.76
Closing defined benefit obligation	**1,140.03**	**1,383.68**

Changes in the fair value of plan assets recognized in the consolidated balance sheet are as follows:

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Opening fair value of plan assets	23.64	21.24
Foreign Currency Translation Reserve (FCTR) Impact on opening balance	(0.64)	2.02
Interest income	0.05	0.37
Benefits paid	(0.45)	(0.22)
Remeasurements-Actuarial gains / (losses)	0.17	0.23
Closing fair value of plan assets	**22.76**	**23.64**
Actual return on plan assets	0.21	0.60

Net Interest (Income/Expense)

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Interest (Income) / Expense – Obligation	14.66	16.59
Interest (Income) / Expense – Plan assets	(0.05)	(0.37)
Net Interest (Income) / Expense for the period	**14.62**	16.22

Amount recognized in Statement of Other comprehensive Income (OCI)

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Remeasurement for the period-Obligation (Gain)/Loss	(90.10)	49.76
Remeasurement for the period-Plan assets (Gain)/Loss	(0.17)	(0.23)
Total Remeasurement cost/(credit) for the period recognized in OCI	**(90.27)**	**49.53**

(This space is intentionally left blank)

40. Gratuity and other post-employment benefit plans (contd.)

The amounts to be recognized in the Balance Sheet — In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Present value of defined benefit obligations	(1,140.03)	(1,383.68)
Fair value of plan assets	22.76	23.64
Net Asset / (liability) to be recognized in balance sheet	(1,117.27)	(1,360.04)

Expense recognized in the statement of profit and loss — In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Current service cost	17.62	17.49
Net Interest (Income) / Expense	14.62	16.22
Net periodic benefit cost recognized in the statement of profit & loss	**32.24**	**33.71**

Reconciliation of Net Asset/(Liability) recognized: — In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Net asset / (liability) recognized at the beginning of the period	(1,360.04)	(1,155.50)
Foreign Currency Translation Reserve (FCTR) Impact on Opening Balance	158.12	(149.50)
Benefits directly paid by the Group	26.62	28.20
Expense recognized for the year	(32.24)	(33.71)
Amount recognized in OCI	90.27	(49.53)
Net asset / (liability) recognized at the end of the period	(1,117.27)	(1,360.04)

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2022	As at March 31, 2021
Funds managed by insurer	100%	100%

Sensitivity analysis

Impact of change in discount rate when base assumption is present value of obligation decreased/increased in present value of obligation

In ₹ Million

Discount rate	As at March 31, 2022	As at March 31, 2021
Decrease by 0.50%	98.58	121.22
Increase by 0.50%	86.87	117.85

The pension scheme pertains to employees who have already left the organization. Hence the impact of change in salary increase rate and withdrawal rate is nil and hence not disclosed.

The followings are the expected contributions to the defined benefit plan in future years : — In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Within the next 12 months (next annual reporting period)	29.62	31.79
		-
Between 2 and 5 years	133.91	145.83
Beyond 5 and 10 years	206.72	228.04
Beyond 10 years	1,285.57	1,494.65
Total expected payments	1,655.82	1,900.31

(e) Other long term benefits

Other long term benefits includes early retirement scheme as governed by the local laws amounting to ₹ 3.69 million (March 31, 2021: ₹ 62.33 million) and jubilee scheme as governed by the local laws amounting to ₹ 85.95 million (March 31, 2021: ₹ 91.65 million).

One of the subsidiary has an employees' savings plan which qualifies under Internal Revenue Code as governed by the local laws. The plan allows eligible employees to make voluntary contributions based on a specific percentage of compensation which may not exceed limitations under the said Internal Revenue Code. The Group has a discretionary matching contribution of 50% up to 6% of compensation. The total expense for employee retirement contribution plans for the year ended March 31, 2021 was ₹ 9.13 million (March 31, 2021: ₹ 57.95 million) included in note 28 as part of employee benefits expenses.

40. Gratuity and other post-employment benefit plans (contd.)

Indian subsidiaries

(F) Gratuity plans

The present value of defined benefit obligation and the related current service costs are measured using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date.
The gratuity benefits are governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. Majority of the schemes are funded with insurance companies in the form of qualifying insurance policy.

Risk exposure and asset liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

1) Liability risks

a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Group is successfully able to neutralize valuation swings caused by interest rate movements.

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Asset risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India and other insurance companies. LIC and other insurance companies has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Group has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The respective subsidiary have no control over the management of funds but this option provides a high level of safety for the total corpus. Same account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured and also interest rate and inflation risk are taken care of.

The following table summarizes the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

The principal assumptions used in determining gratuity for the Indian subsidiary's plan is shown below:

	As at March 31, 2022	As at March 31, 2021
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	5.90% - 7.00%	5.90% - 7.00%
Rate of increase in compensation levels	6.00% - 10.00%	6.00% - 10.00%
Expected average remaining working lives (in years)	4.74-18.68	4.10-21.39
Withdrawal rate (based on grade and age of employees)		
Age unto 30 years	1% to 20%	1% to 20%
Age 31 - 44 years	1% to 20%	1% to 20%
Age 45 - 50 years	1% to 20%	1% to 20%
Age above 50 years	1% to 20%	1% to 20%

Changes in the present value of the defined benefit obligation recognized in consolidated balance sheet are as follows:

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Opening defined benefit obligation	5.43	4.70
Adjustment to defined benefit obligation	10.58	-
Interest expense	1.08	0.31
Current service cost	3.13	0.90
Benefits paid	(0.95)	(0.20)
Remeasurements on obligation [Actuarial (Gain) / Loss]	(2.19)	(0.28)
Acquisition (credit)/cost	-	-
Closing defined benefit obligation	**17.08**	**5.43**

40. Gratuity and other post-employment benefit plans (contd.)

Changes in the fair value of plan assets recognized in the consolidated balance sheet are as follows:

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Opening fair value of plan assets	2.16	2.33
Adjustment to fair value of plan asset	0.85	(0.10)
Interest Income	0.22	0.17
Contributions	0.81	-
Benefits paid	(0.52)	(0.20)
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	(0.02)	(0.04)
Closing fair value of plan assets	**3.50**	**2.16**
Actual return on plan assets	0.14	0.15

Net Interest (Income/Expense)

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Interest (Income) / Expense – Obligation	1.08	0.31
Interest (Income) / Expense – Plan assets	(0.22)	(0.17)
Net Interest (Income) / Expense for the period	**0.86**	**0.14**

Remeasurement for the period [Actuarial (Gain)/loss]

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Experience (Gain) / Loss on plan liabilities	(2.10)	(0.22)
Demographic (Gain) / Loss on plan liabilities	(0.01)	0.03
Financial (Gain) / Loss on plan liabilities	(0.08)	(0.10)
Experience (Gain) / Loss on plan assets	3.71	0.02
Financial (Gain) / Loss on plan assets	(3.69)	-

Amount recognized in Statement of Other comprehensive Income (OCI)

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Opening amount recognized in OCI outside profit and loss account	0.45	0.71
Remeasurement for the period-Obligation (Gain)/Loss	(2.19)	(0.28)
Remeasurement for the period-Plan assets (Gain)/Loss	0.02	0.02
Total Remeasurement cost/(credit) for the period recognized in OCI	(2.17)	(0.26)
Closing amount recognized in OCI outside profit and loss account	**(1.72)**	**0.45**

The amounts to be recognized in the Balance Sheet

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Present value of defined benefit obligations	(17.08)	(5.43)
Fair value of plan assets	3.50	2.16
Net Asset / (liability) to be recognized in balance sheet	**(13.58)**	**(3.27)**

Expense recognized in the statement of profit and loss

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Current service cost	3.13	0.90
Net Interest (Income) / Expense	0.86	0.14
Net periodic benefit cost recognized in the statement of profit & loss	**3.99**	**1.04**

40. Gratuity and other post-employment benefit plans (contd.)

Reconciliation of Net Asset/(Liability) recognized:

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Net asset / (liability) recognized at the beginning of the period	(3.26)	(2.37)
Adjustment to opening balance	(8.93)	-
Contributions	-	-
Benefits paid by the Group	0.43	-
Expense recognized for the year	(3.99)	(1.04)
Amount recognized in OCI	2.17	0.26
Adjustment to fund	-	(0.11)
Net (liability) recognized at the end of the period	**(13.58)**	**(3.26)**

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2022	As at March 31, 2021
Funds managed by insurer	100.00%	100.00%

Sensitivity analysis

A) Impact of change in discount rate when base assumption is decreased/increased in Present value of obligation

In ₹ Million

Discount rate	As at March 31, 2022	As at March 31, 2021
Increase by 1%	15.55	5.04
Decrease by 1%	18.90	5.87

B) Impact of change in salary increase rate when base assumption is decreased/increased in Present value of obligation

In ₹ Million

Salary increment rate	As at March 31, 2022	As at March 31, 2021
Increase by 1%	18.72	5.85
Decrease by 1%	15.64	5.05

C) Impact of change in withdrawal rate when base assumption is decreased/increased in Present value of obligation

In ₹ Million

Withdrawal rate	As at March 31, 2022	As at March 31, 2021
Increase by 1%	16.94	5.42
Decrease by 1%	17.16	5.42

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following are the expected benefit payments to the defined benefit plan in future years :

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Year ending March 31		
Within one year	2.06	1.93
After one year but not more than five years	3.27	0.35
After five years but not more than ten years	7.92	0.92
Total expected payments	**13.25**	**3.20**

Under the defined contribution plan, provident fund is contributed to the government administered provident fund. The Group has no obligation, other than the contribution payable to the provident fund.

41. Contingent liabilities

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Claims against the Group not acknowledged as Debts - to the extent ascertained **[Refer note a,c,d]**	1,124.34	1,131.85
Excise/Service tax demands - matters under dispute* **[Refer note e]**	130.10	130.10
Customs demands - matters under dispute* **[Refer note f]**	50.97	50.97
Sales tax demands - matters under dispute **[Refer note g]**	0.60	37.16
Income tax demands - matters under dispute **[Refer note h]**	190.33	-
Others **[Refer note b]**	33.67	9.54

* Excludes Interest and Penalty

(a) The Company is contesting the demands raised pertaining to property tax. It also includes claim against the Company comprising of dues in respect to personnel claims (amount unascertainable), local taxes etc.

(b) Includes:

- contingent liability to employees as per agreed terms
- One of the subsidiaries has availed exemption from stamp duty amounting to ₹ 3.32 million, in respect of agreement to lease executed during the earlier financial year. The said exemption is availed in accordance with the Package Scheme of Incentive, 2013 of the Government of Maharashtra. As per the conditions attached, the subsidiary is required to start the activities within a period of three years from the date of instrument, which is January 17, 2018 . The subsidiary will be liable to pay the whole of the stamp duty and applicable penalty in the event the Subsidiary is unable to fulfil this condition. Appropriate provision has been recognised in the current financial year.
- One of the subsidiaries is in the process of setting-up manufacturing facility at Additional Jejuri Industrial Area, MIDC, Jejuri, District Pune. MIDC has approved the building construction plan on March 9, 2021 and has specified a condition to commence construction within a period of 1 year. MIDC has given the time limit for obtaining building completion certificate/occupancy certificate and commencement of production till June 10, 2022. The Company is planning to approach MIDC for further extension of the time limit for completion of construction and commencement of activities without payment of additional premium. If MIDC does not accept the Company's proposal, additional premium of ₹ 32.43 million is required to be paid.

(c) The Group has disputed certain amounts claimed by its suppliers/customers which the Group believes to be not payable as per the underlying contracts. The Group has not provided for the amount, as it believes that there shall not be any probable outflow of resources.

(d) The amount of claim is arbitral award passed by arbitrator against one of the subsidiary on May 10, 2019 in the matter of arbitration proceedings concerning termination of Share purchase agreement dated December 18, 2010 by the subsidiary, directing the subsidiary to pay ₹ 770.00 million to the claimant. In the opinion of the Group and the legal advisor, said award is biased and perverse. The subsidiary has filed an appeal against the said order in Delhi High court. Based on the legal advice, the Management is of the view that the possibility of cash outflow on this account is remote.

(e) Includes amount pertaining to incentive received under Government schemes, etc. This amount does not include amount penalty and interest.

(f) Includes amount pertaining to classification differences of products etc.

(g) Includes amount pertaining to duty demand by authorities on non-taxable services and for non-receipt of various statutory forms, etc.

(h) Includes amount pertaining to matter relating to applicability of TDS.

- One of the subsidiary is contesting the demands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appeallate process. No tax expense has been accrued in the financial statements for the tax demand raised. the management based on its internal assessment and advice by its legal counsel believes that it is only possible/remote, but not probable, that the action will succeed.

Note : In cases where the amounts have been accrued, it has not been included above.

One of the subsidiary of the Group has entered into a factoring arrangement to discount its receivable balance. Accordingly, it has provided a guarantee amounting to EUR 2.80 million to cover the counterparty's risk in case of invoicing errors.

Deferred payment liabilities

Sales tax deferral incentives attached to the erstwhile windmill division, which was demerged to BF Utilities Limited (BFUL) under section 392 and 394 of the erstwhile Companies Act, 1956 sanctioned by the High Court of the Judicature at Mumbai, have been passed on thereafter from year to year by the Group to the latter, under an arrangement, with all liabilities and obligations attached thereto taken over completely by BFUL. The net liability outstanding of BFUL after such pass on amounts to ₹ 45.12 million (March 31, 2021: ₹ 45.12 million).

Refer notes 38 and 39 for contingent liabilities with respect to group's share in joint venture and associates

42. Capital and other commitments

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
(a) Guarantees given by Group's Bankers on behalf of the Group, against sanctioned guarantee limit of ₹7,250 million (March 31, 2020: ₹ 7,250 million) for contracts undertaken by the Group and other matters are secured by extension of charge by way of joint hypothecation of stock-in-trade, stores and spares etc., book debts, subject to prior charge in their favour.	3,372.64	2,984.73
(b) Guarantees given by the Holding Company on behalf of subsidiaries/related parties	6,137.83	6,128.40
(c) Estimated value of contracts remaining to be executed on capital accounts and not provided for, net of advances	1,851.02	2,633.50
(d) Commitment for investment in Avaada MHVidarbha Private Limited	113.75	-

The Group, for its newly set up plant located at Mambattu, Nellore, Andhra Pradesh for Manufacture of Aluminium Casting, has imported capital Goods under the Export Promotion Capital goods Scheme of the Government of India, at concessional rates of Duty on an undertaking to fulfil quantified exports. As at March 31, 2022 export obligation aggregates to USD 9.82 million (₹ 734.93 million), this is to be satisfied over a period of 6 years (Block year 1st to 4th year - 50% and 5th to 6th year - 50%) from December 14, 2018, while maintaining average export of USD Nil per annum, as specified. Non fulfilment of such future obligations, in the manner required, if any entails options / rights to the Government to levy penalties under the above referred scheme.

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Notes forming part of consolidated financial statements for the year ended March 31, 2022

43. Leases

A. Group as lessee

The Group has lease contracts for various items of buildings, leasehold land, plant and machinery, office equipments, electrical installation, furniture fixtures, vehicles and other equipment used in its operations. Leases of Buildings, leasehold land, plant and machinery generally have lease terms between 2 and 18 years, while motor vehicles and other equipment generally have lease terms between 2 and 6 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further mentioned below:

The Group also has certain leases of machinery, flats with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Below are the carrying amounts of right-of-use assets recognised and the movements during the period:

In ₹ Million

	Buildings	Plant and machinery	Office equipments	Electrical installations	Furniture and fixtures	Vehicles	Leasehold Land	Total
At April 1, 2020	924.81	134.19	23.89	13.02	6.33	89.83	145.22	1,337.29
Additions	57.31	1,734.86	1.69	-	-	7.86	0.10	1,801.82
Depreciation	(126.09)	(141.35)	(6.44)	(8.62)	(1.75)	(41.02)	(1.70)	(326.97)
Foreign Currency Translation Reserve	27.85	9.90	2.88	1.10	0.68	10.28	(3.73)	48.97
As at March 31, 2021	**883.88**	**1,737.60**	**22.02**	**5.50**	**5.26**	**66.95**	**139.89**	**2,861.11**
Additions	297.49	379.49	19.03	-	-	182.74	3.32	882.07
Addition due to acquisition	1.61	-	-	-	-	-	329.60	331.21
Depreciation	(185.31)	(216.36)	(16.70)	-	-	(51.94)	(6.16)	(476.47)
Deletions	-	-	(0.18)	(5.50)	(5.26)	(8.35)	-	(19.29)
Foreign Currency Translation Reserve	21.26	(94.05)	9.05	-	-	15.95	4.70	(43.09)
As at March 31, 2022	**1,018.93**	**1,806.68**	**33.22**	**-**	**-**	**205.35**	**471.35**	**3,535.54**

Below are the carrying amounts of lease liabilities and the movements during the period:

In ₹ Million

	Year ended March 31, 2022	Year ended March 31, 2021
Opening balance	2,752.85	1,212.69
Additions	758.76	1,801.82
Accretion of Interest	232.15	107.75
Payments	(579.81)	(441.08)
Foreign Currency Translation Reserve	6.93	71.67
Closing balance	**3,170.88**	**2,752.85**
Current	335.72	506.01
Non - Current	2,835.16	2,246.84

*Includes lease liabilities transferred from borrowings of nil (March 31, 2021: ₹ Nil)

The maturity analysis of lease liabilities are disclosed in Note 55.

The effective interest rate for lease liabilities is between 8.40% to 9.85% for domestic entities and 1.90% to 4.4 % for Overseas entities with maturity between 2021-2029.

The following are the amounts recognised in profit or loss:

In ₹ Million

	Year ended March 2022	Year ended March 2021
Depreciation expense of right-of-use assets	476.47	326.97
Interest expense on lease liabilities	232.15	107.75
Expense relating to short-term leases (included in Other expenses)	126.05	72.60
Total amount recognised in profit or loss	**834.67**	**507.32**

The Group had total cash outflows for leases of ₹ 579.81 million (March 31, 2021: ₹ 441.08 million). The Group also had non-cash additions to right-of-use assets and lease liabilities of ₹ 758.76 million (March 31, 2021: ₹ 1801.82 million) and ₹ 990.91 million (March 31, 2021: ₹ 1,909.57 million) respectively.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. (See note 35)

Below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

In ₹ Million

	Within five years	More than five years	Total
March 31, 2022			
Extension options expected not to be exercised	-	-	-
Termination options expected to be exercised	-	-	-
Obligations under leases not yet commenced	764.60	1,737.73	2,502.33
March 31, 2021			
Extension options expected not to be exercised	-	-	-
Termination options expected to be exercised	-	-	-
Obligations under leases not yet commenced	137.87	297.52	435.39

* Refer note 7(f) for further details.

B. Group as a lessor

The Group has entered into agreements/arrangement in the nature of lease/sub-lease agreement with different lessees for the purpose of land. These are generally in the nature of operating lease. Period of agreements are generally for three years to ten years and cancellable with a notice of thirty days to six months and renewal at the options of the lessee/lessor.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

In ₹ Million

	Year ended March 2022	Year ended March 31, 2021
Within one year	33.52	3.12
After one year but not more than five years	60.67	1.44
More than five years	31.17	
Total	**125.36**	**4.56**

44. Deferral/Capitalisation of exchange differences

On the date of transition to Ind AS, the Group has availed the option under Ind AS 101 para D13AA for borrowings availed before April 1, 2016 to continue the policy adopted for accounting for exchange differences arising from translation of foreign currency monetary items recognised in financial statements.

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Cost of the assets / capital work in progress	-	30.75
FCMITDA	-	8.43
Amortised in the current year	-	9.65

45. Loans and advances in the nature of loans given to associates /companies in which directors are interested

In ₹ Million

	As at March 31, 2022	As at March 31, 2021
Ferrovia Transrail Solutions Private Limited		
Balance outstanding as at March 31	136.56	181.72
Maximum amount outstanding during the year	181.72	191.74
Tevva Motors (Jersey) Limited*		
Balance outstanding as at March 31	-	-
Maximum amount outstanding during the year	-	303.87
Saarloha Advanced Materials Private Limited**		
Balance outstanding as at March 31	1,350.00	1,350.00
Maximum amount outstanding during the year	1,350.00	1,350.00
Aeron Systems Private Limited ***		
Balance outstanding	8.00	-
Maximum amount outstanding during the year	8.00	-
Refu Drive GmbH @		
Balance outstanding	83.90	-
Maximum amount outstanding during the year	83.90	-

*Refer note 6 & 7 for the details of balance outstanding

**Short term advance converted into a long term advance for a period of 4 years.

***Receivable after 1 year from the date of disbursement of loan. It can be repaid earlier than the maturity, based on mutual understanding.

@ term loan with bullet repayment at the end of 2 years, interest payable at the end of the loan term.

Loans and advances in the nature of loans granted to promoters, directors, key managerial personnel (KMP's) and other related parties either severally or jointly with any other person that are:
a) Repayable on demand or
b) without specifying any terms or period of repayment

In ₹ Million

Type of Borrower	March 31, 2022		March 31, 2021	
	Amount of loan or advances in the nature of loan outstanding	% of total loans and Advances in the nature of loans	Amount of loan or advances in the nature of loan outstanding	% of total loans and Advances in the nature of loans
Loan to Promoters	-	-	-	-
Loans to Directors	-	-	-	-
Loan to KMP's	0.48	0.03%	-	-
Loans to Associates	-	-	-	-
Advance given	-	-	-	-

(This space is intentionally left blank)

46. Business combinations and acquisition of non-controlling interests

Acquisition of BF Industrial Technology and Solutions Limited

BF Industrial Solutions Limited (BFISL, formarly known as Nouveau Power and Infrastructure Private Limited), a wholly owned subsidiary of Bharat Forge Limited acquired 100% interest in BF Industrial Technology and Solutions Limited (formerly known as Sanghvi Forging and Engineering Limited (SFEL)) along with its wholly owned subsidiary Sanghvi Europe B.V., on June 28, 2021 for a consideration of ₹770.65 million. BFITSL is engaged in the manufacturing of heavy forging for industrial applications.

SFEL, was admitted under Corporate Insolvency Resolution Process under The Insolvency Bankruptcy Code, 2016 ('IBC') of India. The National Company Law Tribunal (NCLT) vide its order dated April 26,2021, approved the Resolution Plan, for acquiring controlling stake in SFEL, pursuant to which, the Company has acquired SFEL through BFISL. The effective date for the transfer of the said business was agreed to be 28th June, 2021. As part of the Business Transfer Agreement (BTA) the sellers transferred running business and assumed assets and intangibles including the customer list.The fair values of the identifiable assets acquired and liabilities assumed of BF Industrial Technology and Solutions Limited (formerly known as Sanghvi Forging and Engineering Limited) as at the date of acquisition were:

	(In ₹ Million)
	As at June 28, 2021
Assets	
Property, plant and equipment	518.15
Intangibles assets	0.96
Right of Use assets	329.60
Cash and cash equivalents	18.08
Trade receivables	78.90
Inventories	75.71
Financial Assets (Non-current)	16.73
Financial Assets (Current)	1.02
Other Assets	21.84
	1,060.99
Liabilities	
Trade payables	154.71
Other Financial liabilities	8.47
Other Current liabilities	62.96
Provisions (Non-current)	7.42
Provisions (Current)	56.78
Borrowings	
	290.34
Total identifiable net assets at fair value	**770.65**
Non-controlling interest measured at fair value	-
Goodwill arising on acquisition	-
Purchase consideration transferred	**770.65**

None of the trade receivables is credit impaired and it is expected that the full contractual amounts can be collected.

Particulars	(In ₹ Million) **Amount**
Purchase Consideration	770.65
Less: Net Cash acquired in business Combination	(18.08)
Net Cashflow on acquisition	**752.57**

Acquisition of Tork Motors Private Limited

The Group was holding 48.86 % interest in Tork Motors Private Limited ('TMPL') till November 21, 2021. On November 22, 2021, Kalyani Powertrain Private Limited, wholly owned subsidiary of Bharat Forge Limited converted the Zero Coupon Optionally Convertible Debentures held in TMPL, into equity shares, amounting to ₹ 400 million. Pursuant to this conversion, Group's stake in TMPL's equity shares has increased to 60.66% (on fully diluted basis). Consequently, Tork and its subsidiary Lycan Eletric Private Limited have became a subsidiaries w.e.f. November 22, 2021.

The Group has calculated the fair value of the acquired assets and liabilities in accordance with Ind AS 103 Business Combinations

The fair values of the identifiable assets acquired and liabilities assumed of Tork Motors Private Limited as at the date of acquisition were:

46. Business combinations and acquisition of non-controlling interests (contd.):

	(In ₹ Million) As at Nov 22, 2021
Assets	
Property, plant and equipment	57.64
Capital work-in-progress	100.39
Right of use of Asset	1.61
Goodwill	1.97
Intangibles assets	232.69
Other non-current assets	64.61
Investments	272.90
Cash and cash equivalents	11.08
Trade receivables	1.91
Inventories	13.21
Financial Assets	0.75
Other Assets	10.57
	769.33
Liabilities	
Borrowings	31.02
Trade payables	15.38
Lease liabilities	1.74
Other Financial liabilities	-
Other Current liabilities	22.25
Provisions	4.64
	75.03
Total identifiable net assets at fair value	**694.30**
Non-controlling interest measured at fair value	247.93
Goodwill arising on acquisition	452.44
Purchase consideration transferred	**700.37**

None of the trade receivables is credit impaired and it is expected that the full contractual amounts can be collected.

Particulars	(In ₹ Million) **Amount**
Purchase Consideration	700.37
Less: Net Cash acquired in business Combination	(11.08)
Net Cashflow on acquisition	689.29

47. Disclosures required under Sec 186(4) of the Companies Act, 2013

Name of the loanee	Purpose	Rate of Interest (p.a.)	Year ended March 31, 2022	Year ended March 31, 2021
Aeron Systems Private Limited*	General corporate purpose	8.00%	8.00	-
Saarloha Advanced Materials Private Limited**	General corporate purpose	8.25%	1,350.00	1,350.00
Refu Drive GmbH @	General corporate purpose	2.00%	83.90	-

*Receivable after 1 year, one bullet payment along with interest at the end of the term.
**Short term advance converted into a long term advance for a period of 4 years.
@ term loan with bullet repayment at the end of 2 years, interest payable at the end of the loan term.

BHARAT FORGE LIMITED

Notes to consolidated financial statements for the year ended March 31, 2022

48. Related party disclosures

(i) Names of the related parties and related party relationship

Related parties with whom transactions have taken place during the period.	
Associates	Ferrovia Transrail Solutions Private Limited, India Hospet Bellary Highways Private Limited (upto January 12, 2021) Tork Motors Private Limited, India (upto November 21, 2021) Talbahn GmbH (Investment through wholly owned subsidiary), Germany Tevva Motors Limited, (upto November 8, 2021)* Tevva Motors (Jersey) Limited, Jersey (upto November 8, 2021)* Aeron Systems Private Limited, India
Joint Ventures	BF NTPC Energy Systems Limited, India (under liquidation) BF Premier Energy Systems Private Limited, India REFU Drive GmbH, Germany
Subsidiaries/associates of associates	Lycan Electric Private Limited, India (upto November 21, 2021) Tork Motors (UK) Limited, UK (dissolved w.e.f. September 22, 2020) Tevva Motors Limited, UK (upto November 8, 2021)*
Subsidiary of Joint Venture	REFU Drive India Private Limited, India
Other related parties	Kalyani Steels Limited, India BF Utilities Limited, India Automotive Axles Limited, India Khed Economic Infrastructure Private Limited, India Kalyani Maxion Wheels Private Limited, India Kalyani Cleantech Private Limited Kalyani Additives Private Limited Kalyani Strategic Management Services Ltd (erstwhile Kalyani Technologies Ltd) Kalyani Technoforge Limited, India Institute for Prostate Cancer, India United Metachem Private Limited, India Harmony Electoral Trust, India Tirupati Engineers, India M J Risbud & Co., India H M Risbud & Co., India Irbaris LLP,UK Baramati Speciality Steels Limited, India Nandi Economic Corridor Enterprises Limited, India Saarloha Advanced Materials Private Limited, India KGEPL Engineering Solutions Private Limited, India Kalyani Transmission Tecnologies Private Limited, India Kalyani Technoweld Private Limited, India Akutai Kalyani Charitable Trust, India Elbit Systems Land Ltd Elbit Systems Land and C4I Limited BF Elbit Advanced Systems Private Limited Vishalgad Trading Company Private Limited, India Rayagad Trading Company Private Limited, India Purandhar Trading Company Private Limited, India Govalkonda Trading Company Private Limited, India KTMS Properties Company Private Limited, India Aeternus, India Astra Rafael Comsys Pvt Ltd SBK Charitable Trust Radium Merchandise Private Limited Inmate Technolgy Solutions Pvt. Ltd. Givia Pty Ltd ATF Yajilaara Trust (upto November 8, 2021) Growth Spurt Consultant LLP, India Tirupati Enterprises Siddtech Enterprises
Minority holders	Elbit Systems Land and C4I Limited, Israel Rafael Advanced Defence Systems Limited, Israel Mr. Rahul Pangare , India Mr. Vyankoji Shinde, India
Joint venture partners	NTPC Limited, India Premier Explosives Limited, India REFU Elektronik GmbH, Germany
Key management personnel (including subsidiaries/associates/joint ventures and their subsidiaries)	Mr. B. N Kalyani (Chairman & Managing Director) Mr. A. B. Kalyani (Deputy Managing Director) Mr. G. K. Agarwal (Deputy Managing Director) Mr. B. P. Kalyani (Executive Director) Mr. S. E. Tandale (Executive Director) Mr. K. M. Saletore (Executive Director & CFO) Ms. T. R. Chaudhari (Company Secretary) Mr. P. G. Pawar (Independent Director) Mr. S. M. Thakore (Independent Director) (upto November 12, 2021)

*Refer Note 39 (3)

48. Related party disclosures (contd.)
(i) Names of the related parties and related party relationship

Key management personnel (including subsidiaries/associates/joint ventures)	Mrs. L. D. Gupte (Independent Director) Mr. P. H. Ravikumar (Independent Director) Mr. P. C. Bhalerao (Independent Director) (upto November 12, 2021) Mr. V. R. Bhandari (Independent Director) Mr. D. B. Mane (Independent Director) Mr. M. Sivaraman (Independent Director) Mr. Vikran Munje (w.e.f April 23, 2021) Mr. Kedar Dixit Mr. Sunil Kulkarni (w.e.f. March 25, 2022) Ms. Deepika Agrawal (w.e.f April 27, 2022) Mr. Rajaramesh Reddy (upto May 20, 2021) Ms. R Laxmi (w.e.f. May 20, 2021 to April 30, 2022) Mr. Harshavardhan Pachala (w.e.f. August 4,2021 to December 2, 2021 & w.e.f May 3, 2022) Mr. Tanay Mishra Mr. Rajinder Singh Bhatia Mr. Tripuraneni Chowdary Mr. Sandeep Kapoor Mr. Rohit Gogia Ms. Sneha Modi Mr. Vineet (w.e.f. September 19, 2020) Mr. Mohit Kapoor (w.e.f December 15, 2019 to September 18, 2020) Mr. Pramod Madhukar Puranik (upto June 26, 2020) Mr. Ravindra Nagarkar Mr. Sanjeev Kulkarni (w.e.f. October 29, 2021) Mr. Ganadeesh Kulkarni (w.e.f. December 16, 2021) Mr. Ashish Bhat (w.e.f. October 29, 2021) Mr. Sameer Paranjape Ms. Nikita Naik Mr. Sandeep Goel Mr. Sanjeev Kumar Jain Mr. Rudra Jadeja Mr. Yogendra Thakar Ms. Jenny Chhabada (w.e.f. January 7, 2022) Mr. Kapil Shelke Mr. Premanand Risbud Mr. Ashvani Kumar Shukla (w.e.f. July 2, 2020) Mr. Abhijit Bokil Mr. A Ghosh Mr. Avinash Agarwal Mr. P Ramarao Mr. H Riegert Mr. Horlacher Mr. Jagdish Mishra Mr. Ed Hayams (upto November 8, 2021)* Mr. Philip Sellwood (upto November 8, 2021)* Mr. Krishnakumar Srinivasan (upto November 8, 2021)* Mr. Robin Mackie (upto November 8, 2021)* Mr. Asher Bennet (upto November 8, 2021)* Mr. Rajkumar Baratam (upto November 8, 2021)* Mr. Micheal Black (upto November 8, 2021)* Mr. Madan Lal Mr. Anil Kumar Rao Mr Pankaj Kumar Agarwal Mr. S. B. Patil Mr Nitin Mahajan Mr Ganesh Khaladkar (upto April 28, 2021) Mr Yogesh Nyayadhish (upto April 28, 2021) Mr. Rajesh Khurana (w. e. f. June 27, 2020)
Relatives of key management personnel	Mrs. Deeksha Amit Kalyani Smt. S. N. Kalyani Mr. G. N. Kalyani Mrs. R. G. Kalyani Ms. S. G. Kalyani Mr. V. G. Kalyani Mrs. S. J. Hiremath Ms. P. Neeraja Ms. A. K. Saletore Mrs. A. G. Agarwal Ms. V. E. Tandale Mrs. S. S. Tandale Mr. P. S. Kalyani Mrs. V. B. Kalyani Mrs. A. P. Kore Mrs. Meera Shelke Mr. Chandrakant Shelke Mr. Bhargav Kulkarni Mrs. Moira Bennett (upto November 8, 2021) Mr. A. Shinde Mrs. T Pangre Mrs. R Shinde
Post employment benefit trust	Bharat Forge Company Limited Staff Provident Fund Bharat Forge Company Limited Employees Group Gratuity Fund Bharat Forge Company Limited Officers Group Gratuity Fund Bharat Forge Company Limited Officers Superannuation Scheme

Transactions and balances less than 10% of the total transactions and balances disclosed as "Others"
*Refer Note 39 (3)

48. Related party disclosures (contd.)
(ii) Related party transactions

(In ₹ Million)

Sr. no.	Nature of transaction	Name of the related parties and nature of relationship	Year ended March 31, 2022	Year ended March 31, 2021
1	Purchase of raw materials, components, stores, spares and traded goods	**Other related parties**		
		Kalyani Steels Limited	5,132.78	3,369.57
		Saarloha Advance Material Private Limited	11,844.51	7,608.82
		Kalyani Technoforge Limited	1,504.20	1,415.96
		Others	89.69	27.58
			18,571.18	12,421.93
		Joint venture		
		Refu Drive GMBH	2.84	-
			2.84	-
		Joint Venture Partners		
		REFU Elektronik GmbH	8.83	11.25
			8.83	11.25
		Minority holders		
		Rafael Advanced Defence Systems Limited	374.43	-
			374.43	-
			18,957.29	12,433.18
2	Other expenses	**Other related parties**		
	- Power, fuel and water	BF Utilities Limited	143.47	134.31
			143.47	134.31
	- Machining / subcontracting charges	**Subsidiary of a Joint venture**		
		Refu Drive India Private Limited	2.50	-
			2.50	-
		Other related parties		
		Kalyani Technoforge Limited	82.49	152.74
		Automotive Axles Limited	-	31.00
		Kalyani Transmission Tecnologies Private Limited	68.40	27.16
		Baramati Speciality Steels Limited	9.30	-
		Others	0.67	3.09
			160.86	213.99
			163.36	213.99
	-Rent*	**Other related parties**		
		United Metachem Private Limited	9.60	8.24
		KTMS Properties Company Private Limited	20.07	15.46
		Tirupati Engineers	2.03	2.03
		Others	3.84	3.79
			35.55	29.52
		Relatives of key management personnel		
		Mrs. S. S. Tandale	-	0.18
			-	0.18
			35.55	29.70
	- Donations	**Other related parties**		
		SBK Charitable Trust	25.00	-
		Akutai Kalyani Charitable Trust	-	6.50
			25.00	6.50
	-Directors' fees and travelling expenses	**Key management personnel**		
		Mr. P. G. Pawar	0.70	0.88
		Mr. S. M. Thakore	0.41	0.78
		Mrs. L. D. Gupte	0.28	0.38
		Mr. P. H. Ravikumar	0.56	0.70
		Mr. P. C. Bhalerao	0.48	0.85
		Mr. V. R. Bhandari	0.41	0.43
		Mr. Dipak Mane	0.28	0.35
		Mr. Murali Sivaraman	0.28	0.35
			3.40	4.72
	-Commission to directors other than managing and whole time directors	**Key management personnel**		
		Mr. P. G. Pawar	1.40	1.22
		Mr. S. M. Thakore	0.60	1.12
		Mrs. Lalita D. Gupte	0.55	0.55
		Mr. P. H. Ravikumar	1.10	1.05
		Mr. P. C. Bhalerao	0.70	1.20
		Mr. Vimal Bhandari	0.80	0.60
		Mr. Dipak Mane	1.00	0.53
		Mr. Murali Sivaraman	0.80	0.53
			6.95	6.80

* The lease arrangements which have been considered for Ind AS 116 disclosures in note no. 43 and taken to right-of-use assets has been considered in rent expenses for disclosing actual transactions with related parties.

48. Related party disclosures (contd.)
(ii) Related party transactions

(In ₹ Million)

Sr. no.	Nature of transaction	Name of the related parties and nature of relationship	Year ended March 31, 2022	Year ended March 31, 2021
2	Other expenses (contd:)			
	- Legal and professional	Other related parties		
		Kalyani Strategic Management Services Limited	162.59	80.00
		M J Risbud & Co.	0.15	0.16
		H M Risbud & Co.	0.08	0.10
		Others	0.02	-
			162.84	80.26
	- Repairs and maintenance	Other related parties		
		Kalyani Technoforge Limited	21.17	17.74
		KTMS Properties Company Private Limited	9.51	7.82
		Others	0.04	-
			30.72	25.56
	- CSR expenditure	Other related parties		
		Kalyani Cleantech Private Limited	0.19	-
		Kalyani Strategic Management Services Limited (formerly Kalyani Technologies Limited)	0.69	-
			0.88	-
	- Miscellaneous expenses	Other related parties		
		Kalyani Strategic Management Services Limited	116.26	-
		Rafael Advanced Defence Systems Limited	8.60	11.78
		Kalyani Technologies Limited	-	51.61
		Automotive Axles Limited	-	3.18
			124.86	66.57
			697.03	568.41
3	Sale of goods, raw materials, stores and spares, manufacturing scrap and tooling income (net of returns,rebate etc.)	Associates		
		Tork Motors Private Limited	-	0.48
		Aeron Systems Private Limited	56.08	-
			56.08	0.48
		Joint Venture Partners		
		REFU Elektronik GmbH	37.36	64.97
			37.36	64.97
		Other related parties		
		Saarloha Advanced Materials Private Limited	2,572.47	1,410.34
		Automotive Axles Limited	281.27	202.33
		Other	34.09	17.52
		Kalyani Technoforge Limited	7.47	-
		Kalyani Transmission Technologies Private Limited	7.11	-
		Kalyani Maxion Wheels Private Limited, India	9.61	-
		Kalyani Steels Limited, India	9.90	-
		BF Utilities Limited, India	-	-
		Others	-	17.52
			2,887.83	1,630.19
		Minority holders		
		Rafael Advanced Defence Systems Limited	592.47	762.22
			592.47	762.22
			3,573.74	2,457.86
4	Sale of services	Other related parties		
		Automotive Axles Limited	114.02	97.28
		Saarloha Advanced Materials Private Limited	57.71	46.98
		Kalyani Technoforge Limited	1.90	-
		Others	0.17	2.57
			173.80	146.83
		Joint Venture Partners		
		REFU Elektronik GmbH	49.73	22.28
			49.73	22.28
		Minority holders		
		Rafael Advanced Defence Systems Limited	18.19	29.44
			18.19	29.44
			241.72	198.55
5	Other income -Rent*	Other related parties		
		Kalyani Additives Private Limited	12.33	-
		Baramati Speciality Steels Limited	3.15	2.90
		Nandi Economic Corridor Enterprises	2.49	2.49
		Kalyani Maxion Wheels Limited	0.05	0.05
			18.02	5.44
	-Management Consultancy Services	Associates		
		Ferrovia Transrail Solutions Private Limited	1.01	2.46
			1.01	2.46
	-Miscellaneous Income	Associates		
		Ferrovia Transrail Solutions Private Limited	18.50	-
			18.50	-
		Other related parties		
		Kalyani Technoforge Limited	25.35	-
		Kalyani Steels Limited	1.41	-
			26.76	-
			45.26	-
			64.28	7.90

* The lease arrangements which have been considered for Ind AS 116 disclosures in note no. 43 and taken to right-of-use assets has been considered in rent expenses for disclosing actual transactions with related parties.

48. Related party disclosures (contd.)
(ii) Related party transactions

(In ₹ Million)

Sr. no.	Nature of transaction	Name of the related parties and nature of relationship	Year ended March 31, 2022	Year ended March 31, 2021
6	Purchase of property, plant and equipment (including CWIP)	**Other related parties**		
		KGEPL Engineering Solutions Private Limited	-	33.77
		Kalyani Technoforge Limited	48.77	38.92
		Kalyani Strategic Management Services Limited	22.44	3.84
		Elbit Systems Land Ltd	20.34	-
		Kalyani Cleantech Private Limited	1.11	-
		Others	1.55	-
			94.21	76.53
7	Finance provided: - Investments by Group	**Other related parties**		
		Khed Economic Infrastructure Private Limited (includes fair valuation impact)	235.68	(52.20)
			235.68	(52.20)
		Associates		
		Aeron Systems Private Limited	-	60.00
			-	60.00
			235.68	7.80
	- Loan given	**Associates**		
		Aeron Systems Private Limited	28.00	-
		Tork Motors Private Limited	-	40.00
		Ferrovia Transrail Solutions Private Limited	1.52	38.43
			29.52	78.43
		Joint Ventures		
		REFU Drive GmbH	86.40	-
			86.40	-
		Other related party		
		Kalyani Technoforge Limited	1.10	-
		Others	0.50	-
			1.60	-
			117.53	78.43
			353.21	86.23
8	Interest income	**Associates**		
		Tork Motors Private Limited	3.51	1.30
		Tevva Motors (Jersey) Limited	38.12	36.82
		Aeron Systems Private Limited	0.41	-
			42.04	38.12
		Joint Ventures		
		REFU Drive GmbH	0.65	
			0.65	-
		Other related party		
		Saarloha Advanced Materials Private Limited	111.38	111.45
			111.38	111.45
			154.07	149.57
9	Capital advance given	**Associate**		
		Aeron Systems Private Limited	0.47	-
			0.47	-
		Other related party		
		Khed Economic Infrastructure Private Limited	1,235.27	1,200.00
		Kalyani Technoforge Limited	17.05	-
		Kalyani Cleantech Private Limited	0.37	-
			1,252.69	1,200.00
			1,253.16	1,200.00
10	Advance from customers	**Minority holders**		
		Rafael Advanced Defence Systems Limited	28.30	56.66
			28.30	56.66
		Joint venture partners		
		REFU Elektronik GmbH	12.14	-
			12.14	-
			40.44	56.66
11	Advance given to vendors	**Other related parties**		
		Kalyani Cleantech Private Limited	32.87	-
		Others	4.96	-
			37.83	-
12	Managerial remuneration	**Key management personnel**		
		Mr. B. N. Kalyani	147.38	152.57
		Mr. A. B. Kalyani	41.46	41.61
		Mr. G. K. Agarwal	43.25	41.98
		Mr. S. E. Tandale	28.91	38.78
		Mr. B. P. Kalyani	27.05	36.93
		Mr. K. M. Saletore	23.35	32.28
		Ms. T. R. Chaudhari	3.76	2.60
		Others	48.65	56.16
			363.81	402.91

48. Related party disclosures (contd.)
(ii) Related party transactions

(In ₹ Million)

Sr. no.	Nature of transaction	Name of the related parties and nature of relationship	Year ended March 31, 2022	Year ended March 31, 2021
13	Dividend paid	**Key management personnel**		
		Mr. B. N. Kalyani	0.25	-
		Mr. A. B. Kalyani	2.21	-
		Mr. G. K. Agarwal	0.02	-
		Mr. B. P. Kalyani	0.02	-
		Mr. K. M. Saletore #	0.00	-
		Mr. S. M. Thakore	0.09	-
		Mr. P. H. Ravikumar	0.02	-
			2.61	-
		Relatives of key management personnel		
		Mr. G. N. Kalyani	2.17	-
		Others	0.07	-
			2.24	-
			4.85	-
14	Repayment of loan given	**Associate**		
		Aeron Systems Private Limited	20.00	-
		Ferrovia Transrail Solutions Private Limited	63.86	-
		Tork Motors Private Limited (upto November 21, 2022)	-	2.00
			83.86	2.00
		Other related parties		
		Others	0.02	-
			0.02	-
			83.88	2.00
15	Loan taken	**Minority holders**		
		Mr. Rahul Pangare	-	2.15
			-	2.15
		Joint venture partners		
		REFU Elektronik GmbH	86.77	-
			86.77	-
		Other related parties		
		Givia Pty Ltd ATF Yajilaara Trust	-	24.90
		Kalyani Technoforge Limited	9.36	-
		Growth Spurt Consultant LLP, India	-	5.00
			9.36	29.90
		Key management personnel		
		Mr. Kapil Shelke	-	1.50
		Mr. Abhijit Bokil	-	6.77
			-	8.27
		Relatives of key management personnel		
		Ms. Meera Shelke	-	1.75
			-	1.75
			96.13	42.07
16	Finance cost	**Joint venture partners**		
		REFU Elektronik GmbH	0.69	-
			0.69	-
		Other related parties		
		Kalyani Technoforge Limited	0.05	
		Givia Pty Ltd ATF Yajilaara Trust	14.25	10.93
			14.30	10.93
			14.98	10.93
17	Repayment of loan taken	**Key management personnel**		
		Mr. Abhijit Bokil	-	2.65
		Mr. Ashvani Shukla	-	2.94
			-	5.59
		Other related parties		
		Kalyani Technoforge Limited	9.36	-
			9.36	-
		Joint venture partners		
		REFU Elektronik GmbH	-	89.79
			-	89.79
			9.36	95.38
18	Reversal of provision for diminution in value of investment	**Associates and subsidiaries of associates**		
		Tevva Motors (Jersey) Limited	1,499.62	-
			1,499.62	-
19	Contributions paid *	**Post employment benefit trusts**		
		Provident fund		
		Bharat Forge Company Limited Staff Provident Fund	245.28	234.55
			245.28	234.55
		Gratuity fund		
		Bharat Forge Company Limited Employees Group Gratuity fund	43.10	35.21
		Bharat Forge Company Limited Officer's GroupGratuity fund	68.90	68.43
			112.00	103.64
		Superannuation fund		
		Bharat Forge Company Limited Officer's Superannuation scheme	17.80	20.76
			17.80	20.76
			375.08	358.95
20	Share based Payment	**Key management personnel**		
		Mr P Risbud	1.37	-
			1.37	-

* The above disclosure does not include on behalf payments done by any related parties to each other. For closing balances of above employee benefit trusts refer note 40.

** During the year the Company has acquired 331,292 shares of Tevva Motors (Jersey) Ltd, pursuant to the conversion of the Convertible Loan Note ("CLN"). CLN was classified as an equity instrument in prior years and hence there is no impact of this conversion on the financial statements.

less than 0.1 million

48. Related party disclosures (contd.)
(iii) Balance outstanding as at the year end

(In ₹ Million)

Sr. no.	Nature of Balances	Name of the related party and nature of relationship	As at March 31, 2022	As at March 31, 2021
1	Trade payables	**Other related parties**		
		Saarloha Advance Material Private Limited [Refer note 22]**	2,247.54	1,803.02
		Kalyani Steels Limited* [Refer note 22]	1,112.28	639.28
		Kalyani Technoforge Limited	921.44	861.92
		Kalyani Strategic Management Services Limited	81.80	-
		Others	18.46	59.21
			4,381.52	3,363.43
		Subsidiary of a Joint venture		
		Refu Drive India Private Limited	0.97	-
			0.97	-
		Joint Venture Partners		
		REFU Elektronik GmbH	0.19	-
			0.19	-
		Minority holders		
		Rafael Advanced Defence Systems Limited	379.84	201.82
		Elbit Systems Land And C4I Limited		55.66
			379.84	257.48
			4,762.51	3,620.91
2	Trade receivable	**Other related parties**		
		Saarloha Advanced Materials Private Limited	771.10	723.79
		Automotive Axles Limited	155.05	137.80
		Others	59.94	12.43
			986.09	874.02
		Joint Venture Partners		
		REFU Elektronik GmbH	2.66	-
			2.66	-
		Minority holders		
		Rafael Advanced Defence Systems Limited	295.85	306.97
			295.85	306.97
		Associates		
		Aeron Systems Private Limited	54.25	-
		Tork Motors Private Limited	-	2.05
			54.25	2.05
			1,338.85	1,183.04
3	Payables for capital goods	**Other related parties**		
		Kalyani Technoforge Limited	-	27.15
		Kalyani Cleantech Private Limited	2.63	-
		Others	-	0.06
			2.63	27.21
4	Non-current investments	**Other related parties**		
		Khed Economic Infrastructure Private Limited (including fair value)	825.26	589.58
			825.26	589.58
		Joint ventures (net of accumulated share of loss)		
		Refu Drive GmbH	689.16	852.17
			689.16	852.17
		Associates (net of accumulated share of loss)		
		Tork Motors Private Limited	-	199.25
		Tevva Motors (Jersey) Limited	-	137.83
		Aeron Systems Private Limited	116.06	119.46
			116.06	456.54
			1,630.48	1,898.29
5	Loans given	**Associates**		
		Ferrovia Transrail Solutions Private Limited	136.56	181.72
		Aeron Systems Private Limited	8.00	-
		Tork Motors Private Limited	-	38.00
			144.56	219.72
		Joint Ventures		
		REFU Drive GmbH	84.15	-
			84.15	-
		Other related parties		
		Kalyani Technoforge Limited	1.12	-
			1.12	-
			229.82	219.72

* Net of advance given amounting to ₹ 470 million (March 31, 2021 : ₹ 470 million)
** Net of advance given amounting to ₹ 250 million (March 31, 2021 : ₹ 250 million)

48. Related party disclosures (contd.)

(iii) Balance outstanding as at the year end

(In ₹ Million)

Sr. no.	Nature of Balances	Name of the related party and nature of relationship	As at March 31, 2022	As at March 31, 2021
6	Loans taken	**Other related parties**		
		Givia Pty Ltd ATF Yajilaara Trust	-	124.50
		Growth Spurt Consultant LLP, India	-	5.58
			-	130.08
		Joint Venture Partners		
		REFU Elektronik GmbH	84.66	-
			84.66	-
		Minority holders		
		Mr. Rahul Pangare	-	6.48
		Mr. Vyankoji Shinde	-	5.56
			-	12.04
		Key management personnel		
		Mr. Abhijit Bokil	-	2.20
			-	2.20
		Relatives of key management personnel		
		Mr. Ajitsingh Shinde	-	1.33
		Mrs. Roma Shinde	-	0.49
		Mrs. Tina Pangre	-	0.49
			-	2.31
			84.66	146.63
7	Security deposits given	**Other related parties**		
		BF Utilities Limited	200.00	200.00
		Kalyani Strategic Management Services Ltd (erstwhile Kalyani Technologies Ltd)	89.40	89.40
		Radium Merchandise Private Limited	25.00	25.00
		Others	14.71	14.71
			329.11	329.11
8	Advance to suppliers	**Other related parties**		
		Saarloha Advanced Materials Private Limited	1,350.00	1,350.00
			1,350.00	1,350.00
9	Interest accured	**Joint venture partners**		
		REFU Elektronik GmbH	0.42	0.48
			0.42	0.48
10	Advance from customers	**Other related parties**		
		Automotive Axles Limited	5.54	3.44
		Astra Rafael Comsys Pvt Ltd	6.23	-
			11.77	3.44
		Joint venture partners		
		REFU Elektronik GmbH	11.85	-
			11.85	-
		Minority holders		
		Rafael Advanced Defence Systems Limited	14.83	32.96
			14.83	32.96
			38.45	36.40
11	Capital advances	**Other related parties**		
		Kalyani Technoforge Limited	-	22.59
		KGEPL Engineering Solutions Private Limited	21.48	21.48
		Khed Economic Infrastructure Private Limited	2,435.27	1,200.00
			2,456.75	1,244.07
		Associates		
		Aeron Systems Private Limited	0.47	-
			0.47	-
		Minority holders		
		Elbit Systems Land and C4I Limited	-	17.67
			-	17.67
			2,457.22	1,261.74

48. Related party disclosures (contd.)

(iii) Balance outstanding as at the year end

(In ₹ Million)

Sr. no.	Nature of Balances	Name of the related party and nature of relationship	As at March 31, 2022	As at March 31, 2021
12	Interest accrued on loan taken	**Other related parties**		
		Givia Pty Ltd ATF Yajilaara Trust	-	17.26
			-	17.26
13	Managerial remuneration payable*	**Key management personnel**		
		Mr. B. N. Kalyani	31.20	39.00
		Mr. A. B. Kalyani	2.40	3.00
		Mr. G. K. Agarwal	2.40	3.00
		Mr. S. E. Tandale	12.98	14.75
		Mr. B. P. Kalyani	10.03	14.75
		Mr. K. M. Saletore	8.84	13.00
		Others	15.21	8.59
			83.06	96.09
14	Commission to directors other than managing and whole time directors	**Relatives of directors and other directors**		
		Mr. P. G. Pawar	1.40	1.22
		Mr. S. M. Thakore	0.60	1.12
		Mrs. Lalita D. Gupte	0.55	0.55
		Mr. P. H. Ravikumar	1.10	1.05
		Mr. P. C. Bhalerao	0.70	1.20
		Mr. Vimal Bhandari	0.80	0.60
		Mr. Dipak Mane	1.00	0.53
		Mr. Murali Sivaraman	0.80	0.53
			6.95	6.80
15	Provision for diminution in value of Investment in	**Associates**		
		Tevva Motors (Jersey) Limited	-	475.87
			-	475.87
16	Other payables	**Minority holders**		
		Rafael Advanced Defense Systems Limited	19.46	-
			19.46	-

Notes

* Does not include gratuity and leave encashment since the same is considered for all employees of the Group as a whole.

1. Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured with a short term duration unless otherwise stated and interest free except for loans and settlement occurs in cash. For the year ended March 31, 2022 the Group has not recorded any impairment of receivables relating to amount owed by related parties other than those disclosed separately above (March 31, 2021 : ₹ Nil). This assessment is undertaken in each financial year through examining the financial position of the related party and the market in which the related party operates.

2. All transactions were made on normal commercial terms and conditions and at market rates.

3. For Details of guarantees to related parties refer note 47

4. The Group has various other welfare trusts to administer the long term benefits for its employees for which no contribution is made in the current or previous year.

BHARAT FORGE LIMITED

Notes to consolidated financial statements for the year ended March 31, 2022

49. Segment Information

In accordance with paragraph 22 of notified Indian Accounting Standard 108 Operating Segments (Ind AS 108), the Group has disclosed segment information only on the basis of the consolidated financial statements which are presented together with the standalone financial statements. The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group's business is divided into two reporting segments which comprises of "Forgings" and "Others" which represents the Group's businesses not covered in Forgings segment. The Chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment based on an analysis of various performance indicators.

The Forgings segment produces and sells forged products comprising of forgings and machined components for automotive and industrial sector. Others primarily includes various new intiatives which the Group is carrying out other than forging related activities.

No operating segments have been aggregated to form the above reportable operating segments.

In ₹ Million

Sr. No.		March 31, 2022	March 31, 2021
1	**Segment revenue**		
	Revenue from external customers		
a	Forgings	1,01,616.05	61,116.83
b	Others	3,981.44	3,057.77
	Total	**1,05,597.49**	**64,174.60**
	Less - Intersegment revenue	**(7.03)**	**(4.37)**
	Total	**1,05,590.46**	**64,170.23**
	Adjustments and eliminations *	(979.68)	(807.62)
	Revenue from operations	**1,04,610.78**	**63,362.61**
2	**Segment results**		
a	Forgings	15,263.20	4,307.27
b	Others	(299.03)	(217.01)
	Total segment profits before interest, tax and exceptional items from each reportable segment	**14,964.17**	**4,090.26**
	Less: Finance cost	1,604.05	1,077.29
	Less: Other unallocable expenditure net off unallocable income	479.03	205.23
	Total profits before tax and exceptional items	**12,881.09**	**2,807.74**
	Add: Exceptional items gain/(loss)		
a	Forgings	(846.09)	(3,062.28)
b	Others	1,770.14	-
	Total Exceptional items gain/(loss)	**924.05**	**(3,062.28)**
	profit/(Loss) before tax and adjustments	**13,805.14**	**(254.54)**
	Adjustments and eliminations *	-	-
	Profit/(Loss) before tax	**13,805.14**	**(254.54)**
3	**Segment income/(expense)**		
3.1	**Segment Depreciation, amortisation and impairment expense**		
a	Forgings	6,965.21	5,819.11
b	Others	410.61	391.25
b	Unallocable	99.82	100.15
	Total	**7,475.64**	**6,310.51**
	Adjustments and eliminations *	(172.63)	(188.92)
	Depreciation, amortisation and impairment expense	**7,303.01**	**6,121.59**
3.2	**Segment Income tax expense/(income)**		
a	Forgings	3,033.25	1,016.25
b	Others	2.19	(5.74)
	Total	**3,035.44**	**1,010.51**
	Adjustments and eliminations *	(0.91)	4.61
	Income tax expense (excluding impact of deferred tax in OCI)	**3,034.53**	**1,015.12**
3.3	**Share of (loss) of associates and joint ventures*** **		
a	Forgings	-	-
b	Others	(330.20)	(299.74)
	Total share of (loss) of associates and joint ventures	**(330.20)**	**(299.74)**

BHARAT FORGE LIMITED

Notes to consolidated financial statements for the year ended March 31, 2022

49. Segment Information (contd.)

In ₹ Million

Sr. No.		March 31, 2022	March 31, 2021
4	**Segment assets**		
a	Forgings	1,13,060.74	94,605.93
b	Others	9,436.34	5,559.03
c	Unallocable assets including unutilised fund	34,390.27	32,008.09
	Total	**1,56,887.35**	**1,32,173.05**
	Adjustments and eliminations *	(798.01)	(394.67)
	Total assets	**1,56,089.34**	**1,31,778.38**
5	**Segment liabilities**		
a	Forgings	24,846.55	20,637.38
b	Others	2,027.10	1,046.21
c	Unallocable	3,931.95	3,142.47
	Total	**30,805.60**	**24,826.06**
	Adjustments and eliminations *	(851.80)	(483.70)
	Total liabilities	**29,953.80**	**24,342.36**
	Net Capital employed	**1,26,135.54**	**1,07,436.02**
6	**Other disclosures**		
6.1	**Investments in associates and joint ventures********		
a	Forgings	-	-
b	Others	805.22	1,308.72
	Total	**805.22**	**1,308.72**
	Adjustments and eliminations *	-	-
	Investments in associates and joint ventures	**805.22**	**1,308.72**
6.2	**Increase in non-current non-financial asset for the year**		
a	Forgings	10,537.67	9,073.73
b	Others	1,845.81	114.04
	Total	**12,383.48**	**9,187.77**
	Adjustments and eliminations *	(172.57)	(65.91)
	Increase in non-current non-financial asset for the year	**12,210.91**	**9,121.86**
7	**Information in respect of geographical areas**		
7.1	**Segment revenue from external customers****		
a	Within India	**26,546.60**	**16,696.53**
b	Outside India	**78,064.18**	**46,666.08**
	Europe	48,857.64	17,054.65
	USA	19,928.28	27,263.92
	Others	9,278.26	2,347.51
	Subtotal	**78,064.18**	**46,666.08**
	Total	**1,04,610.78**	**63,362.61**
7.2	**Segment non-current assets**		
a	Within India	43,857.03	43,058.47
b	Outside India	21,470.16	18,361.49
	Total	**65,327.19**	**61,419.96**

*Ind AS 108 requires disclosure of reconciliations between segment information and respective line item in Consolidated Financial Statements. Adjustments and eliminations include elimination of assets and liabilities of joint ventures and associates which have been accounted under equity method. Further, inter-segment transactions are eliminated upon consolidation. There are no other reconciling items, hence, no separate reconciliation has been presented.

**The revenue information above is based on location of the customers. No single external customer contributed more than 10% of Group's total revenue for the year ended March 31, 2022 and March 31, 2021.

***Excluding effects of share of OCI of associates and joint ventures amounting to ₹ 0.57 million (March 31, 2021 ₹ (39.04) million)

****Excluding loan to associate representing long term interest of the Group in the associate. (Also refer note 39)

50. Hedging activities and derivatives

Cash flow hedges

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in US Dollar and Euro. These forecast transactions are highly probable.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

In ₹ Million

Particulars	As at March 31, 2022		As at March 31, 2021	
	Assets	Liabilities	Assets	Liabilities
Fair value of foreign currency forward contracts	3,843.39		2,790.04	

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, no

Nature of instrument	Currency	Purpose	March 31, 2022		March 31, 2021	
			Foreign Currency in Million	In ₹ Million	Foreign Currency in Million	In ₹ Million
Forward Contracts	USD	Hedging of highly probable forecast sales	628.22	53,217.25	540.98	45,046.31
Forward Contracts	EUR	Hedging of highly probable forecast sales	189.02	18,825.75	145.37	14,434.34
Range forward contracts	USD	Hedging of highly probable forecast sales	-	-	20.25	1,577.80
Range forward contracts	EUR	Hedging of highly probable forecast sales	-	-	6.00	526.99

The cash flow hedges of the expected future sales during the year ended March 31, 2022 were assessed to be highly effective and a net unrealised (loss) / gain of ₹ 3,761.17 million (March 31, 2021: ₹ 2,784.32 million), with a deferred tax liability of ₹ 946.61 million (March 31, 2021 ₹ 700.76 million) relating to the hedging instruments, is included in OCI.

The amount removed from OCI during the year and included in the carrying amount of the hedged item as an adjustment for the year ended March 31, 2022 as detailed in note 33, totaling ₹1349.93 million (gross of deferred tax) (March 31, 2021: ₹ 523.40 million). The amounts retained in OCI at March 31, 2022 are expected to mature and affect the statement of profit and loss till the year ended March 31, 2026.

Fair value hedges

At March 31, 2022 and March 31, 2021, the group has a cross currency swap agreement in place. Through this arrangement, during the previous year, the group has converted one of its USD loans into a Euro loan to avail the benefit of the negative EURIBOR. Under the original agreement the interest rate was fixed at LIBOR + 67 basis points, but due to the cross currency swap arrangement the revised interest rate has been fixed at EURIBOR + 87 basis points, decreasing the corresponding interest cost on the term loan.

At March 31, 2022, one of the subsidiary has a cross currency swap agreement in place. Through this arrangement, the group has converted one of its USD loans into a Euro loan to avail the benefit of the negative EURIBOR. Under the original agreement the interest rate was fixed at SOFR + 232 to 267 basis points, but due to the cross currency swap arrangement the revised interest rate has been fixed at EURIBOR + 185 to 250 basis points, decreasing the corresponding interest cost on the term loan.

Also as at March 31, 2022 the group had certain forward contracts outstanding, which are being used to hedge the exposure to changes in fair value of its underlying borrowings and trade receivables.

The impact of the derivative instrument on the balance sheet as at March 31, 2022 is, as follows:

Fair value hedge	Nominal amount (In Million)	Carrying amount (In ₹ Million)	Line item in balance sheet where hedging instrument is disclosed	Changes in fair value for calculating hedge ineffectiveness for March 2022
Cross currency swap	Euro 17.86	85.10	Derivative instruments	Nil
Cross currency swap	Euro 15.00	88.03	Derivative instruments	Nil
Forward Contracts	Euro 3.03	13.61	Derivative instruments	Nil
Forward Contracts	USD 7.03	(6.47)	Derivative instruments	Nil

The impact of the derivative instrument on the balance sheet as at March 31, 2021 is as follows:

Fair value hedge	Nominal amount (In Million)	Carrying amount (In ₹ Million)	Line item in balance sheet where hedging instrument is disclosed	Changes in fair value for calculating hedge ineffectiveness for March 2021
Cross currency swap	EURO 25.52	(4.11)	Derivative instruments	Nil

The impact of the hedged item on the balance sheet as at March 31, 2022 is, as follows:

Fair value hedge	Nominal amount (In Million)	Changes in fair value for calculating hedge ineffectiveness for March 2022
Non-current borrowings	USD 21.00	NIL
Non-current borrowings	EUR 15.00	NIL
Trade receivables	EUR 3.03	NIL
Trade receivables	USD 7.03	NIL

The impact of the hedged item on the balance sheet as at March 31, 2021 is as follows:

Fair value hedge	Nominal amount (In Million)	Changes in fair value for calculating hedge ineffectiveness for March 2021
Non-current borrowings	USD 30.00	NIL

Derivatives not designated as hedging instruments

The Group has used foreign exchange forward contracts to manage repayment of some of its foreign currency denominated borrowings. These foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions i.e. the repayments of foreign currency denominated borrowings.

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51. Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosure fair value measurement hierarchy for assets as at March 31, 2022

Financial Instruments by category

(In ₹ Million)

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at FVTOCI			
Unquoted equity instruments			
Khed Economic Infrastructure Private Limited	-	-	825.26
Avaada SataraMH Private Limited	-	-	142.45
Avaada MHBudhana Private Limited [Refer note 51 (c)]	-	-	20.34
Tevva Motors (Jersey) Ltd	-	2,941.02	-
Electron Transport Inc.	-	-	305.70
Quoted equity instruments			
Birlasoft Limited (erstwhile KPIT Technologies Limited)	278.88	-	-
KPIT Technologies Limited **[Refer note 51 (b)]**	368.44	-	-
Derivative instruments at fair value through OCI			
Cash flow hedges	-	3,843.39	-
Financial assets at FVTPL			
Unquoted equity instruments			
Gupta Energy Private Limited **[Refer note 51 (a)]**	-	-	-
Derivative instruments at FVTPL			
Fair value hedges	-	180.27	-
Unquoted funds			
Investments in private equity fund	-	307.78	-
Investments in mutual funds	-	16,186.22	-
Quoted funds/bonds			
Investments in mutual funds	3,356.03	-	-

Quantitative disclosure fair value measurement hierarchy for assets / liabilities as at March 31, 2021

(In ₹ Million)

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at FVTOCI			
Unquoted equity instruments			
Khed Economic Infrastructure Private Limited	-	-	589.58
Avaada SataraMH Private Limited	-	-	142.45
Quoted equity instruments			
Birlasoft Limited (erstwhile KPIT Technologies Limited)	155.12	-	-
KPIT Technologies Limited **[Refer note 51 (b)]**	108.84	-	-
Derivative instruments			
Cash flow hedges	-	2790.04	-
Financial assets at FVTPL			
Unquoted equity instruments			
Gupta Energy Private Limited **[Refer note 51 (a)]**	-	-	-
Derivative instruments at FVTPL			
Fair value hedges	-	-	-
Unquoted funds			
Investments in private equity fund	-	242.20	-
Investments in mutual funds	-	18,445.72	-
Quoted funds/bonds			
Investments in mutual funds	5,037.85	-	-
Financial liability at FVTOCI			
Cash flow hedges	-	-	-
Financial liability at FVTPL			
Fair value hedges	-	4.11	-

There have been no transfers between level 1 and level 2 during the year ended March 31, 2022 and March 31, 2021.

51. Fair value hierarchy (contd.)

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at March 31, 2022 and March 31, 2021 are as shown below:

Particulars	Valuation technique	Significant unobservable inputs	Range	Sensitivity of the input to fair value
Unquoted equity shares in Khed Economic Infrastructure Private Limited (KEIPL)	Cost method	Estimated realization rates for developed land and Land under development	March 31, 2022: ₹ 10.50 million to ₹12.60 million/acre (March 31, 2021: ₹ 10.40 million to ₹12.60 million/acre)	5% increase / (decrease) in realization rate would result in increase / (decrease) in fair value per share by ₹ 55.27 (March 31, 2021: ₹ 1.54)
		Estimated realization rates for undeveloped Land	Not Applicable	
Unquoted equity shares in Avaada SataraMH Private Limited (ASPL)	Discounted Cash Flow method	Weighted Average Cost of Capital	March 31, 2022: 18.80% (March 31, 2021 : Not applicable)	1% (March 31, 2021: Not Applicable) increase (decrease) in the WACC would result in decrease (increase) in fair value by ₹ 6.15 million (March 31, 2021: ₹ Nil)

(a) Gupta Energy Private Limited (GEPL)

The Group has an investment in equity instrument of GEPL. The same is classified as at fair value through profit and loss. Over the years GEPL has been making consistent losses. The management of the Holding Company has made attempts to obtain latest information for the purpose of valuation. However, such information is not available as GEPL has not filed the financial statements with Ministry Of Corporate Affaires (MCA) since FY 2014-15. In view of the above, the management believes that the fair value of the investment is Nil as at April 1, 2015 and thereafter.

(b) KPIT Technologies Limited

The Company had invested into 613,000 equity shares of ₹ 2/- each of KPIT Technologies Limited. The Hon'ble National Company Law Tribunal, Mumbai Bench, has by its order approved the composite scheme of arrangement (Scheme), amongst Birlasoft (India) Limited, KPIT Technologies Limited, KPIT Engineering Limited and their respective shareholders. Pursuant to the Scheme, the engineering business of KPIT Technologies Limited has been transferred to KPIT Engineering Limited.

Pursuant to the order, Birlasoft (India) Limited has merged with KPIT Technologies Limited and KPIT Technologies has been renamed as "Birlasoft Limited". KPIT Engineering Limited has been renamed as "KPIT Technologies Limited".

Pursuant to the Scheme, the Group had received 1 equity share of KPIT Technologies Ltd. of ₹ 10/- each for 1 equity share of Birlasoft Ltd. of ₹ 2/- each. The ratio of cost of acquisition per share of Birlasoft Ltd. and KPIT Technologies Ltd. was 56.64% to 43.36%.

The investment in shares has been classified under level 1 of the fair value hierarchy as on March 31,2022 and March 31,2021

(c) Avaada MHBuldhana Private Limited

The investment in equity shares of Avaada MHBudhana Private Limited which was made on September 30, 2021 is governed by the terms of the share purchase agreement and the shares held by the Company are subject to certain restrictions in terms of ability of the Company to sell the shares and the value at which this can be done. Considering the nature of restrictions and overall intension of the management in relation to the equity shares, the fair value of such shares for the Company is same as it cost i.e. the face value.

(d) Electron Transport Inc.

The Group has made investment in preferred stock of Electron Transport Inc in the current year. Considering the nature of the investment and overall intention of the management in relation to this investment, the fair value of such investment as at March 31, 2022 is same as its cost.

Reconciliation of fair value measurement of financial assets classified as FVTOCI and FVTPL:

	Unquoted equity shares in Avaada 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 Motros (Jersey) Ltd	Unquoted prefered stocks in Electron Transport Inc.
As at April 1, 2020	**0.01**	**641.78**	-	-	-
Remeasurement recognised in OCI	-	(52.20)	-	-	-
Remeasurement recognised in Statement of profit and loss	-	-	-	-	-
Purchases	142.44	-	-	-	-
Sales	-	-	-	-	-
Converted in to equity shares	-	-	-	-	-
As at March 31, 2021	**142.45**	**589.58**	-	-	-
Remeasurement recognised in OCI	-	235.68	-	1,499.62	-
Remeasurement recognised in Statement of profit and loss	-	-	-	-	-
Purchases	-	-	20.34	-	305.70
Impairment reversal and conversion of investment in associate to financial instrument **[Refer note 32(b)]**				1,304.32	-
Sales	-	-	-	-	-
As at March 31, 2022	**142.45**	**825.26**	**20.34**	**2,803.94**	**305.70**

Notes forming part of consolidated financial statements for the year ended March 31, 2022

52. Financial Instruments by category

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments as of March 31, 2022 and March 31, 2021, other than those with carrying amounts that are reasonable approximates of fair values:

In ₹ Million

	Carrying value		Fair value	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
(i) Investments	6,152.10	3,987.08	6,152.10	3,987.08
(ii) Loans	169.61	252.77	169.61	252.77
(iii) Trade receivables	113.25	101.36	113.25	101.36
(iv) Derivative instruments	2,662.32	1,501.46	2,662.32	1,501.46
(v) Other non-current financial assets	677.79	1,147.40	677.79	1,147.40
Total financial assets	**9,775.07**	**6,990.07**	**9,775.07**	**6,990.07**
(i) Borrowings	17,873.43	22,171.65	17,873.43	22,171.65
(ii) Other non-current financial liabilities	247.65	1.28	247.65	1.28
(iii) Derivative instruments	-	2.88	-	2.88
(iv) Lease liabilities	2,835.16	2,246.84	2,835.16	2,246.84
Total financial liabilities	**20,956.24**	**24,422.65**	**20,956.24**	**24,422.65**

The management assessed that the fair value of cash and cash equivalent, trade receivables, derivative instruments, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

Further the management assessed that the fair value of security deposits and other non current receivables approximate their carrying amounts largely due to expected credit loss/discounting at rates which are an approximation of current lending rates.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

(i) Long-term fixed-rate and variable-rate receivables are evaluated by the Group based on parameters such as individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

(ii) The fair values of quoted instruments are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables above. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

(iii) The fair values of the unquoted equity shares have been estimated using a cost method (KEIPL), market method (Tevva) as well as DCF model (ASPL). The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

(iv) The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and forward rate curves of the underlying. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty and the Group's own non-performance risk. As at March 31, 2022, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

(v) The Group's borrowings and loans are appearing in the books at fair value since the same are interest bearing hence discounting of the same is not required. The own non-performance risk as at March 31, 2022 and March 31, 2021 was assessed to be insignificant.

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53. Statutory Group Information

In ₹ Million

Name of the entity in the group	Net assets (Total assets - total liabilities)		Share in profit and loss		Share in Other Comprehensive Income /(loss)		Share in Total Comprehensive Income	
	As a % of consolidated net assets	₹ Million	As a % of consolidated profit or loss	₹ Million	As a % of consolidated other Comprehensive income	₹ Million	As a % of consolidated total Comprehensive income	₹ Million
Parent								
Bharat Forge Limited								
Balance as at 31 March, 2022	107.29	71,097.73	100.07	10,778.01	104.75	2,463.03	100.91	13,241.04
Balance as at 31 March, 2021	109.21	59,486.28	(245.81)	3,120.95	87.33	2,814.70	303.89	5,935.65
Subsidiaries								
Foreign								
1) Bharat Forge Global Holding GmbH - Group								
Balance as at 31 March 2022	5.27	3,492.22	8.23	885.92	6.13	144.04	7.85	1,029.95
Balance as at 31 December, 2020	4.89	2,664.88	296.01	(3,758.38)	(12.10)	(389.86)	(212.38)	(4,148.24)
2) Bharat Forge America Inc. - Group								
Balance as at 31 March 2022	3.33	2,203.71	(3.40)	(365.95)	4.42	103.92	(2.00)	(262.03)
Balance as at 31 December, 2020	2.36	1,285.19	22.47	(285.25)	2.22	71.58	(10.94)	(213.67)
3) Bharat Forge International Limited								
Balance as at 31 March, 2022	2.44	1,613.93	3.29	354.89	3.27	76.79	3.29	431.68
Balance as at 31 March, 2021	2.26	1,230.56	(2.28)	28.91	(0.96)	(30.83)	(0.10)	(1.92)
Indian								
1) Kalyani Powertrain Private Limited - Group								
Balance as at 31 March, 2022	2.84	1,884.46	(1.16)	(124.76)	0.38	8.84	(0.88)	(115.92)
Balance as at 31 March, 2021	(0.01)	(4.94)	0.39	(4.95)	-	-	(0.25)	(4.95)
2) Kalyani Strategic Systems Limited - Group								
Balance as at 31 March, 2022	0.56	370.45	(0.14)	(15.54)	0.01	0.12	(0.12)	(15.42)
Balance as at 31 March, 2021	0.71	385.87	0.07	(0.85)	0.03	1.01	0.01	0.16
3) BF Industrial Solutions Limited - Group								
Balance as at 31 March, 2022	1.46	964.82	0.39	42.15	0.12	2.81	0.34	44.96
Balance as at 31 March, 2021	-	-	-	-	-	-	-	-
4) BF Infrastructure Limited - Group								
Balance as at 31 March, 2022	0.44	291.80	(0.42)	(44.78)	0.02	0.55	(0.34)	(44.23)
Balance as at 31 March, 2021	0.54	291.49	2.64	(33.48)	0.02	0.56	(1.69)	(32.92)
5) Kalyani Centre for Precision Technology Limited								
Balance as at 31 March, 2022	1.02	677.17	0.06	6.65	0.00	0.02	0.05	6.67
Balance as at 31 March, 2021	1.23	670.54	1.01	(12.77)	-	-	(0.65)	(12.77)
6) Analogic Controls India Limited								
Balance as at 31 March, 2022	0.08	49.74	(0.19)	(20.45)	0.03	0.66	(0.15)	(19.79)
Balance as at 31 March, 2021	0.13	69.54	0.23	(2.88)	(0.00)	(0.07)	(0.15)	(2.95)
7) BF Elbit Advanced Systems Private Limited								
Balance as at 31 March, 2022	(0.19)	(128.98)	(0.15)	(16.17)	-	-	(0.12)	(16.17)
Balance as at 31 March, 2021	(0.21)	(112.81)	0.61	(7.69)	-	-	(0.06)	(7.69)
8) Eternus Performance Material Private Limited								
Balance as at 31 March, 2022	(0.00)	(1.91)	(0.01)	(1.08)	-	-	(0.01)	(1.08)
Balance as at 31 March, 2021	(0.00)	(0.84)	0.14	(1.84)	-	-	(0.01)	(1.84)
Non-controlling interests in all subsidiaries								
Balance as at 31 March, 2022	0.85	560.77	(0.44)	(46.95)	0.01	0.15	(0.36)	(46.80)
Balance as at 31 March, 2021	0.58	316.95	0.46	(5.85)	0.09	2.91	(0.15)	(2.94)
Associates								
(accounting as per the equity method)								
Foreign								
1) Tevva Motors (Jersey) Limited (including subsidiaries) (up to November 08, 2021)								
Balance as at 31 March, 2022		-	-	-	-	-	-	-
Balance as at 31 December, 2020		880.85	14.46	(183.59)	(1.25)	(40.30)	(11.46)	(223.89)
Indian								
1) Tork Motors Private Limited (including subsidiaries) (up to November 2021)								
Balance as at 31 March, 2022		-	-	-	-	-	-	-
Balance as at 31 March, 2021		334.51	2.72	(34.50)	0.04	1.42	(1.69)	(33.08)
2) Ferrovia Transrail Solutions Private Limited								
Balance as at 31 March, 2022		(14.47)	0.05	5.19	0.00	0.02	0.04	5.21
Balance as at 31 March, 2021		(19.68)	0.76	(9.70)	0.00	0.03	(0.51)	(10.00)
3) Aeron Systems Private Limited								
Balance as at 31 March, 2022		245.36	(0.03)	(3.41)	0.00	0.01	(0.03)	(3.40)
Balance as at 31 March, 2021		254.53	0.91	(11.54)	0.00	0.13	(0.58)	(11.41)
Joint Ventures								
(accounting as per the equity method)								
Foreign								
1) REFU Drive GmbH (including subsidiary)								
Balance as at 31 March, 2022		563.35	(1.52)	(163.65)	0.03	0.69	(0.46)	(60.71)
Balance as at 31 December, 2020		919.41	4.76	(60.39)	(0.01)	(0.32)	(0.32)	(6.26)
Indian								
1) BF Premier Energy Systems Private Limited								
Balance as at 31 March, 2022		(0.17)	(0.00)	(0.11)	-	-	(0.00)	(0.11)
Balance as at 31 March, 2021		(0.06)	0.00	(0.02)	-	-	(0.00)	(0.02)
Adjustments arising out of consolidation								
March 31, 2022	(25.36)	(16,808.41)	(4.64)	(499.33)	(19.15)	(450.24)	(8.02)	(1,051.82)
March 31, 2021	(21.69)	(11,814.57)	0.46	(5.84)	24.57	791.94	40.25	786.10
March 31, 2022 - Group	100.00	66,267.51	100.00	10,770.61	100.00	2,351.41	100.00	13,122.02
March 31, 2021 - Group	100.00	54,468.14	100.00	(1,269.66)	100.00	3,222.90	100.00	1,953.24

54.1 Details of funds advanced or loaned or invested to any other persons or entities by Holding Company, for lending or investing in other person or entities (Ultimate Beneficiaries)

For year ended March 31, 2022

Investments

The Holding Company has investments in following subsidiaries for being further invested in step-down subsidiaries of the Holding Company

Sl.No.	Name of the subsidiary	Date of investment into subsidiary	Amount invested in subsidiary (₹ in million)	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary (₹ in million)
1	Bharat Forge America Inc.	May 10, 2021	440.39	Bharat Forge Aluminium USA, Inc.	May 10, 2021	440.39
		August 23, 2021	445.53	Bharat Forge Aluminium USA, Inc.	August 23, 2021	445.53
		October 13, 2021	226.16	Bharat Forge Aluminium USA, Inc.	October 13, 2021	226.16
2	Kalyani Powertrain Limited	September 09, 2021	347.57	Kalyani Mobility Inc.	September 09, 2021	347.57
		September 27, 2021	300.30	Tork Motors Private Limited	September 27, 2021	300.30
		February 10, 2022	150.05	Kalyani Mobility Inc.	February 10, 2022	149.98
		July 20, 2021	400.00	Tork Motors Private Limited #	November 24, 2021	399.98
3	BF Industrial Solutions Limited, India *	September 07, 2021	750.00	BF Industrial Technology and Solutions Limited	September 07, 2021	750.00
4	BF Industrial Solutions Limited, India #	June 25, 2021	900.00	BF Industrial Technology and Solutions Limited	June 28, 2021	150.00
				Financial creditors as per IBC order	June 28, 2021	750.00

#	Investment in optionally convertible Debentures
*	Amount repaid on the same date

Loans

The Holding Company has given loans to following subsidiaries for being further invested in step-down subsidiaries of the Holding Company

Sl.No.	Name of the subsidiary	Date on which loan was given to subsidiary	Amount invested in Subsidiary (₹ in million)	Name of the beneficiary	Date on which loan was given by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary (₹ in million)
1	Bharat Forge America Inc.	March 14, 2022	153.22	Bharat Forge Aluminium USA, Inc.	March 14, 2022	153.22

For year ended March 31, 2021

Investments

The Holding Company has investments in following subsidiaries for being further invested in step-down subsidiaries of the Holding Company

Sl.No.	Name of the subsidiary	Date of investment into subsidiary	Amount invested in Subsidiary (₹ in million)	Name of the beneficiary	Date of further investment by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary (₹ in million)
1	Bharat Forge America Inc.	December 03, 2020	443.31	Bharat Forge Aluminium USA, Inc.	December 03, 2020	443.31

Loans

The Holding Company has given loans to following subsidiaries for being further invested in step-down subsidiaries of the Holding Company

Sl.No.	Name of the subsidiary	Date on which loan was given to subsidiary	Amount invested in Subsidiary (₹ in million)	Name of the beneficiary	Date on which loan was given by subsidiary into beneficiary	Amount invested by Subsidiary into beneficiary (₹ in million)
1	Bharat Forge Global Holding GmbH #	May 15, 2020	572.81	Bharat Forge CDP GmbH, Germany	May 15, 2020	319.14
				Bharat Forge Aluminiumtechnik GmbH (BFAT), Germany	May 15, 2020	253.67
2	Bharat Forge America Inc. $	July 08, 2020	375.20	Bharat Forge Aluminium USA, Inc.	July 08, 2020	375.20

#	Loan converted into equity on May 18, 2020
$	Loan converted into equity on July 8, 2020

Notes forming part of consolidated financial statements for the year ended March 31, 2022

54.1. Details of funds advanced or loaned or invested to any other persons or entities, for lending or investing in other person or entities (Ultimate Beneficiaries) (Contd:)

Statement of compliance

With regard to the investments made, loan given and guarantees given during the year ended March 31, 2022 as well as March 31, 2021, the Company has complied with the relevant provisions of the Foreign Exchange Management Act, 1999 and the Companies Act, 2013 and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003).

Particulars of the intermediaries/ beneficiaries / ultimate beneficiaries

1 **Bharat Forge Global Holding GmbH**
Registered office : Mittelstrasse 64, 58256 Ennepetal, Germany
Relationship with the beneficiary : Wholly owned Subsidiary

2 **Bharat Forge America Inc.**
Registered office : 2150, Schmiede St, Surgoinville, Tennessee 37873, USA
Relationship with the beneficiary : Wholly owned Subsidiary

3 **Bharat Forge CDP GmbH, Germany**
Registered office : Mittelstrasse 64, 58256 Ennepetal, Germany
Relationship with the beneficiary : Step-down Subsidiary

4 **Bharat Forge Aluminiumtechnik GmbH (BFAT), Germany**
Registered office : Berthelsodorfer StraBe 8, 09618 Brand-Erbisdorf, Germany
Relationship with the beneficiary : Step-down Subsidiary

5 **Bharat Forge Aluminium USA, Inc.**
Registered office : 160, Mine lake Court, Suite 200, Raleigh, North Carolina 27615, USA
Relationship with the beneficiary : Step-down Subsidiary

6 **Kalyani Powertrain Limited**
Registered office : S No 49, Industry House, Opposite Kalyani Limited, Mundhwa, Pune 411036
Relationship with the beneficiary : Wholly owned subsidiary

7 **Kalyani Strategic Systems Limited**
Registered office : Mundhwa, Pune
Relationship with the beneficiary : Wholly owned subsidiary

8 **BF Industrial Solutions Limited**
Registered office : S No 49, Industry House, Opposite Kalyani Limited, Mundhwa, Pune 411036
Relationship with the beneficiary : Wholly owned subsidiary

9 **Tork Motors Pvt Ltd, India**
Registered office : Plot No. 4/25, Sector No.10, PCNTDA, Pune 411026
Relationship with the beneficiary : Step-down subsidiary

10 **Kalyani Mobility Inc.**
Registered office : 160, Mine lake Court, Suite 200, Raleigh, North Carolina 27615, USA
Relationship with the beneficiary : Step-down subsidiary

11 **BF Industrial Technology & Solutions Limited**
Registered office : A8, Parvati Chambers, Opposite Apsara Cinema, Vadodara 390004
Relationship with the beneficiary : Step-down subsidiary

54.2 Details of funds received by components of the group from Holding Company (Financing party), for lending or investing in compnents or other person or entities (Ultimate Beneficiaries)

(a) Kalyani Powertrain Limited ('KPL')

Investments

Sl.No.	Name of the funding party	Date of receipt	Amount funded by holding company	Name of the beneficiary	Date of further investment into beneficiary (subsidiary)	Amount invested into beneficiary (subsidiary)
1	Bharat Forge Limited	September 09, 2021	347.57	Kalyani Mobility Inc. ('KMI')	September 09, 2021	347.57
		September 27, 2021	300.30	Tork Motors Private Limited	September 27, 2021	300.30
		February 10, 2022	150.05	Kalyani Mobility Inc. ('KMI')	February 10, 2022	149.98
		July 20, 2021	400.00	Tork Motors Private Limited #	November 24, 2021	399.98

\# Optionally convertible debentures which have been subsequently converted into shares

Statement of compliance

With regard to the investments made by KPL into KPM, as on March 31, 2022, KPL has complied with the relevant provisions of the Foreign Exchange Management Act, 1999 and the Companies Act, 2013 and the transactions are not violative of the Prevention of Money-Laundering Act, 2002 (15 of 2003)

Particulars of the funding party

1 **Bharat Forge Limited**
Registered office : Mundhwa, Pune
Relationship with the beneficiary : Holding Company

Particulars of ultimate beneficiaries

1 **Tork Motors Pvt Ltd, India**
Registered office : Plot No. 4/25, Sector No 10, PCNTDA, Pune 411026
Relationship with the beneficiary : Wholly owned subsidiary

2 **Kalyani Mobility Inc.**
Registered office : 160, Mine lake Court, Suite 200, Raleigh, North Carolina 27615, USA
Relationship with the beneficiary : Wholly owned subsidiary

(a) BF Industrial Solutions Limited, India *

Sl.No.	Name of the funding party	Date of receipt	Amount funded by holding company	Name of the beneficiary	Date of further investment into beneficiary (subsidiary)	Amount invested into beneficiary (subsidiary)
1	Bharat Forge Limited*	September 07, 2021	750.00	BF Industrial Technology and Solutions Limited	September 07, 2021	750.00
2	Bharat Forge Limited #	June 25, 2021	900.00	BF Industrial Technology and Solutions Limited	June 28, 2021	150.00
				Financial creditors as per IBC order	June 28, 2021	750.00

\# Optionally convertible debentures which have been subsequently converted into shares
* Amount repaid back on the same date

Particulars of the funding party

1 **Bharat Forge Limited**
Registered office : Mundhwa, Pune
Relationship with the beneficiary : Holding Company

Particulars of ultimate beneficiaries

1 **BF Industrial Technology and Solutions Limited**
Registered office : 244/6&7 GIDC estate, Waghodia, Gujarat.
Relationship with the beneficiary : Wholly owned subsidiary

55. Financial risk management objectives and policies

The Group's principal financial liabilities other than derivatives, comprise loans and borrowings, trade payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Group also holds FVTOCI and FVTPL investments and enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a Finance and Risk Management Committee (FRMC) that advises on financial risks and the appropriate financial risk governance framework for the Group. The FRMC provides assurance that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. Further, all the derivative activities for risk management purposes are carried out by experienced members from the senior management who have the relevant expertise, appropriate skills and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised as below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investment in mutual funds, FVTOCI investments and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at March 31, 2022 and March 31, 2021.

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at March 31, 2022.

The analysis excludes the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations and provisions.

The below assumptions have been made in calculating the sensitivity analysis:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2022 and March 31, 2021 including the effect of hedge accounting.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group generally borrows in foreign currency, considering natural hedge it has against its export. Long-term and Short-term foreign currency debt obligations carry floating interest rates and in certain cases with fixed interest rates.

55. Financial risk management objectives and policies (contd.)

The Group avails short term debt in foreign currency up to tenor of 9 months, in the nature of export financing for its working capital requirements. LIBOR or EURIBOR for the said debt obligations is fixed for the entire tenor of the debt, at the time of availment.

The Group has an option to reset LIBOR/SOFR or EURIBOR either for 6 Months or 3 months for its long-term debt obligations. To manage its interest rate risk, the Group evaluates the expected benefit from either of the LIBOR resetting options and accordingly decides. The Group also has an option for its long-term debt obligations to enter into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

As at March 31, 2022, the Group's majority long term borrowings are at a floating rate of interest except for 5.97% Rated unsecured non-convertible debentures.

Interest rate sensitivity

The Group's total interest cost for the year ended March 31, 2022 was ₹ 1,604.05 million and for year ended March 31, 2021 was ₹ 1,073.59 million. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, with all other variables held constant, the Group's profit/(loss) before tax is affected through the impact on floating rate long term borrowings, as follows:

Particulars	Change in basis points	Effect on profit before tax and equity	
		March 31, 2022	March 31, 2021
USD	+/- 50	28.42	33.62
EUR*	+50	59.03	66.91
EUR*	-50	(35.63)	(37.52)

*During current as well as previous financial year, EURIBOR was trading in negative zone and some of the Euro borrowings were floored at zero EURIBOR while others were trading at floating EURIBOR. Further Euro borrowings includes USD borrowings swapped in to EURO borrowings through cross currency swap.

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's export revenue, long term foreign currency borrowings and Group's net investment in foreign subsidiaries and associates.

The Holding Company manages its foreign currency risk by hedging its forecasted sales up to 4 years to the extent of 25%-65% on rolling basis and keep its long-term foreign currency borrowings un-hedged which will be natural hedge against its un-hedged exports. The Holding Company may hedge its long term borrowing near to the repayment date to avoid rupee volatility in short term.

The Holding Company avails bills discounting facility in INR for some of its export receivables to avail interest subvention benefit. The Group manages foreign currency risk by hedging the receivables against the said liability. The Group also manages foreign currency risk in relation to export receivable balances through forward exchange contracts.

When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

55. Financial risk management objectives and policies (contd.)

The Group discloses fair value of the outstanding derivative in the financial statements. The impact on the Company's pre-tax equity due to changes in fair value of the outstanding forward contracts as follows:

Change in rate	Effect on OCI (in ₹ million)		Effect on net profit / (Loss) (in ₹ million)	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
USD/INR -1	628.22	561.23	7.03	Nil
EUR/INR -1	189.02	151.37	3.03	Nil
EUR/USD -0.01	Nil	Nil	24.91	19.33

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Group's profit/loss before tax is due to changes in the fair value of un-hedged monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

Change in rate	Effect on Other Comprehensive Income (in ₹ million)		Effect on net profit / (Loss) before tax and equity (in ₹ million)	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
USD/INR -1	50.36	34.33	84.86	137.05
EUR/INR -1	41.81	29.68	89.55	102.80

Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the on-going purchase of steel. Due to significant volatility of the price of the steel, the Group has agreed with its customers for pass-through of increase/decrease in prices of steel. There may be lag effect in case of such pass-through arrangement.

Commodity price sensitivity

The Group has a back to back pass through arrangements for volatility in raw material prices for most of the customers. However, in few cases there may be lag effect in case of such pass-through arrangements and might have some effect on the Group's profit/(loss) and equity.

Equity price risk

The Group is exposed to price risk in equity investments and classified on the balance sheet as fair value through profit or loss and through Other comprehensive income. To manage its price risk arising from investments in equity, the Group diversifies its portfolio. Diversification and investment in the portfolio are done in accordance with the limits set by the Board of Directors of the Group.

At the reporting date, the exposure to unlisted equity securities at fair value was ₹ 4,542.55 million (March 31, 2021: ₹ 974.23 million). Sensitivity analysis of major investments has been provided in Note 51.

At the reporting date, the exposure to listed equity securities at fair value was ₹ 647.32 million (March 31, 2021: ₹ 263.96 million). Change of 10% on the NSE market index could have an impact of approximately ₹ 64.73 million (March 31, 2021: ₹ 26.40 million) on the OCI or equity attributable to the Group. These changes would not have an effect on profit or loss.

55. Financial risk management objectives and policies (contd.)

Other price risk

The Group invests its surplus funds in mutual funds and zero-coupon bonds which are linked to debt markets. The Group is exposed to price risk for investments in such instruments that are classified as fair value through profit or loss. To manage its price risk arising from investments in mutual funds and zero-coupon bonds, the Group diversifies its portfolio. Diversification and investment in the portfolio is done in accordance with Holding Company's investment policy approved by the Board of Directors. An increase/decrease in interest rates by 0.25% will have an impact of ₹ 48.86 million (March 31, 2021: ₹ 58.80 million)

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, investment in mutual funds, other receivables and deposits, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Further, the Group's customers include marquee OEMs and Tier I companies, having long standing relationship with the Group. Outstanding customer receivables are regularly monitored and reconciled. At March 31, 2022, receivable from the Group's top 5 customers accounted for approximately 52.42% (March 31, 2021: 25.26%) of all the receivables outstanding. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped in to homogeneous groups and assessed for impairment collectively. The calculation is based on historical data and subsequent expectation of receipts. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 12. The Group does not hold collateral as security except in case of few customers. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Other receivables, deposits with banks, mutual funds and loans given

Credit risk from balances with banks, financial institutions and mutual funds is managed in accordance with the Group's approved investment policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on regular basis and the said limits gets revised as and when appropriate. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Group's maximum exposure to credit risk for the components of the balance sheet at March 31, 2022 and March 31, 2021 is the carrying amounts as illustrated in the respective notes except for financial guarantees. With respect to financial derivative instruments refer note 50.

55. Financial risk management objectives and policies (contd.)

Liquidity risk

Cash flow forecasting is performed by Treasury function. The Group's liquidity requirements are monitored at the Holding Company and individual component level by respective treasury functions to ensure availability of funds to meet operational needs. Such forecasting takes into consideration the compliance with internal cash management. The Group's treasury invests surplus cash in marketable securities as per the approved policy, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. At the reporting date, the Group held mutual funds of ₹ 20,042.47 million (March 31, 2021: ₹ 23,520.68 million) and other liquid assets of ₹ 5,982.56 million (March 31, 2021: ₹ 4,689.79 million) that are expected to readily generate cash inflows for managing liquidity risk.

As per the Group's policy, there should not be concentration of repayment of loans in a particular financial year. In case of such concentration of repayment, the Group evaluates the option of refinancing entire or part of repayments for extended maturity. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders and the Group is also maintaining surplus funds with short term liquidity for future repayment of loan.

The table below summarises the maturity profile of the Group's financial liabilities (in ₹ million)

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
March 31, 2022				
Borrowings	38,671.95	17,873.43	-	**56,545.38**
Trade and other payables	16,313.65	-	-	**16,313.65**
Lease Liabilities	335.72	1,189.38	1,645.78	**3,170.88**
Other financial liabilities	1,244.04	267.98	-	**1,512.02**
Settlement for anti-trust proceedings	304.37	2,531.93	-	**2,836.30**
	56,869.73	**21,862.72**	**1,645.78**	**80,378.23**
March 31, 2021				
Borrowings	23,625.88	21,494.43	677.22	**45,797.53**
Trade and other payables	12,068.36	-	-	**12,068.36**
Lease Liabilities	506.01	1,669.96	576.88	**2,752.85**
Other financial liabilities	5,431.95	1.28	-	**5,433.23**
Settlement for anti-trust proceedings	102.31	2,783.59	-	**2,885.90**
	41,734.51	**25,949.26**	**1,254.10**	**68,937.87**

The management believes that the probability of any outflow on account of financial guarantees and letter of support issued by the Group being called on is remote. Hence the same has not been included in the above table.

56. Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a net debt equity ratio, which is net debt divided by equity. The Group's policy is to keep the net debt equity ratio below 1.00. The Group includes within its borrowings net debt and interest-bearing loans less cash and cash equivalents

(In ₹ million)

Particulars	As at March 31, 2022	As at March 31, 2021
Borrowings	56,545.38	49,953.72
Less: Cash and other liquid assets	26,025.03	28,210.13
Net debt	**30,520.35**	**21,743.59**
Equity	**65,706.74**	**54,468.14**
Net debt / equity Ratio	**0.46**	**0.40**

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. In relation to one of the subsidiary, which was not able to fulfil the debt obligations the group has subsequent to year end obtained waiver letter from the lender.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2022 and March 31, 2021.

57. Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA notified the Companies (Indian Accounting Standards) Amendment Rules, 2022 which are applicable for annual periods beginning on or after April 01, 2022. Details of changes and preliminary analysis of its expected impact are as follows:

(a) Amendments to Ind-AS 101: First-time Adoption of Indian Accounting Standards

The amendment specifies that a subsidiary, associate or joint venture may opt for an exemption regarding cumulative translation difference wherein they can elect to account for the cumulative translation difference in their own financial statements, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. As the Group has already transitioned to Ind-AS, there is no impact on its consolidated financial statements.

(b) Amendments to Ind-AS 103: Business Combinations

The amendment specifies that while applying acquisition method identifiable assets and liabilities should meet the definition of assets and liabilities as specified in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date and future costs cannot be included as part of liabilities. The Group has evaluated the amendment and there is no impact on its consolidated financial statements.

(c) Amendments to Ind-AS 109: Financial Instruments

This amendment clarifies the meaning of the term "substantially different", in case of repurchase of debt instrument by the issuer even when issuer in market maker and the related accounting treatment in case of extinguishment of debt or continuation of debt. The Group has evaluated the impact of amendment on its consolidated financial statements and the impact is not expected to be material.

(d) Amendments to Ind-AS 16: Property, plant and equipment

The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The Group has evaluated the amendment and there is no impact on its consolidated financial statements.

(e) Amendments to Ind-AS 37: Provisions, contingent liabilities and contingent assets

The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The Group has evaluated the amendment and there is no impact on its consolidated financial statements.

58. Effect of global health pandemic relating to COVID-19

The ongoing spread of COVID-19 has impacted business in various countries including India and there have been disruptions to regular business operations due to COVID response measures undertaken in certain geographies. The Group has made assessment of liquidity, recoverable values of its financial and non-financial assets, financial and non-financial liabilities, carrying value of its subsidiaries including possible obligations arising from any ongoing negotiations with customers, vendors and regulatory exposures across businesses and geographies and has concluded that there are no material adjustments required in the financial statements. The management believes that it has assessed and taken all the possible impacts known from these events wherever the possible outcome is known. However, given the effect of these on the overall economic activity and in particular in the industry in which the Group operates, the impact assessment of COVID-19 is a continuous process, given the significant estimation and uncertainties associated with its nature, duration and outcome of any negotiations. The impact of global health pandemic might be different from that estimated as at the date of approval of these financial statements. The Group will continue to closely monitor any material changes to future economic conditions and its consequential impact on its financial statements.

59. Acquisition of non-controlling interest in Kalyani Strategic Systems Limited

During the year ended March 31, 2021, board of directors of the Holding Company had passed resolution for acquisition of non-controlling interest in KSSL. During the current year, on receipt of necessary approval from Department for Promotion of Industry and Internal Trade, the Holding Company has acquired the balance 49% stake in KSSL resulting in an increase in the Company's stake in KSSL from 51% to 100%. Consequently, KSSL has become a wholly owned subsidiary of the Company with effect from February 28, 2022. The Group has recognised difference between the fair value of the consideration paid and the proportion of the equity acquired from non-controlling interest holders as changes in NCI reserve under other comprehensive income amounting to ₹ 148.19 million.

60. Change in the accounting period of foreign components

The statutory financial reporting period of the Holding Company for standalone and consolidated financial statements is April 01 to March 31. For certain foreign components (refer note 36), the reporting period till March 31, 2021 was January 01 to December 31 ("non-coterminous period"). During the year, the Board of Directors of the Holding Company considered the above and has decided to align the accounting periods for consolidation purposes of all the subsidiaries, associates and joint ventures for better presentation of operating performance of the Group. As a result, the accounting year of those foreign components have been aligned with that of the Holding Company. Consequently, the financial statements of these components have been prepared for 15 months from January 1, 2021 to March 31, 2022 and included into the consolidated financial statements of the Group. Accordingly, the current period's figures are not comparable to those of the previous year. Also refer Note 2.2 for details regarding the consolidation procedure.

The impact of such change in accounting period on key financial statement indicators in relation to the Group is presented below:

(In ₹ million)

Particulars	As per the financial statements	Without change in financial reporting period of certain foreign components	Impact of inclusion of certain foreign components on alignment of year end from December 31, 2021 to March 31, 2022
Revenue from operations	104,610.78	95,527.72	9,083.06
Total expenses	93,358.49	84,370.35	8,988.14
Profit before tax	13,805.14	13,699.33	105.81
Profit for the period	10,770.61	10,707.80	62.81
Other comprehensive income	2,351.41	2,185.84	165.57
Total comprehensive income	13,122.02	12,893.64	228.38
Earnings per share			
Basic	23.23	23.10	0.13
Diluted	23.23	23.10	0.13
Cash and cash equivalents	5,584.24	5,605.79	(21.55)

61. Employee share-based payments

One of the step down subsidiary company, Tork Motors Private Limited ('TMPL') in the Group has provided share-based payment schemes to its employees. The relevant details of the scheme and the grant are as below:

TMPL had granted options under Employee Stock Option Plan I in the FY 2018-19 pursuant to approval of Shareholders at its meeting held on January 25, 2019 which was subsequently amended and approved in General meeting held on November 12, 2020 and Board meeting held on October 23, 2021 for achieving wider coverage and talent retention (TMPL Amended Employee Stock Option Plan – 2020).

The fair value of the share options was estimated at the grant date using fair value at which shares were issued to the holding company considering the terms and conditions upon which the share options were granted. The exercise price of the share options is the face value i.e. Rs 10. The contractual term of each option granted is 3 years.

(In ₹ million)

Particulars	March 31, 2022	March 31, 2021*
Expense arising from equity-settled share-based payment transactions	16.29	-

*TMPL was not a subsidiary of the Group as at March 31, 2021

Movement in share options post acquisition of TMPL by the Group:

Particulars	Number of options
Outstanding as at acquisition date	1,223
Granted during the period	-
Forfeited during the period	-
Exercised during the period	-
Expired during the period	25
Outstanding at March 31, 2022	1,198
Exercisable at March 31, 2022	650

The weighted average share price on the date of exercise of these options is ₹ 10. The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur.

Exercise price has been determined based on the price at which equity shares of the TMPL were issued to external investors.

62. Acquisition of JS Auto Cast Foundry India Private Limited

The Holding Company, through its wholly-owned subsidiary - BF Industrial Solutions Limited ("BFISL"), has entered into a Share Purchase Agreement ("SPA") for potential acquisition of 100% shareholding of JS Auto Cast Foundry India Private Limited ("JS Auto"), a Coimbatore based casting and machining Company. The completion of acquisition shall be subject to fulfilment of conditions precedent and in accordance with the terms agreed upon in the SPA.

63. Other statutory information

63.1. Relationship with companies struck off under section 248 of the Companies Act 2013 or section 560 of the Companies Act 1956.

Name of the struck off company	Balance outstanding	Nature of transaction	Relationship with the struck off company
March 31, 2022			
Bharat Forge Limited (Holding Company)			
Havinhomes Reality & Consulting Services Private Limited	0.01	Payables	Vendor
Wisdom Solutions Private Limited*	-	Payables	Vendor
BF Industrial Technology & Solutions Limited (Step down Subsidiary)			
Angel Engineering Works Private Limited	0.04	Payables	Vendor
Kalyan Corporation Private Limited	0.01	Payables	Vendor
Nasa Electronics Private Limited	0.01	Payables	Vendor
Om Enterprises Private Limited	0.02	Payables	Vendor
Pantech Instauments Private Limited*	0.00	Payables	Vendor
Parth Travels Private Limited*	0.00	Payables	Vendor
Prince Enterprises Private Limited	0.01	Payables	Vendor
Suman Enterprises Private Limited*	0.00	Payables	Vendor
Synergy Associates Private Limited	0.02	Payables	Vendor

Name of the struck off company	Balance outstanding	Nature of transaction	Relationship with the struck off company
Tirupati Balaji Transport and Minerals Private Limited	0.28	Payables	Vendor
Unique Enterprises Private Limited	0.06	Payables	Vendor
Unity Packers Private Limited	0.05	Payables	Vendor
Vijay Hydrotech Private Limited	0.01	Payables	Vendor
Yash Hydraulic Equipment Private Limited	0.01	Payables	Vendor
Atul Adams Limited*	-	Receivable	Customer
Ultra Engineers Private Limited	1.46	Receivable	Customer

Name of the struck off company	Balance outstanding	Nature of transaction	Relationship with the struck off company
March 31, 2021			
Bharat Forge Limited (Holding Company)			
Havinhomes Reality & Consulting Services Private Limited	0.01	Payables	Vendor
PALS Specalised Tooling System Private Limited*	-	Payables	Vendor
Wisdom Solutions Private Limited*	-	Payables	Vendor

* Less than ₹ 0.01 million

These customers & vendors are not related parties as per the definition of 'related party' under section 2(76) of the Companies Act, 2013.

63.2. There are no proceedings initiated or pending against the Group for holding any Benami property under Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

63.3. The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

63.4. The Company does not have any charge which is yet to be registered with Registrar of Companies beyond the statutory period. With regard to satisfaction of charges, few cases of the company is outstanding with ROC due to technical reasons and company is in the process of obtaining no dues certificates from the lenders, which the Company will be filing with the Registrar of Companies for satisfaction of the related charges.

63.5. During the year ended March 31, 2022, none of the components of the Group has surrendered any transaction or disclosed as income in the tax assessments under the Income Tax Act, 1961, (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

63.6. The Group has not revalued any property, plant and equipment or intangible assets.

63.7. During the year ended March 31, 2022, the Group was not party to any approved scheme which needs approval from competent authority in terms of sections 230 to 237 of the Companies Act, 2013.

63.8. In accordance with the requirements of Division II - Ind AS Schedule III to the Companies Act, 2013, analytical ratios have been disclosed only in standalone financial statements.

64. Previous year figures have been regrouped/ reclassified as considered necessary pursuant to amendments in Schedule III of the Companies Act, 2013, to conform with current period presentation wherever applicable.

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Huzefa Ginwala
Partner

Membership Number: 111757

Place: Pune
Date: May 16, 2022

For and on behalf of the Board of Directors of
Bharat Forge Limited

B. N. Kalyani
Chairman and Managing Director
DIN: 00089380

G. K. Agarwal
Deputy Managing Director

Kishore Saletore
Executive Director & CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: May 16, 2022

GENERAL INFORMATION

Our Company was originally incorporated on June 19, 1961, under the Companies Act, 1956 as '*Bharat Forge Company Limited*', pursuant to a certificate of incorporation issued by the Registrar of Companies, Maharashtra at Pune ("**RoC**"). The name of our Company was changed to '*Bharat Forge Limited*' pursuant to a fresh certificate of incorporation consequent to change of name issued by RoC on April 30, 1986.

1. The Equity Shares of our Company have been listed on BSE since March 10, 1964 and NSE since April 4, 2003.

2. Our Company has received in-principle approvals to list the Equity Shares to be issued pursuant to the Issue from each BSE and NSE on December 4, 2024, under Regulation 28(1) of the SEBI Listing Regulations. We shall apply for final listing and trading approvals of such Equity Shares to be issued pursuant to the Issue on the Stock Exchanges after Allotment of the Equity Shares in the Issue.

3. Our Registered and Corporate Office is situated at Bharat Forge Limited, Mundhwa Pune Cantonment, Pune – 411 036, Maharashtra, India.

4. The CIN of our Company is L25209PN1961PLC012046.

5. The website of our Company is www.bharatforge.com.

6. The authorised share capital of our Company comprises of 975,000,000 Equity shares amounting to ₹ 1,950,000,000, 43,000,000 cumulative Non-Convertible Preference Shares amounting to ₹ 430,000,000 and 2,000,000 Unclassified Shares amounting to ₹ 20,000,000. As on the date of this Preliminary Placement Document, the issued and subscribed capital of our Company is ₹ 931,536,984 comprising 465,768,492 Equity Shares (of face value of ₹ 2 each) and the subscribed and fully paid up capital is ₹ 931,177,264 comprising 465,588,632 Equity Shares (of face value of ₹ 2 each). As on the date of this Preliminary Placement Document, the issued and paid-up capital of our Company is ₹931,271,189, which includes subscribed and fully paid-up equity share capital prior to the Issue along with 172,840 forfeited equity shares comprising of 15,010 Equity Shares of ₹ 2 each (amount partly paid ₹ 1 each) and 157,830 Equity Shares of ₹ 2 each (amount partly paid ₹ 0.50 each).

7. The Issue was authorised and approved by the Board pursuant to the resolution dated August 8, 2024 and by our Shareholders pursuant to the special resolution passed by way of postal ballot dated November 8, 2024.

8. In compliance with Regulation 173A of the SEBI ICDR Regulations, our Company has appointed ICRA Limited as the Monitoring Agency, for monitoring the utilisation of the proceeds in relation to the Issue. The Monitoring Agency will submit its report to us on a quarterly basis in accordance with the SEBI ICDR Regulations.

9. Copies of our Memorandum of Association and Articles of Association will be available for inspection between 10:00 am to 5:00 pm on any weekday (except Saturdays and public holidays) during the Issue Period at our Registered and Corporate Office.

10. Except as disclosed in this Preliminary Placement Document, our Company has obtained all necessary consents, approvals and authorisations as may be required in connection with the Issue.

11. Except as disclosed in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 109, there has been no material change in the financial position of our Company since September 30, 2024, included in this Preliminary Placement Document.

12. Except as disclosed in this Preliminary Placement Document, there are no material litigation or arbitration proceedings against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which are or might be material in the context of this Issue. For further details, see "*Legal Proceedings and Other Information*" on page 220.

13. The Issue will not result in a change in control of our Company.

14. Our Company is in compliance with the minimum public shareholding requirements as required under the SEBI Listing Regulations and Rule 19A of the SCRR.

15. The Floor Price is ₹ 1,323.54 per Equity Share, calculated in accordance with the provisions of Chapter VI of the SEBI ICDR Regulations. Our Company may offer a discount of not more than 5% on the Floor Price in accordance with the approval of our Board resolution dated August 8, 2024 and the shareholders of our Company accorded through a special resolution passed by way of a Postal ballot dated November 8, 2024 and Regulation 176(1) of the SEBI ICDR Regulations.

16. Our Company and the Book Running Lead Managers accept no responsibility for statements made otherwise than in this Preliminary Placement Document and anyone placing reliance on any other source of information, including websites of our Company and our Subsidiaries, would be doing so at their own risk.

17. Tejaswini Chaudhari is the Company Secretary and Compliance Officer of our Company. Her details are as follows:

    Tejaswini Chaudhari
    Company Secretary and Compliance Officer
    Bharat Forge Limited
    Mundhwa Pune Cantonment
    Pune – 411 036
    Maharashtra, India
    Telephone: +91 20 6704 2850 / 2476
    E-mail: secretarial@bharatforge.com

DETAILS OF PROPOSED ALLOTTEES

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment shall be made at the sole and absolute discretion of our Company, in consultation with the Book Running Lead Managers, to Eligible QIBs.

The names of the proposed Allottees and the percentage of post-Issue capital that may be held by them is set forth below:

Sr. No.	Name of the proposed Allottees(2)	Percentage of the post-Issue share capital held (%)(1)(3)
1.	[●]	[●]
2.	[●]	[●]
3.	[●]	[●]
4.	[●]	[●]
5.	[●]	[●]
6.	[●]	[●]
7.	[●]	[●]
8.	[●]	[●]
9.	[●]	[●]
10.	[●]	[●]

(1) *Based on beneficiary position as on [●].*

(2) *Subject to receipt of funds and Allotment in the Issue. The above table has been intentionally left blank and the details of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to this Issue, will be included in the Placement Document to be sent to such proposed Allottees.*

(3) *The post-Issue shareholding (in percentage terms) of the proposed Allottees will be disclosed on the basis of their respective PAN, except in case of Mutual Funds, insurance companies, and Eligible FPIs (investing through different sub accounts having common PAN across such sub accounts) wherein their respective DP ID and Client ID will be considered.*

DECLARATION

Our Company certifies that all relevant provisions of Chapter VI read with Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Preliminary Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on our Company's business have been obtained, are currently valid and have been complied with. Our Company further certifies that all the statements in this Preliminary Placement Document are true and correct.

Signed by:

____

Amit Babasaheb Kalyani
Vice Chairman and Joint Managing Director

Date: 4/12/2024
Place: Pune

DECLARATION

We, the Board of Directors of the Company, certify that:

i. the Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

ii. the compliance with the Companies Act, 2013 and the rules thereunder does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and

iii. the monies received under the Issue shall be used only for the purposes and objects indicated in this Preliminary Placement Document (which includes disclosures prescribed under Form PAS-4).

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS

Signed by:

____

Amit Babasaheb Kalyani
Vice Chairman and Joint Managing Director

I am authorized by the Investment Committee – Strategic Business of the Board of Directors, *vide* resolution dated December 4, 2024 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

____

Amit Babasaheb Kalyani
Vice Chairman and Joint Managing Director

Date: 4/12/2024
Place: Pune

BHARAT FORGE LIMITED

CIN: L25209PN1961PLC012046

REGISTERED AND CORPORATE OFFICE

Bharat Forge Limited
Mundhwa Pune Cantonment,
Pune – 411 036, Maharashtra, India
Telephone: +91 20 6704 2850 / 2476;
E-mail: secretarial@bharatforge.com;
Website: www.bharatforge.com

CONTACT PERSON

Tejaswini Chaudhari
Company Secretary and Compliance Officer
Bharat Forge Limited
Mundhwa Pune Cantonment
Pune – 411 036, Maharashtra, India
Telephone: +91 20 6704 2850 / 2476;
E-mail: secretarial@bharatforge.com;

BOOK RUNNING LEAD MANAGERS

Kotak Mahindra Capital Company Limited
27 BKC, 1st Floor Plot No. C – 27,
"G" Block Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051, Maharashtra, India

Morgan Stanley India Company Private Limited
8F, Tower 2, One World Center
Plot 841, Senapati Bapat Marg, Lower Parel
Mumbai – 400 013, Maharashtra, India

STATUTORY AUDITORS OF OUR COMPANY

B S R & Co. LLP
8th Floor, Business Plaza, Westin Hotel Campus
36/3-B, Koregaon Park Annex,
Mundhwa Road, Ghorpadi
Pune – 411 011, Maharashtra, India

LEGAL COUNSEL TO THE COMPANY

As to Indian law

Khaitan & Co
One World Centre
10th, 13th and 14th Floors, Tower 1C
841 Senapati Bapat Marg
Mumbai – 400 013,
Maharashtra, India

LEGAL COUNSEL TO THE BOOK RUNNING LEAD MANAGER

As to Indian law

Shardul Amarchand Mangaldas & Co
Express Towers, 24th Floor
Nariman Point, Mumbai
Maharashtra – 400 021,
Maharashtra, India

As to international law

Freshfields Bruckhaus Deringer
10 Collyer Quay #42-01
Ocean Financial Centre
Singapore 049315

SAMPLE APPLICATION FORM

An indicative format of the Application Form is set forth below:

BHARAT FORGE LIMITED KALYANI	**APPLICATION FORM** **Name of the Bidder:** **Form. No. :**
(Incorporated in the Republic of India under the provisions of the Companies Act, 1956) **Registered and Corporate Office**: Bharat Forge Limited, Mundhwa Pune Cantonment, Pune – 411 036, Maharashtra, India **CIN**: L25209PN1961PLC012046; **Website:** www.bharatforge.com; **Tel:** +91 20 6704 2750 / 2476; **Email**: secretarial@bharatforge.com **COMPANY LEI NUMBER**: 3358009U5Z2BU2X3L230 | **ISIN**: INE465A01025	**Date: ____________, 2024**

QUALIFIED INSTITUTIONS PLACEMENT OF [•] EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH (THE "EQUITY SHARES") FOR CASH, AT A PRICE OF ₹[•] PER EQUITY SHARE (THE "ISSUE PRICE"), INCLUDING A PREMIUM OF ₹ [•] PER EQUITY SHARE, AGGREGATING TO ₹[•] MILLION IN RELIANCE UPON SECTIONS 42 OF THE COMPANIES ACT, 2013 AND THE RULES MADE THERUNDER, EACH AS AMENDED, (THE "COMPANIES ACT") AND THE RULES MADE THERUNDER, EACH AS AMENDED, AND CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") BY BHARAT FORGE LIMITED (THE "ISSUER" OR THE "COMPANY", AND SUCH ISSUE OF EQUITY SHARES, THE "ISSUE"). THE APPLICABLE FLOOR PRICE OF THE EQUITY SHARES IS ₹ 1,323.54 PER EQUITY SHARE AND OUR COMPANY MAY OFFER A DISCOUNT OF UPTO 5% OR SUCH PERCENTAGE AS PERMITTED UNDER THE SEBI ICDR REGULATIONS ON THE FLOOR PRICE.

Only Qualified Institutional Buyers ("QIBs") as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and which (i) are not, (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; or (b) prohibited or debarred by any regulatory authority for buying or selling or dealing in securities or restricted from participating in the Issue under the SEBI ICDR Regulations and other applicable laws, including foreign exchange related laws; and (c) hold a valid and existing registration under the applicable laws in India (as applicable), and (d) are eligible to invest in the Issue and submit this Application Form. In addition to the above, with respect to the Issue, Eligible QIBs shall consist of (i) QIBs which are resident in India; and (ii) Eligible FPIs (as defined herein below) participating through Schedule II of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 ("FEMA Non-Debt Rules"), defined hereinafter or a multilateral or bilateral development financial institution eligible to invest in India under applicable law including the FEMA Rules, can submit this Application Form.

The Equity Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), and, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Equity Shares are being offered and sold outside the United States in 'offshore transactions' as defined in, and in reliance on Regulation S under the U.S. Securities Act ("Regulation S") and the applicable laws of the jurisdiction where those offers and sales are made.

The Equity Shares of the Company have not been and will not be registered, listed or otherwise qualified in any jurisdiction except India and may not be offered or sold, and Bids may not be made by persons in any jurisdiction, except in compliance with the applicable laws of such jurisdictions. You should note and observe the selling and transfer restrictions contained in the sections of the accompanying preliminary placement document dated December 4, 2024 (the "PPD") titled "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" on pages 188 and 194, respectively.

ONLY ELIGIBLE QIBs ARE PERMITTED TO PARTICIPATE IN THE ISSUE. ELIGIBLE FPIs ARE PERMITTED TO PARTICIPATE THROUGH THE PORTFOLIO INVESTMENT SCHEME UNDER SCHEDULE II OF THE FEMA RULES READ WITH THE RESTRICTION SPECIFIED IN THE "ISSUE PROCEDURE" SECTION OF THE PRELIMINARY PLACEMENT DOCUMENT, IN THE ISSUE, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS, AND SUCH THAT THE SHAREHOLDING OF ELIGIBLE FPIs IN THE COMPANY DOES NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS AND THE PRELIMINARY PLACEMENT DOCUMENT IN THIS REGARD. PURSUANT TO PRESS NOTE NO. 3 (2020 SERIES), DATED APRIL 17, 2020, ISSUED BY THE DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE, GOVERNMENT OF INDIA, INVESTMENTS BY AN ENTITY OF A COUNTRY WHICH SHARES LAND BORDER WITH INDIA OR WHERE THE BENEFICIAL OWNER OF SUCH INVESTMENT IS SITUATED IN OR IS A CITIZEN OF SUCH COUNTRY, MAY ONLY BE MADE THROUGH THE GOVERNMENT APPROVAL ROUTE, AS PRESCRIBED IN THE FEMA RULES AND SHALL HAVE TO BE IN CONFORMITY WITH THE APPLICABLE PROVISIONS OF THE FEMA RULES. ALLOTMENTS MADE TO AIFs AND VCFs IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM RESPECTIVELY. AIFs AND VCFs WHOSE SPONSOR AND MANAGER ARE NOT INDIAN OWNED AND CONTROLLED IN TERMS OF THE FEMA RULES, OR FVCIs, FOREIGN MULTILATERAL AND BILATERAL DEVELOPMENT FINANCIAL INSTITUTIONS AND ANY OTHER NON-RESIDENT INVESTORS ARE NOT PERMITTED TO PARTICIPATE IN THE ISSUE.

To,

The Board of Directors
Bharat Forge Limited,
Mundhwa Pune Cantonment,
Pune – 411 036, Maharashtra, India

Respected All,

STATUS (Please ✓)			
FI	Scheduled Commercial Banks and Public Financial Institutions	**IC**	Insurance Companies
MF	Mutual Funds	**VCF**	Venture Capital Funds**
NIF	National Investment Fund	**FPI**	Eligible Foreign Portfolio Investor*
IF	Insurance Funds	**AIF**	Alternative Investment Fund **
SI-NBFC	Systemically Important Non-Banking Financial Companies	**OTH**	Others ____________ (Please specify)

Total shares currently held by QIB or QIBs belonging to the same group or those who are under common control. For details of what constitutes "same group" or "common control", see "Application Form" under Issue Procedure section of the Preliminary Placement Document.

** Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended, other than individuals, corporate bodies and family offices who are not allowed to participate in the Issue.*

*** Sponsor and Manager should be Indian owned and controlled*

On the basis of the serially numbered PPD of the Company and subject to the terms and conditions contained in the other sections of the PPD, and in this Application Form, we hereby submit our Bid for the Allotment of the Equity Shares in the Issue on the terms and price indicated below. We confirm that we are an Eligible QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and are not: (a) excluded from making an application in the Issue pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, (b) hold a valid and existing registration under the applicable laws in India (as applicable) and (c) restricted from participating in the Issue under the SEBI ICDR Regulations and other applicable laws, including foreign exchange related laws and that we are not a promoter of the Company, or any person related to the Promoter of the Company, directly or indirectly, as defined in the SEBI ICDR Regulations and the Bid does not directly or indirectly represent the Promoter or Promoter Group or persons related to the Promoter. Further, we confirm that we do not have any right under a shareholders' agreement or voting agreement entered into with the Promoter or Promoter Group, veto rights or right to appoint any nominee director on the Board of directors of the Issuer. We confirm that we are either a QIB which is resident in India, or an Eligible FPI. We confirm that we are not an FVCI. We confirm that the bid size / aggregate number of the Equity Shares applied for by us, and which may be Allocated to us thereon will not exceed the relevant regulatory or approved limits and further confirm that our Bid does not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of

Shares and Takeovers) Regulations, 2011, as amended ("**Takeover Regulations**"). We further understand and agree that (i) our names, address, contact details, PAN number and bank account details will be recorded by the Company in the format prescribed in terms of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended ("**PAS Rules**"); (ii) in the event that any Equity Shares are Allocated to us in the Issue, our names (as proposed Allottees) and the percentage of our post-Issue shareholding in the Company will be disclosed in the Placement Document pursuant to the requirements under Form PAS-4 of the PAS Rules; and (iii) in the event that Equity Shares are Allotted to us in the Issue, the Company will place our name in the register of members of the Company as a holder of such Equity Shares that may be Allotted to us and in the Form PAS-3 filed by the Company with the Registrar of Companies, Maharashtra at Pune (the "**RoC**") as required in terms of the PAS Rules. Further, we are aware and agree that if we, together with any other Eligible QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in the Issue, the Company will disclose our name, along with the name of such other Allottees and the number of Equity Shares Allotted to us and to such other Allottees, on the website of National Stock Exchange of India Limited and the BSE Limited (together referred to as the "**Stock Exchanges**"), and we consent to such disclosure. In addition, we confirm that we are eligible to invest in Equity Shares under the SEBI ICDR Regulations, Reserve Bank of India circulars and other applicable laws. We specifically confirm that our Bid for the Allotment of the Equity Shares is not in violation to the amendment made to Rule 6(a) of the FEMA Rules by the Central Government on April 22, 2020.

We confirm that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to us in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations and the terms and conditions mentioned in the Preliminary Placement Document and this Application Form. We confirm that, in relation to our application, each foreign portfolio investor ("**FPI**") as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended (other than individuals, corporate bodies and family offices), and including persons who have been registered under these regulations (such FPIs, "**Eligible FPIs**"), have submitted separate Application Forms and asset management companies or custodians of mutual funds have specified the details of each scheme for which the application is being made along with the price and number of Equity Shares Bid for under each such scheme. We undertake that we will sign and/or submit all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holder(s) of the Equity Shares that may be Allotted to us. We confirm that the signatory is authorized to apply on behalf of the Bidder and the Bidder has all the necessary approvals for applying in the Issue. We note that the Board of Directors of the Company, or any duly authorized committee thereof, is entitled, in consultation with Kotak Mahindra Capital Company Limited and Morgan Stanley India Company Private Limited (the "**BRLMs"**), in their sole discretion, to accept or reject this Application Form without assigning any reason thereof. We hereby agree to accept the Equity Shares that may be Allocated to us pursuant to the Confirmation of Allocation Note ("**CAN**") and request you to credit the same to our beneficiary account as per the details given below, subject to receipt of this Application Form and Bid Amount towards the Equity Shares that may be Allocated to us. The Bid Amount payable by us for the Equity Shares applied for in the Issue has been/will be remitted to the designated bank account set out in this Application Form only through electronic mode, along with this duly completed Application Form prior to or on the Issue Closing Date and such Bid Amount has been/will be transferred from a bank account maintained in our name. We acknowledge and agree that we shall not make any payment in cash, demand draft or cheque. We are aware that Allocation and Allotment in the Issue shall be at the sole discretion of the Company, in consultation with the BRLMs; and in the event that (i) Equity Shares that we have applied for are not Allotted to us in full or at all, and/or (ii) the Bid Amount is in excess of the amount equivalent to the product of the Equity Shares that will be Allocated to us and the Issue Price, or (iii) the Company is unable to issue and Allot the Equity Shares offered in the Issue or (iv) if we withdraw the Bid before Issue Closing Date, or (v) if there is a cancellation of the Issue, the Bid Amount or a portion thereof, as applicable, will be refunded to the same bank account from which the Bid Amount has been paid by us. Further, we agree to comply with the rules and regulations that are applicable to us, including in relation to the lock-in and transferability requirements. In this regard, we authorize the Company to issue instructions to the depositories for such lock-in and transferability requirements, as may be applicable to us.

By signing and/or submitting this Application Form, we hereby confirm and agree (i) that the representation, warranties, acknowledgments and agreements as set forth in the sections of the PPD titled "*Notice to Investors*", "*Representations by Investors*", "*Issue Procedure*", "*Selling Restrictions*" and "*Purchaser Representations and Transfer Restrictions*" and (ii) the terms, conditions and agreements mentioned herein are true and correct and acknowledge and agree that these representations and warranties are given by us for the benefit of the Company and the BRLMs, each of which are entitled to rely on and are relying on these representations and warranties in consummating the Issue.

By signing and/or submitting this Application Form, we hereby further represent, warrant, acknowledge and agree as follows: (1) we have been provided a serially numbered copies of the PPD and the Application Form and have read it in its entirety including in particular, the '*Risk Factors*' therein and we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Company, the BRLMs or from any other source, including publicly available information; (2) we will abide by the PPD and the Placement Document (when provided), this Application Form, the CAN, when issued, and the terms, conditions and agreements contained therein; (3) that if Equity Shares are Allotted to us pursuant to the Issue, we shall not sell such Equity Shares, otherwise than on the floor of a recognised stock exchange in India for a period of one year from the date of Allotment; (4) we will not have the right to withdraw our Bid or revise our Bid downwards after the Issue Closing Date; (5) we will not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges; (6) Equity Shares shall be Allocated and Allotted at the sole and absolute discretion of the Company in consultation with the BRLMs and the submission of this Application Form and payment of the corresponding Bid Amount by us does not guarantee any Allocation or Allotment of Equity Shares to us in full or in part; (7) in terms of the requirements of the Companies Act, upon Allocation, the Company will be required to disclose our names and the percentage of our post-Issue shareholding of the proposed Allottees in the Placement Document; however, disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the BRLMs; (8) the number of Equity Shares Allotted to us pursuant to the Issue, together with other Allottees that belong to the same group or are under common control as us, shall not exceed 50% of the Issue. For the purposes of this representation and warranty: The expression 'belong to the same group' shall derive meaning from Regulation 180(2) of the SEBI ICDR Regulations i.e. entities where (i) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (ii) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (iii) there is a common director, excluding nominee and independent directors, amongst the Eligible QIBs, its subsidiary or holding company and any other Eligible QIB; and 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations; (9) We agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD and the Placement Document, this Application Form, the CAN upon its issuance and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below.

We acknowledge that once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Application Amount has been transferred to the Escrow Account (as detailed below), such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, we confirm that we are authorized to submit this Application Form and provide necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB.

By signing and/or submitting this Application Form, we further represent, warrant and agree that we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of the prospective investment in the Equity Shares and we understand the risks involved in making an investment in the Equity Shares. No action has been taken by us or any of our affiliates or representatives to permit a public offering of the Equity Shares in any jurisdiction. We satisfy any and all relevant suitability standards for investors in Equity Shares, have the ability to bear the economic risk of our investment in the Equity Shares, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in Equity Shares and are able to sustain a complete loss of our investment in the Equity Shares. We acknowledge that once a duly filled Application Form, whether signed or not is submitted by an Eligible QIB, and the Bid Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, we confirm that we are authorized to submit this Application Form and provide necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of such Eligible QIB.

We acknowledge that the Equity Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. **By signing this Application Form and checking the applicable box above, we hereby represent that we are located outside the United States and purchasing Equity Shares in an "offshore transaction" as defined in, and in reliance on Regulation S and the applicable laws of the jurisdictions where such offers and sales are made.**

BIDDER DETAILS (In Block Letters)			
NAME OF BIDDER*			
NATIONALITY			
REGISTERED ADDRESS			
CITY AND CODE			
COUNTRY			
PHONE NO.		**FAX NO.**	
EMAIL ID		**MOBILE NO.**	
FOR FPIs**	SEBI FPI REGISTRATION NO. ________________		
FOR MF	SEBI MF REGISTRATION NO. ________________		
FOR AIFs***	SEBI AIF REGISTRATION NO.		
FOR VCFs***	SEBI VCF REGISTRATION NO. ________________		
FOR SI-NBFC	RBI REGISTRATION DETAILS ________________		
FOR INSURANCE COMPANIES	IRDAI REGISTRATION DETAILS ________________		
FOR PENSION FUNDS	PFRDA REGISTRATION DETAILS ________________		

**Name should exactly match with the name in which the beneficiary account is held. Application Amount payable on Equity Shares applied for by joint holders shall be paid from the bank account of the person whose name appears first in the application. Mutual Fund bidders are requested to provide details of the bids made by each scheme of the Mutual Fund. Each Eligible FPI is required to fill a separate Application Form. Further, any discrepancy in the name as mentioned in this Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Issuer and the BRLMs.*

*** In case you are an FPI holding a valid certificate of registration and eligible to invest in the Issue, please mention your SEBI FPI Registration Number.*

**** Allotments made to AIFs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. AIFs and VCFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.*

We are aware that the number of Equity Shares in the Company held by us, together with the number of Equity Shares, if any, Allotted to us in the Issue will be aggregated to disclose our percentage of post-Issue shareholding in the Company in the Placement Document in line with the requirements under the form PAS-4 of the PAS Rules, as amended. For such information, the BRLMs has relied on the information provided by the Registrar for obtaining details of our shareholding and we consent and authorize such disclosure in the Placement Document.

DEPOSITORY ACCOUNT DETAILS			
Depository Name	National Securities Depository Limited		Central Depository Services (India) Limited
Depository Participant Name			
DP – ID	I N		
Beneficiary Account Number			(16-digit beneficiary A/c. No. to be mentioned above)

The demographic details like address, bank account details etc., will be obtained from the Depositories as per the beneficiary account given above. However, for the purposes of refund, if any, only the bank details as mentioned below, from which Bid Amount has been remitted for the Equity Shares applied for in the issue will be considered.

PAYMENT DETAILS
REMITTANCE BY WAY OF ELECTRONIC FUND TRANSFER
By 2:00 p.m. (IST), [day] [date]

BANK ACCOUNT DETAILS FOR PAYMENT OF BID AMOUNT THROUGH ELECTRONIC FUND TRANSFER			
Name of the Account	BHARAT FORGE LIMITED – 2024 QIP ESCROW ACCOUNT	**Account Type**	Escrow account
Name of Bank	Kotak Mahindra Bank Limited	**Address of the Branch of the Bank**	Kotak Infiniti, 6th Floor, Building No. 21, Infinity Park, Off Western Express Highway, General AK Vaidya Marg, Malad(East) Mumbai – 400097, Maharashtra, India.
Account No.	0249886830		
Email and telephone no.	cmsipo@kotak.com / +91 22 6605 6603	**IFSC**	KKBK0000958

The Bid Amount should be transferred pursuant to the Application Form within the Issue Period. Payment of the entire Bid Amount must be made along with the Application Form, only by way of electronic fund transfers in favour of "BHARAT FORGE LIMITED – 2024 QIP ESCROW ACCOUNT", on or before the closure of the Issue Period i.e. within the Issue Closing Date. The payment for subscription to the Equity Shares to be allotted in the Issue shall be made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in the Application Form. You are responsible for the accuracy of the bank details mentioned below. You are aware that the successful proceeding of refunds, if any, shall be dependent on the accuracy of the bank details provided by you. The Company and the BRLMs shall not be liable in any manner for refunds that are not processed due to incorrect bank details.

RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE)			
Bank Account Number		**IFSC Code**	
Bank Name		**Bank Branch Address**	

NO. OF EQUITY SHARES BID FOR		PRICE PER EQUITY SHARE (RUPEES)	
(In Figures)	(In Words)	(In Figures)	(In Words)
TOTAL BID AMOUNT (RUPEES)			
(In Figures)		(In Words)	

DETAILS OF CONTACT PERSON			
Name:			
Address:			
Tel. No:		**Fax No:**	
Email:		**Mobile No.**	

OTHER DETAILS	
PAN*	
Legal Entity Identifier Code	
Date of Application	
Signature of Authorized Signatory	

ENCLOSURES ATTACHED (attached/certified true copy of the following)
☐ Copy of the PAN Card or PAN Allotment letter*
☐ FIRC
☐ Copy of the SEBI registration certificate as Eligible FPI
☐ Copy of the SEBI registration certificate as an AIF
☐ Copy of the SEBI registration certificate as a VCF
☐ Copy of the SEBI registration certificate as a Mutual Fund
☐ Copy of the IRDA registration certificate
☐ Certified true copy of power of attorney
☐ Intimation of being part of the same group
☐ Certified copy of the certificate of registration issued by the RBI as an SI-NBFC/ a scheduled commercial bank/public financial institution
☐ Others, please specify________________

**Please note that the Bidder should not submit the GIR number or any other identification number instead of the PAN, unless the Bidder is exempted from requirement of obtaining a PAN under the Income-tax Act, 1961, as the application is liable to be rejected on this ground.*

Note 1: Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD and Placement Document.

Note 2: The Application Form is liable to be rejected if any information provided is incomplete or inadequate, at the discretion of the Company in consultation with the BRLMs.

Note 3: The duly filed Application Form along with all enclosures shall be submitted to the BRLMs either through electronic form at the email mentioned in the PPD or through physical delivery at the address mentioned in the PPD.

The Application Form, the PPD sent to you and the Placement Document which will be sent to you, either in physical form or in electronic form or both, are specific to you and you may not distribute or forward the same and are subject to disclaimers and restrictions contained in or accompanying these documents.

(Note: The format of the Application Form included herein above is indicative and for the illustrative purposes only and no Bids in this Issue can be made through the sample Application Form. The Bank, in consultation with the BRLMs, shall identify Eligible QIBs and circulate serially numbered copies of this Preliminary Placement Document and the Application Form, specifically addressed to such Eligible QIBs. Any application to be made in the Issue should be made only upon receipt of serially numbered copies of this Preliminary Placement Document and the Application Form and not on the basis of the indicative format above.)