




**Countering  
Challenges.**  
**Creating  
Long-term Value.**

A lighthouse on the left side of the frame emits a bright, horizontal beam of light that stretches across the dark, star-filled sky. The lighthouse is white with a dark base. The sky is a deep blue-black, filled with numerous small, bright stars. The beam of light is a vibrant orange-red color, creating a strong contrast with the dark background.

**We think about the role of the lighthouse. Enduring and sure as it stands, its beam sweeps across the surrounding landscape and ocean, a beacon of hope for those who approach. A lighthouse has constancy, solidity and stability, representing reassurance and safety regardless of whether it is a calm, star-filled night or a storm-ravaged darkness.**

Bharat Forge Limited (BFL), much like the lighthouse, has an unwavering focus on R&D and innovation to create technologically advanced engineered products and address all customer needs. This has led us to evolve from a single-product, single-location company to a diversified, multi-product, multi-location entity serving multiple sectors. Our evolution has helped us to build a robust business model that thrives in the up cycle and remains resilient in a down cycle. Our innovation capabilities and customer-first approach enable us to stand tall in the industry.

**Bharat Forge Limited (BFL) is today a truly diversified and global company, with a business spanning 10 manufacturing locations across 5 countries.**

From the very beginning, we have been focused on making a difference. Difference to customers, with our innovation, experience, expertise, and cutting-edge technology to develop sustainable relationships. To our investors and shareholders, by creating a business model that endeavors to deliver value in the long term. To the communities, where we undertake meaningful and sustainable development programs. And to our employees, for whom we have created an instructive and engaging workplace.

Our reputation has been built not just on the efficacy and the quality of our products, but also on the strength of our ethical and sustainable business practices. As we move through a changing world where companies are increasingly expected to think beyond business for the welfare of all stakeholders, our approach is now more relevant than ever. Taking our commitment further, we are now embedding broad-spectrum thinking on sustainability within our organizational culture.

**This integrated annual report presents how we are efficiently leveraging six capitals i.e. Financial, Manufactured, Intellectual, Human, Social & Relationship, and Natural Capital to achieve this.**

# How Bharat Forge Limited has Stood Tall in the Past Decade



## Wealth Creation (CAGR FY 2010-2020)

9.4%

Growth in Revenues

9.1%

Growth in EBITDA

13.4%

Growth in Profit Before Tax\*

14.1%

Growth in Profit After Tax

\* before exchange gain/loss and exceptional items

## How Bharat Forge Limited transformed in the last decade

Strengthened presence in the Industrial sector

2010



- 53% Commercial Vehicles
- 16% Passenger Vehicles
- 31% Industrial

Revenues

₹ 18,564 Million

2020



- 43% Commercial Vehicles
- 17% Passenger Vehicles
- 40% Industrial

Revenues

₹ 45,639 Million

New initiatives ventured to de-risk major business areas:

- Center for Lightweighting
- Aerospace
- Defence
- E-mobility
- Turbochargers / BS VI

## Reduced leverage

Debt / Equity (Net)

1.07

Net Debt / EBITDA



3.74

Debt / Equity (Net)

0.25

Net Debt / EBITDA

1.31

	2010	2020
<b>Geographic diversification and strong growth in export business</b>	 <ul style="list-style-type: none"> <li>● 62% Domestic Revenues</li> <li>● 38% Export Revenues</li> </ul>	 <ul style="list-style-type: none"> <li>● 42% Domestic Revenues</li> <li>● 58% Export Revenues</li> </ul>
<b>Manufacturing excellence</b>	<ul style="list-style-type: none"> <li>● No. of certifications for our manufacturing plants: <b>9</b></li> <li>● 6 sigma projects implemented: <b>0</b></li> <li>● No. of VAVE projects: <b>18</b></li> <li>● Frequency rate: <b>1.47</b></li> </ul>	<ul style="list-style-type: none"> <li>● No. of certifications for our manufacturing plants: <b>27</b></li> <li>● 6 sigma projects implemented: <b>45</b></li> <li>● No. of VAVE projects: <b>38</b></li> <li>● Frequency rate: <b>0.08</b></li> <li>● Industry 4.0 Center of Excellence (digital transformation, machine learning and artificial intelligence)</li> <li>● Internet of Things (IoT)</li> </ul>
<b>Employee strength</b>	<p>Engineers and PG's/PhD's (% of total)</p> <p><b>13%</b></p> <p>Diploma and ITI (% of total)</p> <p><b>37%</b></p> <p>Revenue/employee</p> <p><b>₹ 3.6 Million</b></p>	<p>Engineers and PG's/PhD's (% of total)</p> <p><b>26%</b></p> <p>Diploma and ITI (% of total)</p> <p><b>47%</b></p> <p>Revenue/employee</p> <p><b>₹ 8.9 Million</b></p>
<b>Strengthening R&amp;D capabilities</b>	<p>Total Patents filed till date</p> <p><b>0</b></p> <p>Total Patents granted till date</p> <p><b>0</b></p> <p>R&amp;D Expenses</p> <p><b>₹ 29 Million</b></p>	<p>Total Patents filed till date</p> <p><b>70</b></p> <p>Total Patents granted till date</p> <p><b>6</b></p> <p>R&amp;D Expenses</p> <p><b>₹ 475 Million</b></p>

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## Welcome to our Annual Report 2019-20



Read the report online at [www.bharatforge.com](http://www.bharatforge.com)

### Forward-Looking Statements

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks and uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. Certain numbers have been rounded off to the nearest digit for convenience of representation. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise. All logos and trademarks™ are the property of their respective owners.

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I thank all our stakeholders for their continued support.



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Financial Year (FY) 2020  
has been a challenging year  
for the Indian economy.



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## Corporate Information

### Bankers

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

### Auditors

S R B C & Co LLP  
Chartered Accountants

### Company Secretary

Ms. Tejaswini Chaudhari

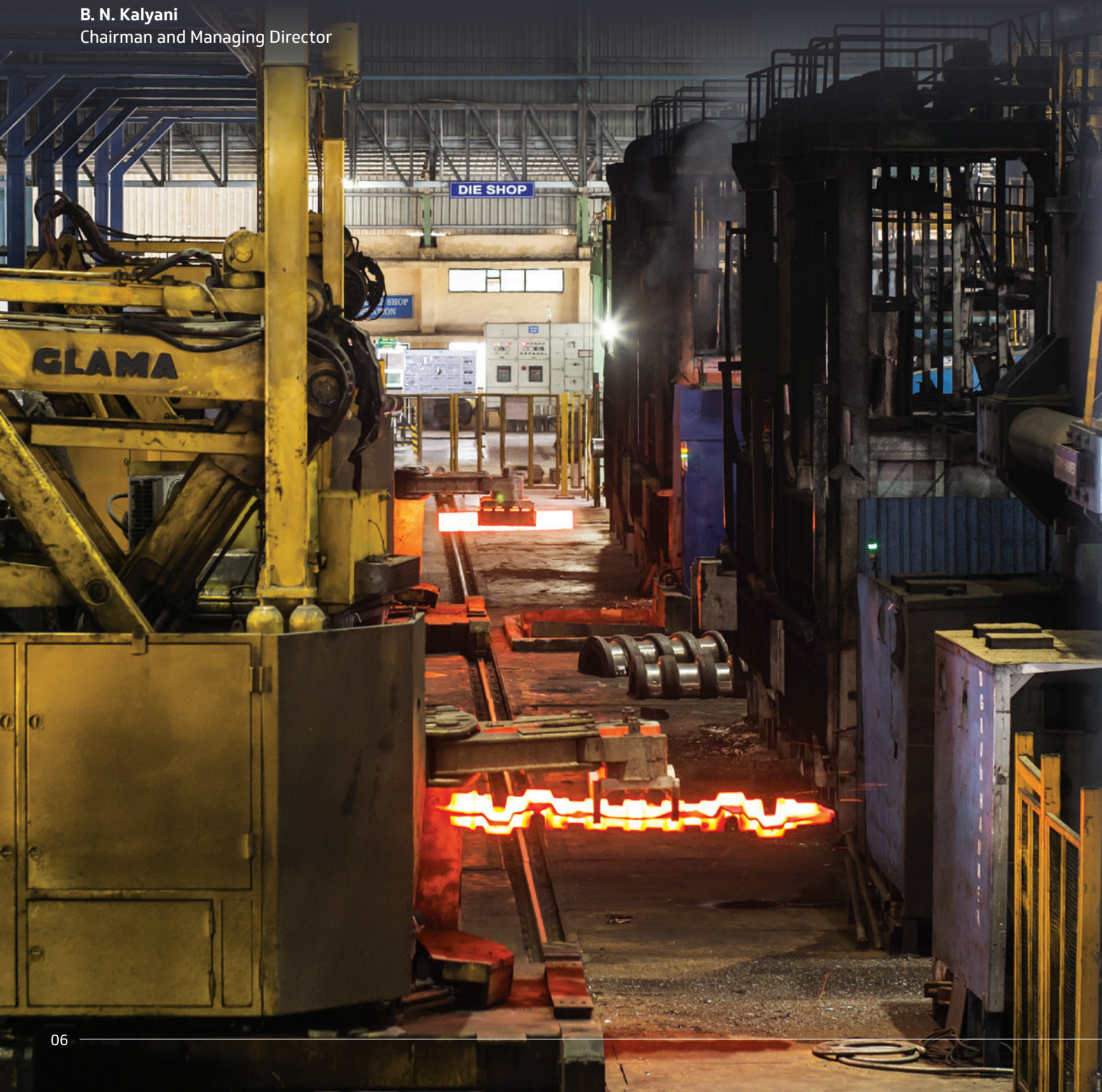
### Registered Office

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

Starting FY 2020, Bharat Forge Limited has taken its first step towards Integrated Reporting <IR>. Through this report, we intend to provide information on how we are using the six capitals (financial, manufactured, human, intellectual, social & relationship and natural) to create value for our stakeholders.

In this report, we have tried to cover as many <IR> elements, however, we recognize that there still is a long way to go. As an institution with high regards for integrity and transparency, we remain committed to include more <IR> elements in subsequent reports to make it more holistic and aligned to the guidelines provided by the International Integrated Reporting Council.

**B. N. Kalyani**  
Chairman and Managing Director





# About the Report

## Basis of Reporting

The Integrated Reporting <IR> principles have globally become a benchmark for best practice in corporate reporting for its transparency and disclosures beyond statutory norms. Starting this year, we, at Bharat Forge Limited, have taken our first step in our <IR> journey which is also in line with the Securities and Exchange Board of India's (SEBI) circular dated February 6, 2017 that recommends the top 500 listed entities to do so.

The report intends to serve as an all-inclusive communication to disclose our value creation process using financial and non-financial information – financial, manufactured, intellectual, human, social & relationship and natural capitals. We provide insights on our business models, performance and prospects in context of external environment to help stakeholders evaluate our performance and take an informed decision regarding their engagement with us.

## Reporting Principle

We have prepared this report in accordance with the Companies Act, 2013 (and the Rules made thereunder), Indian Accounting Standards, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards. Over and above this, the principles of <IR> as stated by International Integrated Reporting Council (IIRC) has been followed.

## Boundary and Scope of Reporting

The report covers financial and non-financial information and activities of Bharat Forge Limited, India for the period of April 1, 2019 to March 31, 2020.

## Our Capitals



### Financial Capital

The financial capital represents the amount of capital that we employ in the business to support our operations and drive our business strategy to generate surplus for the investors and shareholders.



### Manufactured Capital

Manufactured capital represents our physical assets – state-of-the-art manufacturing facilities and equipment – that enable us to produce diverse range of products for customers.



### Intellectual Capital

Intellectual capital represents our research and development (R&D), technical excellence and digital readiness that enable us to deliver innovative solutions in products and processes, and thus strengthen our competitiveness in the industry.



### Human Capital

Human capital represents the competencies, experience and motivation of our people that enable us to innovative, run business smoothly, serve customers and achieve business strategy.



### Social and Relationship Capital

Social and relationship capital represents the quality of relationship that we have with our customers and the communities. It helps us to enhance our reputation, grow business and give back to the society.



### Natural Capital

Natural capital represents the renewable and non-renewable environmental resources that we use in our operations as well as the impact of our operations on the environment.

## United Nations Sustainable Development Goals (SDGs) prioritized



# About Bharat Forge Limited

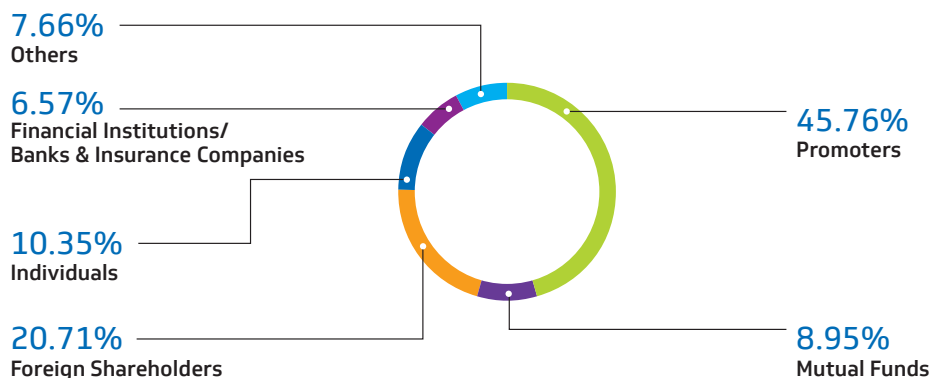
**Bharat Forge Limited is a global, technology-driven manufacturing company. We engineer and manufacture a wide range of high-performance, critical and safety components for diverse automotive and industrial applications. Having established our engineering excellence across wide spectrum of solutions, we are now working on enhancing our presence in the defence, aerospace and e-mobility space to strengthen our business model and maximize value creation for all stakeholders.**

**To deliver these solutions, we are continuously enhancing our engineering expertise, integration advantage, and innovation capabilities.**

## Our Reputation

- |                                                                 |                                                                            |                                                                                                                                                                                                      |                                                          |
|-----------------------------------------------------------------|----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| <p><b>1</b><br/>50+ years of manufacturing experience</p>       | <p><b>2</b><br/>Global leadership in powertrain and chassis components</p> | <p><b>3</b><br/>Technology development partner for marquee clientele including Top 5 Commercial Vehicles and Passenger Vehicles manufacturers globally and leaders in various industrial sectors</p> | <p><b>4</b><br/>Multi-sectoral engineering expertise</p> |
| <p><b>5</b><br/>Innovative and customized solution provider</p> | <p><b>6</b><br/>Aligned with 'Make in India' initiative</p>                | <p><b>7</b><br/>Full service supply capability backed by strong R&amp;D focus</p>                                                                                                                    |                                                          |

## Ownership Structure\*



\* As at March 31, 2020

## Business Segments

### AUTOMOTIVE

We are India's largest auto component exporter and one of the world's leading technology-driven auto component manufacturer. Our products are delivered to leading global automotive OEMs and Tier I suppliers. We are also amongst the few companies globally with front-line design and engineering, dual shore manufacturing and full-service supply capabilities, all of which provides us a unique edge.



Passenger Vehicles



Commercial Vehicles

### INDUSTRIAL



#### Power

We manufacture critical components for thermal, wind, hydro and nuclear power applications across geographies.



#### Oil & Gas

We engineer surface, sub-sea, and deep-sea applications for high-value and high-technology oil & gas. We are well placed for a value-addition role in this area.



#### Defence & Aerospace

We are a long-standing supplier of critical components for the defence establishments in India. With state-of-the-art facilities, we manufacture world-class products for global aerospace players.



#### Construction and Mining

We manufacture critical, high-end and durable components that are used for extreme applications.



#### Rail and Marine

We are a leading engine components manufacturer for both domestic and exports markets. We now supply indigenously developed Turbochargers for rail applications.



#### General Engineering

We manufacture high-quality and durable products for a range of heavy engineering applications.

## Our Capabilities

### Technology and innovation

We possess deep sector-specific technical expertise supported by in-house experts and fungible manufacturing facilities augmented by Internet of Things (IoT) and Industry 4.0 excellence standards. This enables us to seamlessly integrate technology with customers and ensure sustained new product development.

### Integrated operations

Our end-to-end capabilities – from product conceptualization, design and development, manufacturing and testing & validation – position us as a preferred one-stop solution provider.

### Global manufacturing

We cater to customers globally through 10 manufacturing facilities spread across five countries: India, United States, Sweden, Germany and France.

# Extensive Global Presence and Manufacturing Infrastructure

At Bharat Forge Limited, we have strengthened our market position by establishing presence in key global markets, with 10 manufacturing sites in 5 countries across 3 continents. This ensures wider reach, better understanding of customer needs, easier communication and trust-building, more reliable delivery, and a rich source of innovative diversity.

As a result, we have won prestigious orders on multiple platforms and have built a unique portfolio that makes us more competitive and creates growth opportunities.

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## EUROPE

We serve the local demand here through exports from Indian units and four local manufacturing units.

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**39%**

of consolidated sales

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## NORTH AMERICA

We serve the local demand here through exports from Indian units and a local manufacturing unit.

---

**36%**

of consolidated sales

**601,150 TPA**

Total capacity



3

Continents

5

Countries

10

Manufacturing Sites

Location	Forging Capacity (MTPA)
India	406,150
Europe	165,000
North America	30,000



## INDIA

The Pune plant is where it all began in 1961. It is the world's largest single location forging facility.

## 22%

of consolidated sales

Map not to scale. For illustrative purpose only.

# Our Robust Business Model

## INPUTS

### Financial Capital

Total capital employed	₹ 87,296 Million
Debt to equity ratio (Net)	0.25
Capex	₹ 5,164 Million

### Manufactured Capital

Number of plants in India	5
Material cost	₹ 17,489 Million
Manufacturing cost	₹ 7,831 Million
Total capacity	406,150 TPA

### Intellectual Capital

R&D spending	₹ 475 Million
R&D spend as a % of revenue	1%
Patents filed	6

### Human Capital

Total employees	5,153
Training programs	287
Employee benefit expense	₹ 4,824 Million

### Social and Relationship Capital

CSR spending	₹ 254 Million
Key focus areas	6

### Natural Capital

Renewable energy (wind)	24.5MW
% of energy from renewable sources	4.2%
Elimination of hazardous substance	4
No. of trees planted	27,885

## Sources that enable our value creation



Deep culture of innovation for technology and product differentiation



Robust forging competence supported by Industry 4.0 excellence



Deep and nurtured relationships

## Value Creation Model



## Principal Activities



Research and Development



Design and simulation



Tools and die making



Technical know-how of people





Vertically integrated model with end-to-end capabilities

## OUTPUT

Key segments and products

### Automotive

-  • Commercial Vehicles
-  • Passenger Vehicles

### Industrial

-  • Power
-  • Oil & Gas
-  • Rail
-  • Marine
-  • Aerospace
-  • Construction and mining
-  • Defence
-  • Agriculture



Forging and precision forging



Precision machining

## OUTCOMES

### Financial Capital

Total income	₹ 45,639 Million
EBITDA	₹ 10,399 Million
PBT	₹ 7,109 Million
RoCE	9.5%

### Manufactured Capital

Tonnage	201,586 MT
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### Intellectual Capital

Process improvement	11
New technologies/products developed	10
Technical papers published and presented	16

### Human Capital

Employee productivity (revenue per employee)	₹ 8.9 Million
Number of employees trained	4,397

### Social and Relationship Capital

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

### Natural Capital

Wastewater reused	100%
Reduction in CO <sub>2</sub> emission through use of renewable sources (MT/year)	45,579
Reduction in hazardous waste disposal (MT/Year)	247,950

## A Message from the Chairman and Managing Director



Dear Shareholders,  
**I am pleased to once again connect with you to report our performance and the progress made during the year. Before I focus on that, it is important to understand the context in which we are operating, as simply saying that FY 2020 was a testing year is to vastly understate the challenges being faced globally.**



## Economic Overview

Entering FY 2019, positivity in global markets continued from the previous year assisted by accommodative monetary policies by major central banks. This resulted in robust economic growth in several economies; North America, for instance, grew by 2.3% resulting in unemployment rate falling to 50-year low. However, during the second half of FY 2019, geo-political tensions coupled with protectionist trade policies weighed down on global economic growth, particularly manufacturing and trade. Further, the COVID-19 pandemic adversely impacted growth in great measure.

The Indian economy had its own set of challenges - from slowing activity levels across sectors like Automotive, Construction & Mining, and Iron & Steel, to tepid credit growth, corporate credit stress, among others. Signs of a revival looked promising in the second half of the fiscal with manufacturing activity showing a moderate increase. However, the pandemic and the resultant lockdown brought all business activity to a standstill, resulting in the GDP growth declining by 190 basis points to 4.2% for FY 2020.

The COVID-19 outbreak continues to have major socio-economic repercussions globally and its implications are going to be felt for several years to come. A sustained economic revival in the near term looks unlikely as of now, though the Government's initiative of rolling out a ₹ 1.7 Trillion relief package and ₹ 20 Trillion economic stimuli along with RBI's intervention of interest rate reduction could assist in kick-starting activities.

## Automotive Industry FY 2020

Coming to our business areas, the automobile industry got mired in a downward spiral after several years of strong performance. Factors like emerging technologies, electrification and stringent emission norms weighed down on demand. While this was expected, the market behavior was surprising. The much-anticipated pre-buying of BS IV vehicles, ahead of the BS VI norms implementation, did not materialize. This was an outcome of a combination of factors from poor liquidity due to the NBFC crisis, relaxation in axle-loading norms, to enhanced transport efficiency with GST implementation. This led to OEMs primarily focusing on liquidating existing inventory. Consequently, Medium and Heavy Commercial Vehicles (M&HCV) production volumes declined by 47% in FY 2020 compared to FY 2019.

## Performance in FY 2020

The overall weak macro environment and automobile demand made its effect felt on our performance. For our

**PV segment now accounts for 17% of our overall revenues, a sharp increase from 8% five years back and in line with our strategy of diversifying revenues.**

standalone business, both domestic and export segments were impacted. As a result, revenues fell by 30% to ₹ 45,639 Million in FY 2020, EBITDA declined by 45% to ₹ 10,399 Million and PAT by 56% to ₹ 4,735 Million. A major portion of the decline was attributable to the slump in the Indian M&HCV production volumes which contracted by more than 47%. This was divergent from growth expectation on account of pre-buy ahead of emission norm change to BS VI. The 50% decline in Oil & Gas revenues also contributed to the decline in our performance.

Passenger vehicle (PV) segment, however, stood out across both domestic and export markets as we continued ramping up orders. Revenues from this segment grew 1% to ₹ 7,310 Million in FY 2020. More importantly, the PV segment now accounts for 17% of our overall revenues, a sharp increase from 8% five years back and in line with our strategy of diversifying revenues. This growth has been largely driven by exports, where we have been successful in increasing our market share and content per vehicle. We expect the same to play out in the domestic market in the coming years. The strides we are taking inspire confidence that our PV business will outperform in the long run.

Coming to consolidated business, the performance of the overseas subsidiaries was impacted by weak underlying demand. Consolidated revenues declined by 21% to ₹ 80,558 Million and PAT by 66% to ₹ 3,492 Million. To improve the profitability of the overseas subsidiaries, focused and renewed efforts are being made to restructure the business. These include multiple measures like manpower rationalization, sharp focus on product profitability, and a change in product mix. We are confident that these measures will bear fruit and help in creating a sustainable and profitable platform for the years ahead.

## Bharat Forge Limited: The Past Decade

We operate in an industry where cyclical downturns in certain geographies are at par for the course. These

are then followed by an upturn, which companies can benefit from, provided they have utilized the down cycle to further strengthen their business, both internally and externally. The global economy is now in a synchronized downturn, similar to the one witnessed during the global financial crisis more than a decade ago. At this juncture, it is pertinent to pause and reflect on our achievements over the past decade, as a ten-year period is a reasonably long time to gauge the performance of a company through various business cycles.

In the past decade (FY 2010-FY 2020), headline numbers for the Company read as follows:

Topline CAGR growth of

**9.4%** driven by **14.2%** CAGR growth in Export revenues

EBITDA CAGR growth of

**9.1%**

PBT (before exchange gain/loss and exceptional items) CAGR growth of

**13.4%**

PAT growth of

**14.1%**

Net Debt / EBITDA at

**1.31** in FY 2020 as against **3.74** in FY 2010

**Our journey over the past decade was a step in the direction of revenue diversification, investing for the future and capability enhancement while simultaneously strengthening the balance sheet.**

The above growth rates are after witnessing a sharp decline in key parameters in FY 2020. The key financial transformation over the past decade is converting a fragile balance sheet into a resilient one with negligible leverage.

On the business front, the most significant change is the setting up and operationalization of our main R&D centers at Pune - Kalyani Centre for Technology and Innovation (KCTI) and Kalyani Centre for Manufacturing Innovation (KCMI). These centers are driven by a highly qualified internal team of engineers and M. Tech / Ph.D. degree holders, empowering the Company to do things faster and better across existing business and newer ventures. This aspect of our business will continue to evolve to address new opportunities such as e-Mobility, Railways and Defence, among others.

Our transformation from being just an auto-component supplier to one with presence across key verticals such as Aerospace, Defence, Railways is another key cornerstone of the decade gone by. These segments are small today but provide huge addressable market and the aim is to make them the additional pillars of growth for your Company in the coming decade.

Our journey over the past decade was a step in the direction of revenue diversification, investing for the future and capability enhancement while simultaneously strengthening the balance sheet. I believe the Bharat Forge Limited of the future will have the same strain of DNA as today - focused on innovation and leveraging technology to offer products and solutions to the most discerning customers globally.

### **Addressing the Challenges**

Coming to the current situation; while downturns are challenging for any company, this one has unique challenges in the form of uncertainty about consumer behavior, and disruption in production and supply chains due to lockdowns.

Every crisis also presents an excellent opportunity to introspect and improve things internally. Keeping this mind, we have taken a three-pronged approach to effectively manage this downturn and emerge stronger.

One, we have halted new capex. As we have built sufficient capacity through our investments of over ₹ 1,300 Crores across our plants in Maharashtra and Telangana, this postponement of capex will not impact our near and mid-term growth plans. Our focus, instead, is on effectively filling the capacity with new business.

Two, given that we are amidst a demand decline since the latter part of FY 2020, we have undertaken multiple cost reduction exercise, structural in nature, targeted at every variable and fixed cost item. We expect significant cost optimization across all units through this exercise, while ensuring focus on R&D investment and new product development remain unaffected. The benefits of these will be visible in FY 2022 onwards.

Finally, we are focused on making our international operations sustainable in the long run. These units have witnessed a decline in end market in CY 2019 and posted a loss at the PAT level. Here also, we are undertaking a cost reduction exercise primarily focused on manpower redundancy to reduce their break-even level and bring them back into green. A more important aspect towards making them more robust financially was the focus on aluminum forgings which is gaining demand among automotive companies and other industries for lightweighting components. Our capex in this area in the Europe and North America operations will enhance share of aluminum forgings from 15-20% currently to 50% in the next five years.

In North America, the pandemic has forced us to be cautious and defer part of the capex for the North Carolina facility. The project completion will be closely coordinated with our US customers to ensure that their requirements are met ahead of time.

As far as our COVID-19 response is concerned, I am glad to state that as a responsible organization we are ensuring utmost precautions for the safety of our people and surroundings. We have been disseminating relevant information and ensuring that best health and hygiene practices are followed at our plants. We utilized the lockdown period effectively by staying in touch with our customers to better plan and ensure their demands are met adequately once activities resume.

## Nurturing Technologies to be Ahead of Transformation

The future of manufacturing is going to be radically different; the COVID pandemic is only fast-tracking this transformation. For manufacturing, greater connectivity will mean significantly accelerated implementation of Industrial IoT (Internet of Things) including sensing, data visualization, remote collaboration tools and Artificial Intelligence (AI) based insights inside operations.

Enabled by real-time data, AI-based insights and a range of communication and collaboration tools, the virtual shift will help digitize and scale much-needed expertise across the organization. It will also enable the onsite workforce to become more focused, effective and productive. Such a virtual shift will be a new reality that will fundamentally change manufacturing operations and help accelerate a trend towards lights-out facilities.

We, at Bharat Forge Limited, are systematically digitizing our operations for improving operational efficiencies. With significant parts of our manufacturing operations already automated, our digitization journey will be easier. All interruptions in the digital medium of communication, what we call 'Media Breaks', are being systematically eliminated with appropriate digital means to realize accurate and timely actions. IoT solutions are being used to eliminate equipment downtime and improve Overall Equipment Effectiveness (OEE) of plant and machinery. In a capital-intensive industry like ours, OEE improvement results in significant cost reduction.

We have started collaborating on digital platforms to do more with less and launch new products / projects faster. White collar productivity is significantly enhanced due to collaboration on digital platforms. Meetings in virtual digital space are common now; they facilitate social distancing naturally and are more efficient. AI and Machine Learning are being deployed wherever relevant to remove human discretion, often prone to errors, from the

---

**We have started collaborating on digital platforms to do more with less and launch new products / projects faster. White collar productivity is significantly enhanced due to collaboration on digital platforms.**

equation. We have started running machines unmanned in a limited way to ultimately move to a lights-out facility, wherever realistically feasible.

### **Geared for the Mega Opportunities**

The coming decade is going to be very exciting because of all the occurring changes and influx of technology. As a Company, I feel, we are in a comfortable position to be a part of several emerging opportunities.

E-mobility is a mega trend and the future of automobile industry. We have a headstart in this space with our investments in companies like Tork, Tevva and REFU, who have years of knowledge, expertise and adequate technology in e-mobility. We are strategically targeting the two- and three-wheeler, commercial vehicles and buses segments, given that very few players are operating in this space. REFU, which makes modules (power and control electronics) for e-mobility, is our most recent investment. Although, we have written-off our investment in Tevva Motors as a prudent policy, we have access and license to their technology and are working on calibrating it to suit the Indian conditions.

Defence is another big area where the Government is focused on indigenization with massive investments. We have made significant strides in this segment by developing unique products in the areas of artillery, protected vehicles, composites and augmented reality (AR). The focus now is to advance our research and enhance our capabilities. For this, we have invested in creating defence technology/research ecosystem at KCTI/ KCMI, two defence incubation centers and acquiring stake in defence start-ups.

Alongside this, we are also making several innovations in nanotechnology and working in the areas of material sciences, technology innovation and breakthrough innovation. While all these are still in nascent stage, they hold immense potential for multiple future growth opportunities.

### **Message to the Shareholders**

The coming year will be challenging both for our Indian operations as well as for our overseas subsidiaries. We will have to withstand the turbulence and uncertainty caused by COVID-19 and the consequent decline in end-market demand. This is likely to result in a significant impact on profitability, especially for the overseas subsidiaries, given their high fixed cost structure. To counter this, we are undertaking a host of steps to reduce costs and break-even levels and return the subsidiaries to acceptable

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When I look at our ten-year journey, I believe we have made good progress and created value across cycles.

profit levels. This is by no means an easy task, but we are hopeful of getting things back on track.

While our current year's performance has not been as expected, it is important to understand that this is a broad-based trend across the industry. When I look at our ten-year journey, I believe we have made good progress and created value across cycles.

More importantly, it is quintessential to understand the DNA of innovation and transformation of this organization. This is not the first time that we are transforming; it has been a continuous journey to stay ahead of the curve. We have people with high technical and managerial skills. We have the ability to use IoT and digital platform to dramatically improve our productivity. Besides, we are no longer just a product manufacturing company; we also partner customers in development process, positioning us favorably with such capability.

I thank all our stakeholders for their continued support. Going forward, we see immense growth opportunities with support from conducive policies. The Government's proposal to commit USD 1 Trillion in infrastructure investments over the next five years and the intent to make India a USD 5 Trillion economy by FY 2024 should be a big push for both automobile and industrial sectors. We have created enough growth engines and made necessary investments to be a part of this resurgence. From an organizational standpoint, we are well-prepared for the coming decade and to create value.

Warm regards,



**B. N. Kalyani**

Chairman and Managing Director

# Board of Directors



**Mr. B. N. Kalyani**  
Chairman & Managing Director

2 3 5



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



**Mr. Amit B. Kalyani**  
Deputy Managing Director

2 5



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



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



**Mr. Kishore Saletore**  
Executive Director



**Mr. P. C. Bhalerao**  
Non-Executive Director

1 3 4 5



**Mr. Pratap G. Pawar**  
Independent Director

1 2 4 5



**Mr. S. M. Thakore**  
Independent Director

1 4



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

3



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

1



**Mr. Vimal Bhandari**  
Independent Director

4



**Mr. Dipak B. Mane**  
Independent Director



**Mr. Murali Sivaraman**  
Independent Director

**Board Committee** : 1. Audit Committee, 2. CSR Committee, 3. Stakeholders' Relationship Committee, 4. Nomination & Remuneration Committee, 5. Finance & Risk Management Committee



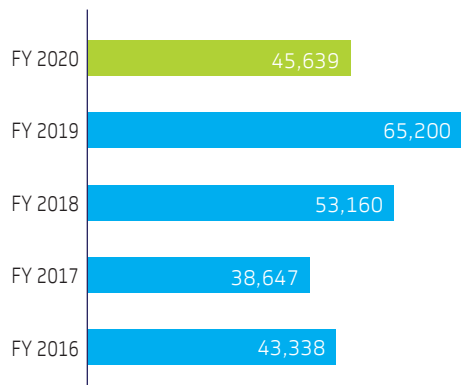
Member of the Committee



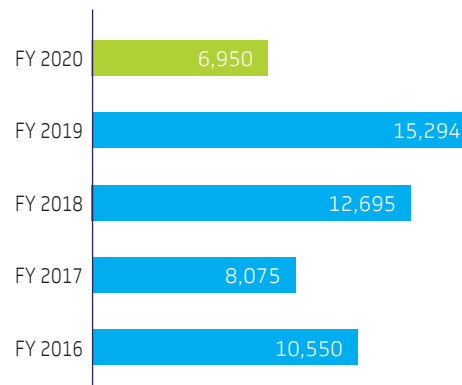
Chairperson of the Committee

# Performance Highlights of the Year

## Total Revenue (₹ in Million)

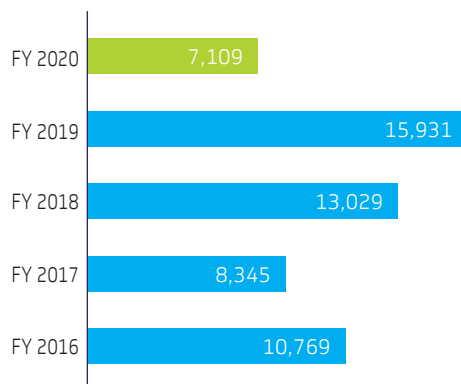


## EBIT\* (₹ in Million)



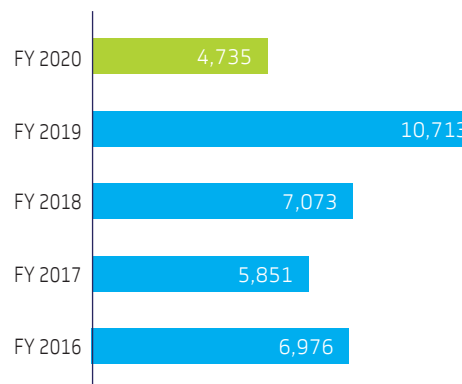
\* Excluding Other Income

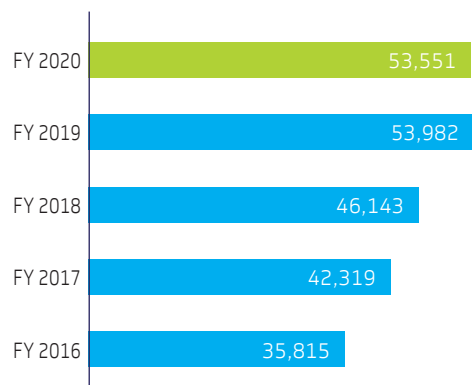
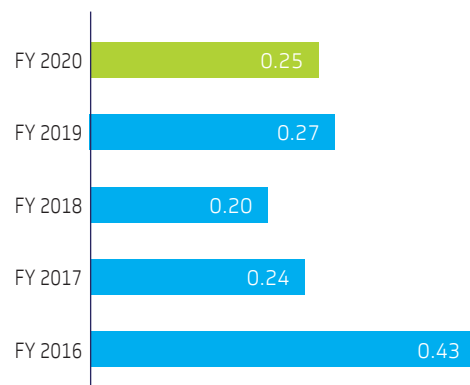
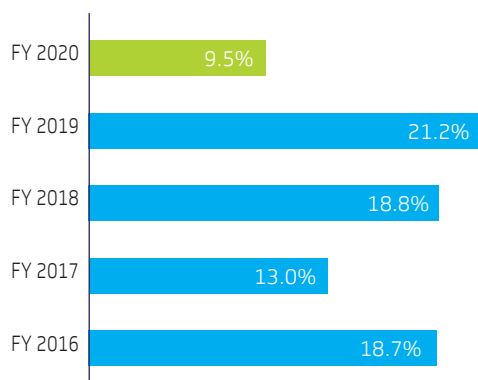
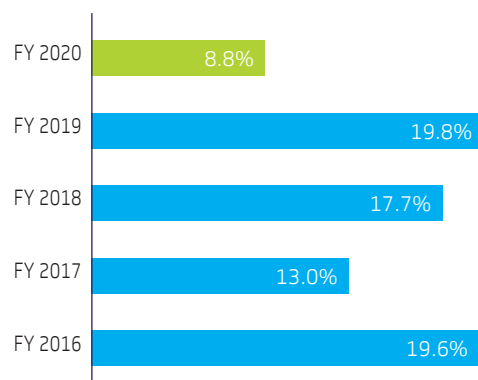
## Profit Before Tax\* (₹ in Million)



\* Before exchange gain/loss and exceptional items

## Profit After Tax (₹ in Million)



**Net Worth** (₹ in Million)**Debt Equity Ratio** (Net of Cash)**RoCE****RoNW**



Financial Capital

## Optimizing Financial Resources for Value Creation

**At Bharat Forge Limited, we drive growth through investment in state-of-the-art manufacturing facilities and technologies, and prudent optimization of surplus funds. Using our financial capital to build excellence and cash reserves, we ensure uninterrupted value creation for all stakeholders and long-term business sustainability.**

### **Financial Capital Management at Bharat Forge Limited**

We generate financial capital from surplus arising from our business operations and through financing activities. We undertake measures like prudent selection of fundraising either through debt, equity, or a combination as per market conditions and also have a robust internal strategic planning process for maximizing financial capital. The surplus available after addressing all the requirements of current operations or new initiatives is paid out as dividend to shareholders in line with the dividend policy.



Given the cyclical nature of our operations, we ensure optimization without any significant inventory build-up within the Company premises or at our customer end, thus preventing capital from being locked up. Through our robust financial planning process, we strike the right balance between cash conservation and business investment.

We strive to reduce debt and debt cost by continuously evaluating our capital position and undertaking initiatives to improve liquidity. This includes evaluating the option of repaying matured loans or replacing them with lower cost debt while maintaining a flexible capital structure in line with business needs. Given that a significant part of business is exports, we manage foreign exchange risks with adequate hedging. Our focus over the past decade has been to deleverage our balance sheet through internal cash flows, resulting in leverage (Net of Cash) declining from around 1.07 in FY 2010 to around 0.25 in FY 2020.

We also allocate sufficient funds for strategic investments in subsidiaries / new ventures and investments in capital assets. Surplus funds are invested in fixed deposits with premium financial institutions and safe liquid instruments with a focus on safety over yield. This ensures the financial sustainability of our business.

## Financial Highlights

### Yearly performance

FY 2020 was a challenging year for the Company with demand declining across major geographies and segments due to structural and regulatory changes in the automobile industry, such as the switch to higher emission standards and vehicle electrification. This had an adverse impact on profitability and other key parameters for the year.

(₹ Million)

	FY 2020	FY 2019	% change
Total Revenue	45,639	65,200	↓30.0%
EBITDA	10,399	18,761	↓44.6%
EBITDA %	22.8%	28.8%	↓600 basis points
PBT	6,865	16,231	↓57.7%
PAT	4,735	10,713	↓55.8%
RoCE %	9.5%	21.2%	↓
RoNW %	8.8%	19.8%	↓

## SDGs Impacted



## Maintaining balance sheet strength and gearing

In spite of the challenging macro-economic and industry scenario, our prudent financial capital management and strong business model enabled us to strengthen the balance sheet further and maintain excellent gearing ratio.

	FY 2020	FY 2019
Debt / Equity	0.61	0.59
Debt / Equity (Net)	0.25	0.27
Long Term Debt / Equity (Net)	-	(0.03)
Cash Generated from Operations	₹ 15,959 Million	₹ 13,249 Million

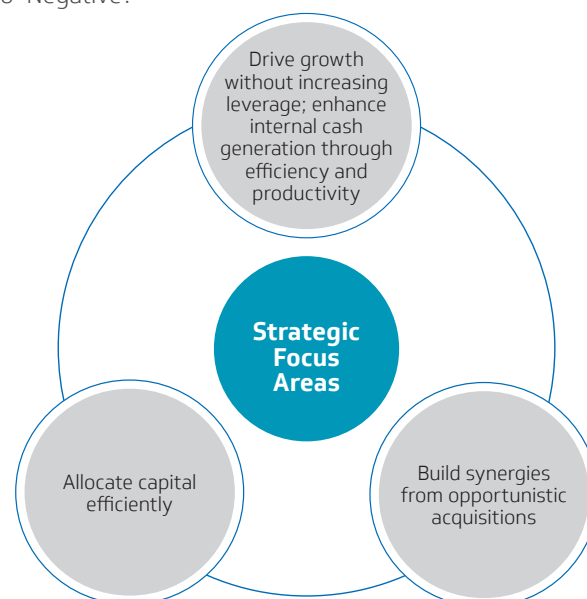
	FY 2010	FY 2020
Debt / Equity (Net)	1.07	0.25
Net Debt / EBITDA	3.74	1.31

## Managing capital inputs

In FY 2020, we tied up USD 40 Million through external commercial borrowings to meet the capex requirement in India. We have judiciously availed government schemes and policies during the year, which led to lower tax charge and outgo due to rationalization of corporate income tax rates from 30% to 22%.

## Managing capital outcomes

Our India operations performance was adversely impacted by the rapid decline in global demand in end markets across sectors. The credit rating agency ICRA has retained its existing credit rating of the Company. However, based on the prevailing situation, the outlook has been revised to 'Negative'.





Manufactured Capital

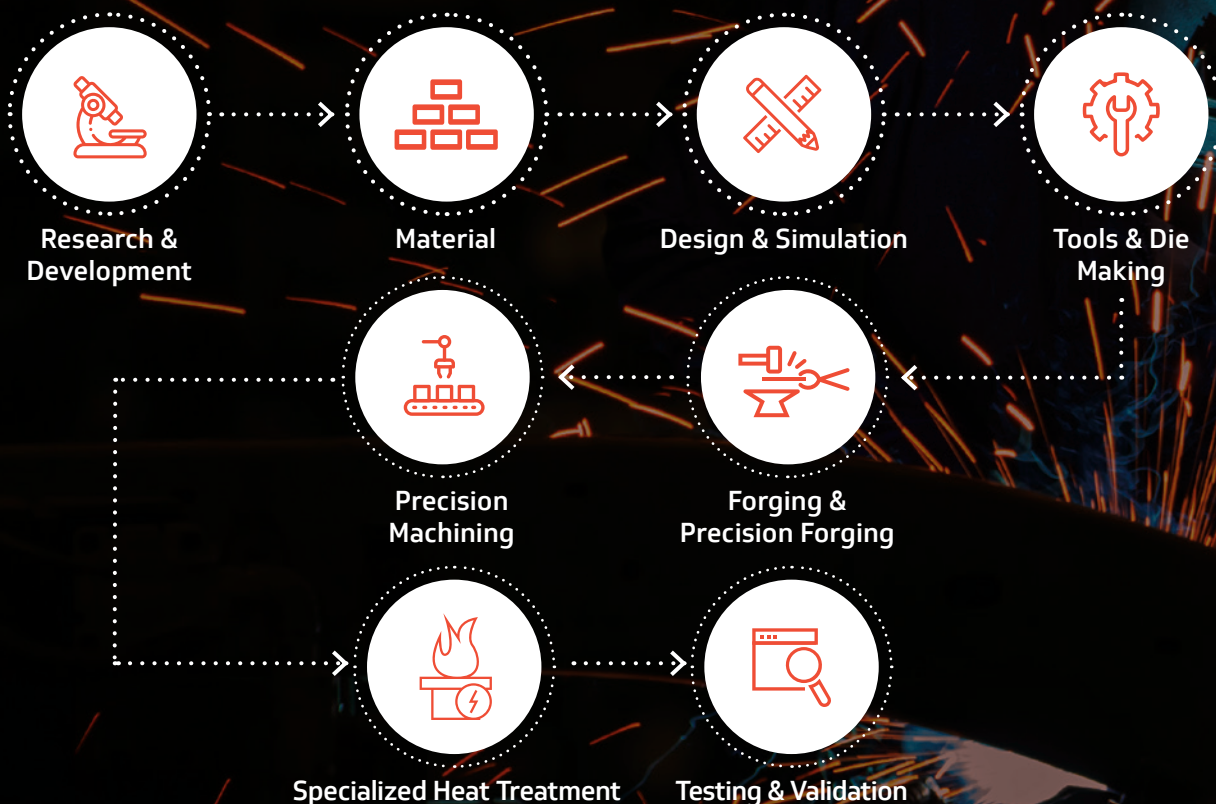
# Reinforcing Operational Excellence and Efficiency

**Our business involves manufacturing components with strict adherence to our customers' requirements. This necessitates state-of-the-art equipment, from tool making, forging, and machining to testing and validation. Along with giving customers innovative solutions, we are finding new ways and means to achieve greater efficiency by incorporating Digital Manufacturing. Our Industry 4.0 & IIoT initiatives will assist us in becoming a more leaner and fitter organization.**

## Our Manufacturing Competencies

We are a one-stop solution provider for all client needs, with competencies ranging from product conceptualization to sourcing materials, design and simulation, tools and die making, forging and machining, and undertaking inspection and testing. We possess the capacities and capabilities to process a wide range of materials from base metals to exotic alloys. Our manufacturing assets are highly fungible to address all the sectors we cater to. Our presence across all processes also enables us to have better control over quality.

### All Solutions Under One Roof



## Our Plants

We have a total of five plants in India – four for steel forging and machining and one for aluminum castings. Our plants are ISO 9001, ISO 14001, TS 16949, AS 9100 REV C, NADCAP, API Q1 and PED 97/23/EC certified. As of March 31, 2020, the total value of our property, plant and equipment stood at ₹ 36,578 Million. Capex incurred in the year amounts to ₹ 5,164 Million towards forging and machining capacity in Maharashtra.



## Business Optimization and Cost Rationalization

We are undertaking multiple Company-wide cost control initiatives, including enhancing processes, using efficient alternative resources, rationalizing manpower and facilities. Taking account of lower capacity utilization due to low demand, we have worked towards better production planning and utilizing this opportunity to implement our various digital manufacturing initiatives across our manufacturing locations.

interconnectedness across the plant, real-time availability of plant information for better control over equipment and manufacturing, and predictive maintenance. These have contributed to higher productivity, quality and effective management of downtime. We are also undertaking root cause analysis to identify and eliminate key pain areas.

We have also initiated workshops through Artificial Intelligence and virtual reality, simulating the workshop floor and enabling employees to undertake digital training.

## Strengthening Manufacturing Excellence

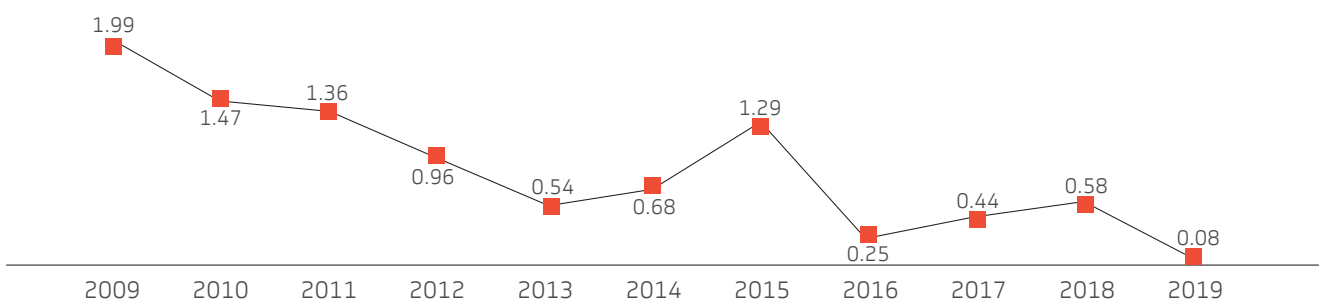
We have steadily evolved into a digital engineering solutions company with our investments in next-generation technologies – Industry 4.0 (includes automation, big data, Artificial Intelligence and Machine Learning) and Industrial Internet of Things (IIoT). These capability-enhancing investments are facilitating

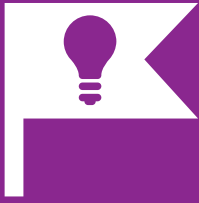
## SDGs Impacted



## Frequency Rate (Enhancing Safety and Productivity)

### BFL - Frequency Rate CY 2009 to CY 2019





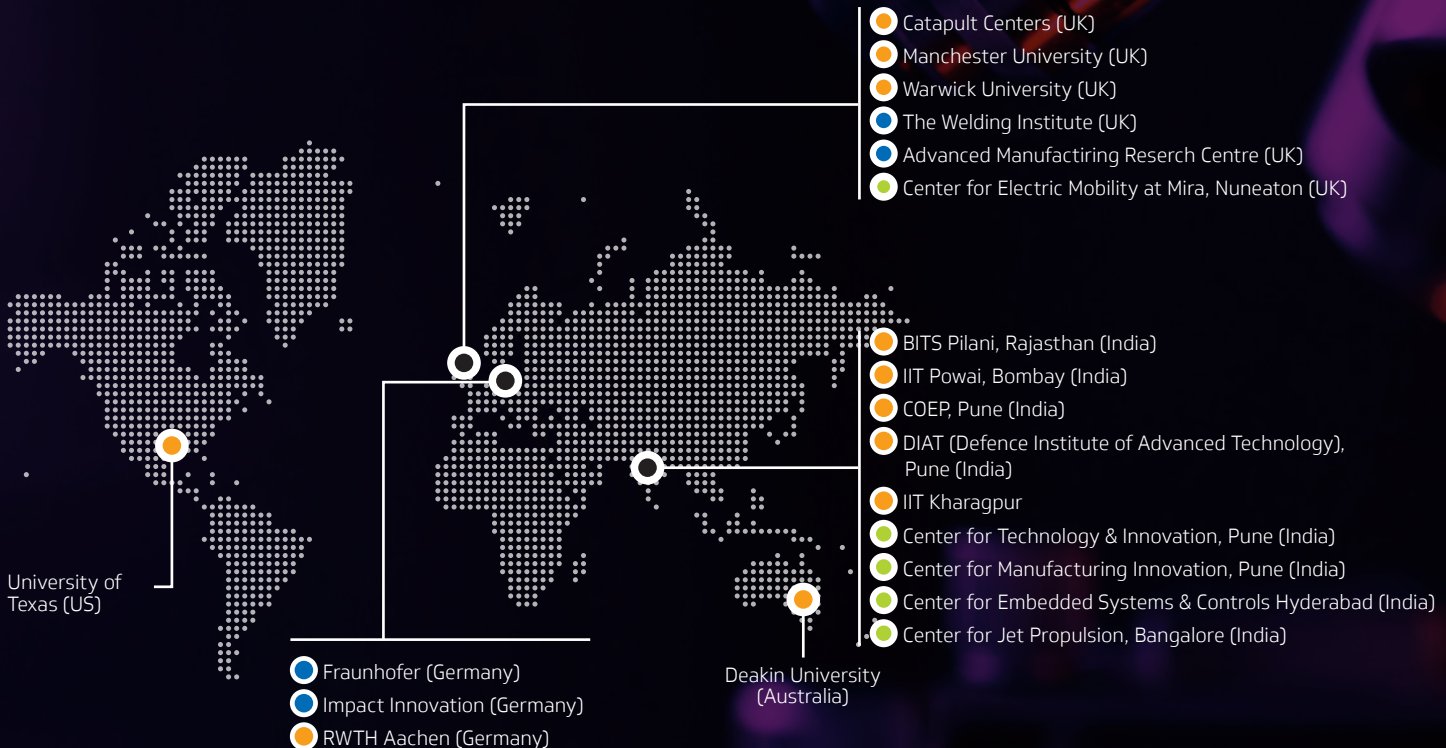
Intellectual Capital

# Investing in Cutting-Edge Technologies and Innovation

**We are augmenting our knowledge and skills in advanced materials and technologies, seeding new business areas, developing advanced new products, and improving our manufacturing processes. This will help us to further strengthen our intellectual capital. Our steadfast focus on in-house R&D and innovation will provide us a greater competitive advantage in the global arena.**

## Our Global Network of Innovation

We have, over the years, established strong relations with multiple academic institutions, research institutions and innovation centers globally. We are leveraging them to develop organic inhouse capabilities and scale our innovation charter.



Map not to scale. For illustration purpose only.

## Bharat Forge Limited R&D Centers

Innovation at Bharat Forge Limited is led by our two in-house R&D centers – Kalyani Centre for Technology and Innovation and Kalyani Centre for Manufacturing Innovation. These centers undertake extensive R&D activities and are helping us meet the evolving needs of customers. Details of these centers are as follows:

### Kalyani Centre for Technology and Innovation (KCTI)

KCTI is at the heart of our technology-driven strategy. With its strong network of relationships with innovation centers, research institutions, and academic institutions, it enables us to augment in-house knowledge and skills through advanced technical training, academic courses, innovation and extensive R&D. It is DSIR-recognized, NABL-certified and acknowledged and approved by all critical customers.

## Contribution by our R&D Centers

# 129

R&D employee strength

# 64

No. of MTech's

# 10

No. of PhD's

# 70

Total Patents filed till date

# 6

Total Patents granted till date

# 179

Total research papers presented globally

## Focus areas

- Research on metallurgical properties of various metals and optimization of forging processes through advanced labs of heat treatment, metallography, fatigue, creep testing
- Develop new products and improve performance of the existing products by value addition and value engineering

### Kalyani Centre for Manufacturing Innovation (KCMI)

KCMI undertakes prototyping related to new business and facilitates the development of samples. It has the latest state-of-the-art equipments for new product development and acts as an incubator of new technologies

## Focus areas

- Joint engineering support during product development
- Speedy development of samples
- Establishing design for manufacturing processes and technology

## Competencies of our R&D Centers

- Metal processing and nanotechnology
- Material analysis and testing
- Advanced manufacturing
- Virtual manufacturing
- Process engineering
- Software capabilities

## SDGs Impacted





Human Capital

# Honing People Capabilities

**We are witnessing continuous evolution and transformation in our product, process, and customer practices. To make our people ready for these changes, we are focused on honing their capabilities to fortify the backbone of our success. We are continuously aligning our human resource practices with the growing business expectations of smart workplace and smart factory.**

## The Five Pillars of Nurturing Human Capital

Our five-pillar strategy is designed to build human resource capability in line with the transformation and evolution happening at Bharat Forge Limited.

1

### Talent acquisition to support business growth

- Creating people bandwidth for our business evolution and expansion through internal hiring and job rotations
- On-the-job grooming of entry-level engineers for senior technical and managerial roles

2

### Talent development

- Developing technical domain knowledge through job trainings and collaboration with premier institutions
- Undertaking unique and customized technical competency development initiatives in forging and machining
- Leadership and managerial capability development to achieve strategic goals and support new businesses and expansion projects

3

### Digital workplace

- In-house and external trainings and implementation of customized capability building initiatives under the umbrella of Industry 4.0 to build a robust team conversant with digital tools and techniques for a smart workplace and factory
- Automating transactional processes in HR to enhance speed and efficiency

4

### Culture of employee involvement

- Programs to involve employees and their families
- Systematic organization of annual events to increase employee participation
- Involvement of line managers in implementing various HR actions and undertaking responsibility to become the nodal contact point for department staff

5

### Harmonious relationship with unions

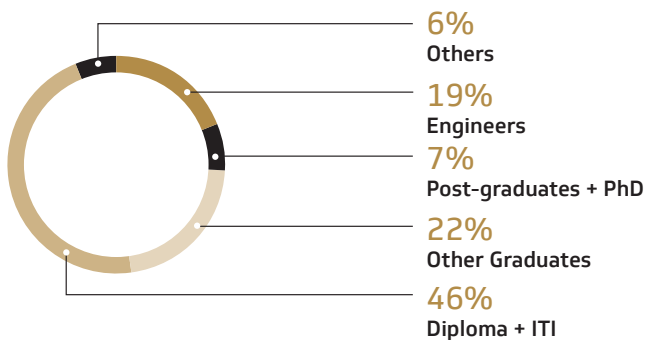
- Industrial relations philosophy emphasizing on involvement of workers and their representatives to ensure implementation of changes and peaceful wage settlements
- Industry 4.0 training to workers to build a digital workplace and improve their understanding of products and processes
- Partner with the unions to ensure cordial and proactive industrial relations across all the plants

## Nurturing a Culture of Diversity and Inclusion

Diversity and inclusion are deeply embedded within our culture. This fosters new ideas and a motivated workforce. We ensure there is no discrimination in terms of gender, race, ethnicity, or religion and that every employee is treated with dignity and also have conducive policies to encourage their growing participation.

### Workforce Diversity

#### Qualification-wise



### Ensuring Employee Health and Safety

We have implemented globally accepted best practices across all plants to reduce incidents and ensure a safe workplace. Employees are equipped with all safety gear and must undergo regular training. All safety-related programs are audited and monitored to check progress as well as sensitize employees. With the onset of the COVID-19 pandemic, we undertook utmost precautions for our employees by proactively circulating information and putting in place best health and hygiene practices designed to deter this specific contagion.

### SDGs Impacted



**101,022 hours**  
Total hours of employee training

**85%**  
Of total employees trained

### Our Academic and Skilling Program for Employees

#### Skill upgradation

- Undergraduate studies at BITS Pilani
- Post-graduate studies at IIT Bombay

#### Management development

- Post-graduate studies at Warwick University

#### Technology development

- Technology-specific programs at Fraunhofer, RWTH Aachen University, COEP, The Institute of Welding, Deakin University, and Advanced Manufacturing Research Centre

#### Advanced technical skills

- Accelerated training on Industry 4.0 – Hydraulics, Pneumatics, Sensor technology, Human machine interface, PLC & control wing, Mechatronics, AR & VR, Big Data analysis, IoT

**1,000+**  
Manpower skilled in Industry 4.0 technology

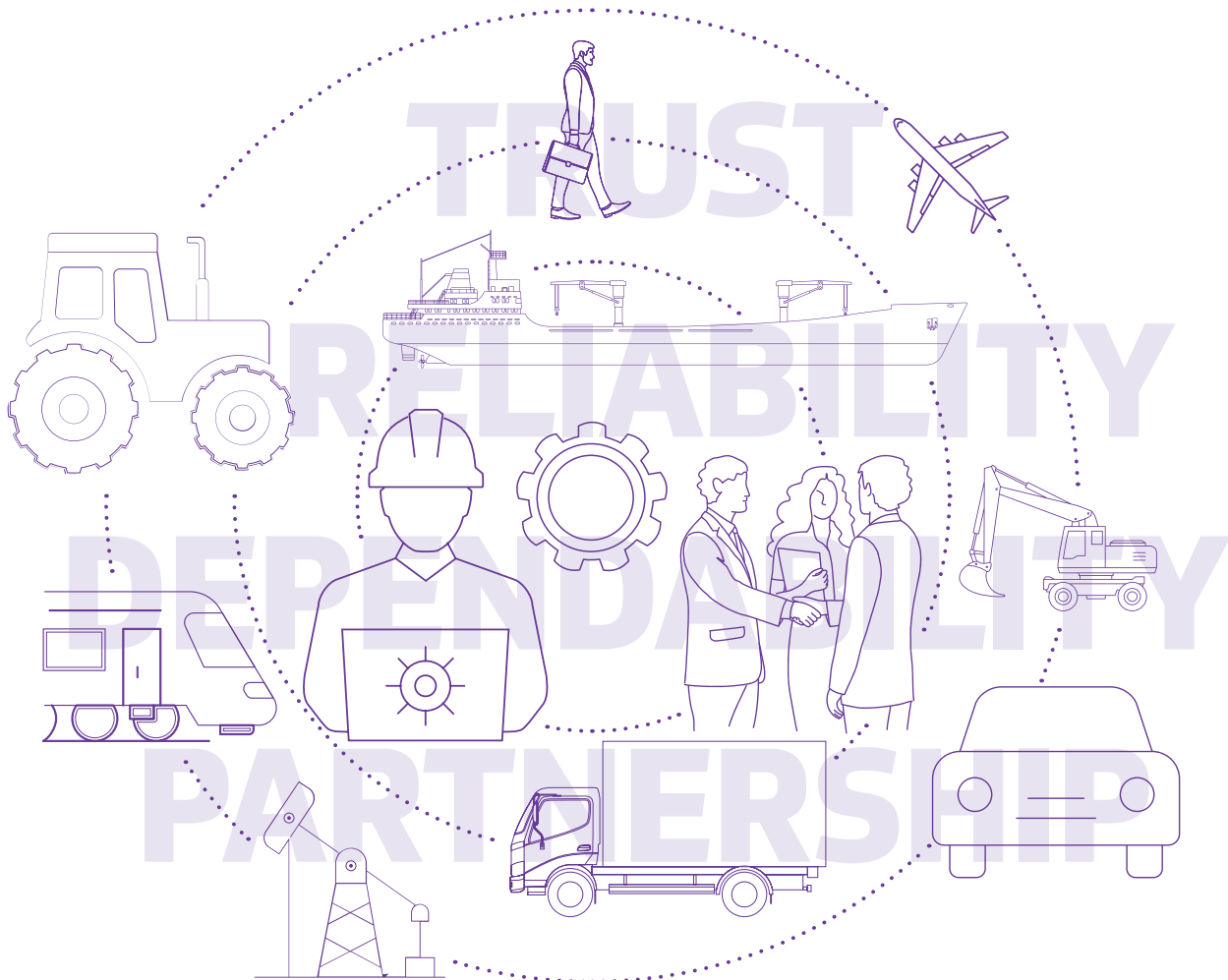
**287**  
No. of training programs



Social and Relationship Capital

# Delighting Customers and Building Relationships

**Our Customers work very hard to not only set trends but also adapt themselves to the constantly emerging markets. As a dependable and strategic Supplier-Partner, this situation behoves us to constantly refine our engagement and offering. We endeavor to deliver precise and tailor-made solutions to improve the reliability and dependability including overall performance of their products. Our goal is to create truly sustainable relationship capital.**





## Focus Area for Value Addition to Customers

1

Lightweighting for improving the total cost of ownership

2

Leveraging our metallurgical and innovative manufacturing technology to enhance product performance

3

Seamless competitive co-product development capability – cradle to entire life-cycle

### Collaborative Working

Over the years, we have established strong relationships with automobile OEMs and industrial clients on the basis of our quality standards, timely supply reliability, and ability to innovate. We are nurturing these relations by working closely with them and delivering on their specific requirements with our innovation capabilities. Interactive sessions with our coveted customers are constantly encouraged as this helps us identify their needs better and, therefore, perform better. Seamless linking of knowhow to R&D, technology, people and processes has enabled us to grow into a preferred technology co-development partner.

### Value Addition to Customers

We are undertaking R&D focused on modifying the weight and materials of components used in automobiles and industrial applications, thus enhancing their quality and performance while reducing costs. We are striving to integrate across the value chain to become a one-stop solution for them. We are adapting and innovating to address the changing landscape of automotive technology and also cater to the technological demands and aspirations of our unique global customers in the industrials space. We are confident of our unmatched front line design, engineering, dual shore manufacturing and innovation capabilities to provide superior value addition to our customers.

### Recognition from Customers

#### TATA MOTORS

Quality Excellence Award

#### Kirloskar Oil Engines

Supplier of the Year Award

#### VE Commercial Vehicles Ltd

SCM Award

#### Mahindra & Mahindra

Best Product Development  
Best Overall Supplier

#### GM

Supplier Quality  
Excellence

#### PACCAR/DAF

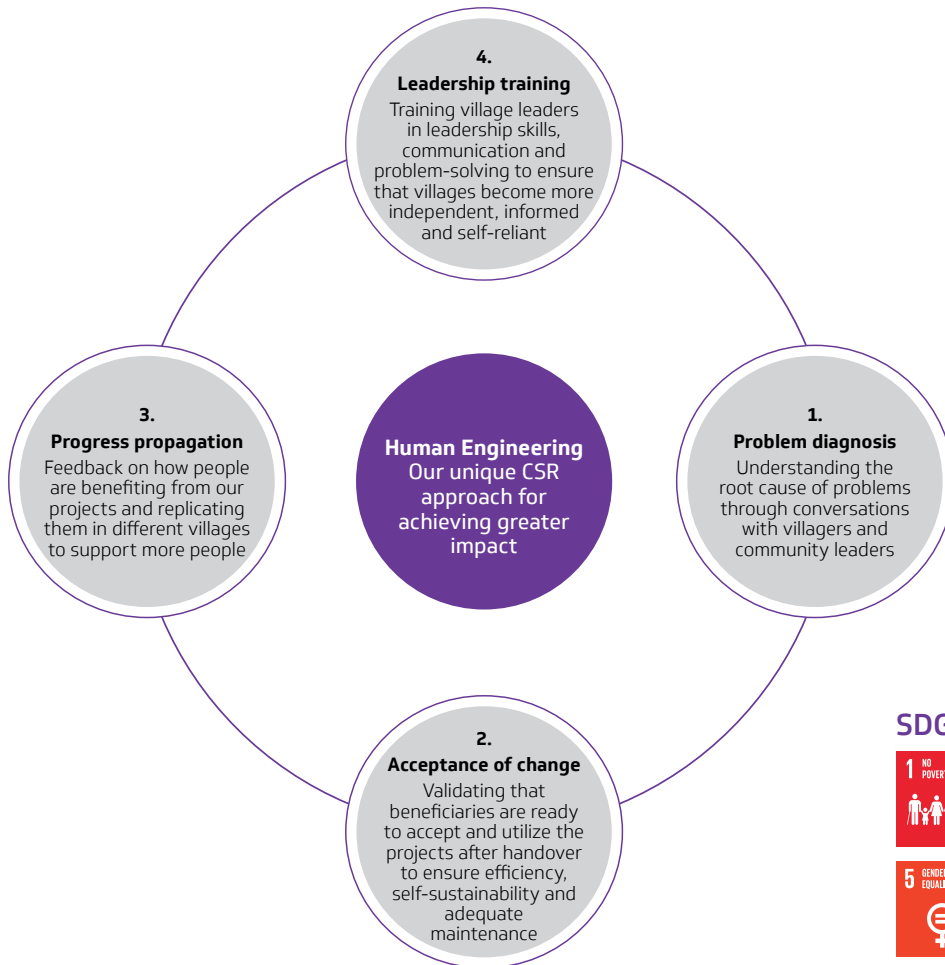
LEADER Award

#### Caterpillar

GOLD Certification

# Working for the Betterment of Communities

We have been at the forefront of uplifting communities for the past 45 years. Over time, we have widened our CSR focus areas, positively touching a million lives. Result-oriented CSR programs help us channel our efforts and resources in the most impactful ways, bringing about empowerment at the grassroots level.



## SDGs Impacted



## Our CSR Focus Areas



Village development

**120,000+**

rural lives touched



Skill development

**3,000+**

youths skilled



Community development

**950+**

women empowered



Lakshya – sports development

**7**

sportspersons supported



Education

**47,535**

students impacted



**174,492+**

lives touched



### Driving Prosperity of Villages

#### Village Development

Village development is our flagship program where we envision developing **100 villages** through need-based solutions in the areas of water availability, livelihood opportunities, health & nutrition, education, and infrastructure. We also provide training to the local leaders and community influencers to make them aligned with our program goals and ensure self-sustainability once the projects are handed over to the community.

#### Making villages water rich

Our water programs encompass irrigation, water storage and harvesting, and drinking water. We undertook multiple

irrigation initiatives involving the construction of **10 Bandhara (low dam) across 18 villages** and **desilting of 6 Talav (water reservoirs) benefiting 12 villages**. The dams and reservoirs are helping drive inclusive growth by enhancing agricultural water availability in the villages, thus leading to higher farm incomes and livelihood security.

A water harvesting program was executed in Kalewadi, Purandar (Pune). It has helped farmers undertake the plantation of custard apples, figs and pomegranates, resulting in significant growth. Additionally, we have constructed water tanks to ensure availability of drinking water in the area. Several such initiatives undertaken during the year have **benefited 100 villages**.

**Key water programs undertaken during the year**

**Bandhara construction**

- **Koregaon taluka, Satara district**
  - Kanherkhed village – beneficiaries: 500 farmers
  - Ekambe village – beneficiaries: 3,000+ people; land under irrigation: 125 hectares
- **Shevgaon & Nagar taluka, Ahmednagar district**
  - Vadgaon-Gupta village – beneficiaries: 1,000+; storage capacity: 144 TCM; road construction with dug materials: 8 km
  - Falakewadi, Shahajapur, Aavhane and Bhagur villages – beneficiaries: 3,000; storage capacity: 123.12 TCM; road construction with dug materials: 10 km
  - Wagholi village – beneficiaries: 1,750; storage capacity: 131.76 TCM; road construction with dug materials: 12 km
  - Vadgaon-Gupta village – beneficiaries: 1,000; storage capacity: 94.5 TCM; road construction with dug material: 25 km
- **Ambegaon taluka, Pune district**
  - Gangapur village – beneficiaries: 3,000 farmers; storage capacity: 49 TCM
  - Additional villages covered – Thakarwadi, Chapatewadi, Chikhali, Fadalewadi, Ugalewadi, Kolwadi-Kothamdara and Dasturwadi
- **Panhala taluka, Kolhapur district**
  - Devale, Awali and Boriwadi – beneficiaries: 10,000+; storage capacity: 2 TCM

**Talav desilting projects**

- **Purandar taluka, Pune district**
  - Vanpuri village - silt removed: 23,812 m<sup>3</sup>; water storage capacity: 23.81 TCM; land under irrigation: 95 hectares; beneficiaries: 1,500
  - Zendewadi village - silt removed: 74,250 m<sup>3</sup>; water storage capacity: 74.25 TCM; land under irrigation: 125 hectares; beneficiaries: 2,000
- **Baramati taluka, Pune district**
  - Madanwadi village - silt removed: 300,000 m<sup>3</sup>; water storage capacity: 300 TCM; land under irrigation: 546 hectares; beneficiaries: 10,000+; additional benefits:

construction of 5-7 km internal road using desilting material, spread silt across 50 acres of barren land, making it fertile and recharging 500 open wells

**Water availability projects and water distribution**

- **Water tank pipeline construction** in Jaygaon, Chilewadi, and Chikhali village of Satara district
- **Cement water tank construction** in Thakarwadi, Bagwadi, Numberwadi, Wadachi wadi and three other wadis of Pune district with total storage capacity of 40,000 litres
- **Water-filtering plant for pure drinking water and pipeline work** in Dive village of Purandar taluka, Pune district, creating a total water storage capacity of 1,000 liter/hour and covering land under irrigation of 115 acres respectively



Before



After

Talav (Water reservoir) desilting project at Village – Madanwadi, Taluka – Baramati, District – Pune

**Bringing smiles and prosperity to the onion farmers in Aakhegaon**

We initiated five water conservation projects in Ahmednagar district, with the most significant one in Aakhegaon (taluka Shevgaon), undertaken with the help of Jankalyan Samiti Dakshin Nagar. It contributed to a significant increase in water storage capacity. This enabled the villagers to irrigate their farms, leading to five times increase in onion produce. Furthermore, the river silt was used to construct internal roads. The project improved the income levels and standard of living of villagers.

### Creating livelihood opportunities

We carried out land levelling work in the hilly terrain of Ambegaon taluka. This has assisted farmers in cultivating nuts, potatoes, and marigold, enhancing income. This project in Chapatewadi village led to a **25% increase in income for 80 farmers**.

### Ensuring health and nutrition of villagers

We focused on improving the health of women by undertaking initiatives in cancer screening and other diseases, leading to better diagnosis and precautionary behavior. During FY 2020, our health outreach program supported **2,210 women**. Additionally, we provided training to Asha workers on impact measurement of nutritional support for school children with the help of the NGO Samavedana.

#### The following health camps were conducted:

- Tests conducted in Rui, Pimpri, and Pawarwadi villages of Koregaon taluka, Satara district, benefiting 404 women
- Cancer screening camps with hemoglobin test and awareness sessions were conducted with the support of Sahyadri Hospitals (Pune) and the NGO Samavedana, benefiting 1,388 women from Chikhali, Gangapur, Chapatewadi, and Kalewadi villages
- Cancer screening camps conducted in Purandar and Koregaon talukas, benefiting 418 women

### Improving standard of living

We also undertook road construction initiatives to enhance accessibility to villages. This is unleashing development in terms of better employability, education, **crop yield**, and a sharp rise in villagers' income. Our program also addressed the need for basic infrastructure and toilets in villages. During the year, **we have constructed 53 km of roads**, impacting the lives and livelihoods of **11,350 villagers**, and have built toilets benefiting **13,000 people**.

#### Major infrastructure work includes:

- Internal concrete roads in Koregaon taluka, Satara district, Aapti Gangapur Kh village in Ambegaon taluka, Pune district, Guroli village of Purandar taluka, Pune district, and Ambavade village of Pahnala taluka, Kolhapur district
- Internal roads and road-side gutter in Salgaon and Nagzari villages of Koregaon taluka, Satara district, Awali village and Udachiwadi village in Purandar taluka, Pune district
- Paved block road in Pimpari and Nhavi villages in Koregaon taluka, Satara district

- Cremation ground at Satara which was a dire need for the villagers as the village did not have any crematorium, thus addressing their dignity and respect
- Renovation of public toilet at Kolhapur which got damaged due to severe floods as asked by Kolhapur Municipal Corporation



Before



After



Mr. M Kalshetty – Commissioner, Kolhapur Municipal Corporation (KMC) along with Mr. Dilip Patil - Health Officer, KMC and Mr. Jaywant Powar - Chief Sanitary Officer, KMC visiting the construction work

### Facilitating literacy in villages

Our education program focused on initiatives around renovating, repairing and building Zilla Parishad Schools in different villages. During the year, we undertook the following initiatives:

- Renovation of Zilla Parishad School in Nagzari village in Koregaon taluka, Satara district

- Construction of school building in Vadgaon Kashimbe and Girim villages in Pune district
- Construction of roof-work of Zilla Parishad School in Hivare village in Purandar taluka, Pune district
- Repairing and painting of Zilla Parishad School in Dasturwadi village in Ambegaon taluka, Pune district
- Construction of toilet at school in Shirsuphal village in Baramati taluka, Pune district, and Devale village in Panhala taluka, Kolhapur district
- Infrastructure development and construction of compound wall of schools in Ropale Kh, Bedagewasti, Chavanwasli villages in Madha taluka, Solapur district
- Construction of 8 urinals and 2 WCs of 4 Zilla Parishad School in Ropale Kh, Wadachiwadi, Bokad Darawadi, and Uplai Kh villages in Madha taluka, Solapur district



**Developing Communities by Empowering Women**  
Community Development

Women are key to driving community development. We are making this possible by facilitating skill development and small-scale business support, enabling the women to become independent. Additionally, we are also arranging get-togethers for enhancing their self-confidence and thus making a difference in their emotional well-being.

**Key initiatives undertaken during the year include:**

- Stress management sessions covering 185 Self-Help Group (SHG) members of Vadgaonsheri, Hadapsar, and Keshavnagar community centers. Women at these centers were also supported with income generation programs like stitching, and making bag, bangle, lamp, papad and other eatables, earning a combined **₹ 2.15 Million**
- Diwali exhibition and sale to develop entrepreneurial skills of women members of SHG from Hadapsar, Mundhwa, and Vadgaonsheri community centers
- Organizing events like World AIDS Day, anti-tobacco drive and International Yoga Day to promote awareness. Yoga sessions were also conducted in association with Patanjali Yoga Samiti and Art of Living, covering **235 members and 1,725 children** from four government schools
- Fun activities, cultural performances, trainings and competitions, annual get-together
- Setting-up composter plant in 70+ households at Keshavnagar to manage waste by converting kitchen waste into good fertilizer



Initiatives to encourage creative aptitude and enhance academic performance of children



**Shaping Future Through Education**  
Education Development

Our education initiative is designed to impart knowledge alongside making children aware, confident and self-reliant. We emphasize on bringing creative minds together, honing their communication abilities and improving their life skills. Our noteworthy initiatives “Pradnya Vikas Program” and “Anubhav Shala – Khelghar” focus on developing the personality and leadership skills of underprivileged children in Pune.

We are also supporting Pratham Pune Education Foundation (PPEF), which works towards facilitating basic education for underprivileged children. It includes sessions for basic concepts of Mathematics, Science, English and Marathi, with interactive teaching. It has touched the lives of over **150,000 children** in Pune since inception and is a catalyst for women’s empowerment. This program includes non-formal education initiatives like library, balwadhan, digital, and creativity center, benefiting 25,752 children. During the year, it conducted a total of 40 activities for children, parents, teachers, team managers and others. Together with them, we also arranged eye, ENT and dental check-up camps, covering 5,345 children across various regions.



**Spreading the Joy of Giving**  
Employee Volunteerism

We are continually sensitizing our employees to come forward to help communities, with the objective of transcending beyond Corporate Social Responsibility to Personal Social Responsibility. Our employees have volunteered for initiatives such as:

- No-tobacco drive held in collaboration with the NGO named P.A.C.E (Prevent Addiction through Children’s Education), run by a team of doctors in Pune, covering 8 government schools and around 4,000 children

- Traffic volunteering to create mass awareness about traffic in Pune and PCMC areas in an initiative organized by CII
- Swachha Sundar Shala (Clean Schools) across **135 Zila Parishad** and corporation schools, covering **15,489 students** and distributing prizes for cleanliness
- Daan Utsav (Joy of Giving), where employees collected and helped in distribution of kits with satranji, blanket, sari and Diwali sweets to more than 230 poor families across villages
- Imparting training on safety and fire-fighting to ITIs (Industrial Training Institutes)

### **Facilitating Employability** Skill Development

We have collaborated with CII and College of Engineering, Pune, to support graduates from rural background. These students were trained in soft skills like communication, presentations, team-building and motivation, stress and time management, and emotional intelligence, thus increasing their employability quotient. During the year, **90 graduate students** were supported.

Bharat Forge Limited has signed an MoU with Vishwakarma Vocational Training Institute, Pune, to provide a specialist course in 'Radio Frequency and Microwave Technology' to engineering graduates (B.E./B.Tech) and postgraduates (M.E./M.Tech) from rural background.

Development, upgradation and skill education training has been imparted at Industrial Training Institutes (ITI) at Khed, Bhor, and Malegaon. **Our ITI Khed also received the award of the Best ITI in Pune region.**

Our initiative has been recognized by the Government of Maharashtra and awarded for 'Outstanding commitment and dedicated support as the industry partner'.

### **Sports Development**

The Company conducts its sport development initiatives under Project Lakshya. In FY 2020, it continued providing financial and training support to talented and promising sportsmen from across the country. The Company actively supports sports including tennis, chess, boxing, car racing, and badminton among others.

## An intent acknowledged. A movement applauded.

### **Bharat Forge won the prestigious Golden Peacock Award for Corporate Social Responsibility in FY 2020,**

which is regarded as a benchmark of corporate excellence worldwide. The award was presented jointly by Mrs. Rajashree Birla, Chairperson, Aditya Birla Centre for Community Initiatives and Rural Development, and Director on the Boards of Aditya Birla Group of Companies, and Hon'ble Mr. Justice Cyriac Joseph, LokAyukta Kerala, Former Chief Justice of Karnataka and Uttarakhand High Courts, Former Judge, Supreme Court of India and Former Acting Chairperson and Member, National Human Rights Commission.



On July 15, 2019 – on the occasion of World Youth Skill Day, the Directorate of Vocational Education and Training and Skill Development and Entrepreneurship Department, **Govt. of Maharashtra awarded Bharat Forge for 'Outstanding commitment and dedicated support as the Industry Partner'** for developing and upgrading ITIs at Khed, Bhor and Malegaon. Bharat Forge Limited received the award at the hands of Shri Vidyasagar Rao, Hon'ble Governor and Shri Sambhaji Patil Nilangekar, Hon'ble Skill Minister.





Natural Capital

# Drive for a Sustainable World

**The need for climate change mitigation has never been greater than now. We have aligned ourselves with the UN Sustainability Development Goals to make our operations more sustainable. Our actions are contributing to a better world, protecting natural capital, and they are also making our manufacturing more resource-efficient and resilient.**

## Reducing Water Consumption

Curbing water consumption is one of the fundamental aspects of sustainability and we have done much in this regard. Our wastewater treatment plant has been upgraded to ensure efficient treatment of wastewater. The recycled water is used for various industrial processes and maintenance of facilities. This has helped us achieve zero wastewater discharge. Further, measures like improving Furnace RC fan cooling water re-circulation system, re-circulating water used in cooling drop-outs have been carried out. We have also installed a sprinkler system for gardening purposes at our locations to ensure optimal use of water.

These actions have led to a reduction in water consumption from 2.84 KL/ MT of production in FY 2010 to 2.25 KL/ MT in FY 2020.



Tree plantation at Taluka - Purandar, District - Pune.



Under our Jalyukt Shivar water storage CSR program, we have undertaken projects for collecting rainwater and storing it for use by the surrounding villages. Seven such projects are being executed, with a total of 463 Trillion cubic liters of water storage capacity.

### Ensuring Efficient Waste Management

All our factories are installed with effluent treatment plants (ETPs). It is also proposed that the treated waste sludge at these ETPs be recycled and used as lubricant in the forging process, further minimizing the disposal of waste effluent sludge and creating value from waste. We will see significant benefits from this initiative in the coming years.

Our initiatives have helped to sharply reduce the generation and disposal of hazardous material from 447,190 MT in FY 2019 to 247,950 MT in FY 2020.

### Conserving Energy

We have installed Value Energy Stream Mapping as an effective lean manufacturing tool to identify and reduce wastage of energy. We have also substituted traditional lighting with energy-efficient LEDs across all plants and plugging energy loopholes wherever possible. We have implemented Energy Management Programs (EMPs) to provide better insights into electricity consumption by use of variable frequency drive and other technical upgrades to reduce it.

### SDGs Impacted



### Climate Action

Reducing carbon footprint is an important focus area for us. Towards this, we have replaced the heat treatment process with the control cooled process, ensuring lower CO<sub>2</sub> emissions and converting 100% of oil-fired furnaces to cleaner piped natural gas (PNG) furnaces. These process improvement initiatives have drastically reduced CO<sub>2</sub> emissions from 124,830 MT in FY 2019 to 67,898 MT in FY 2020.

Transitioning to renewable energy in our operations, we have installed wind turbines generating 24.48 MW of power and 100 KWp solar panels (generating 150,000 units of power). This has reduced annual CO<sub>2</sub> emission by 45,462 MT and 117 MT respectively. Our Mundhwa and Baramati plants have installed online ambient air monitoring system to measure, control, and monitor the air quality surrounding these plants.

### Minimizing Resource Consumption

We are continuously undertaking innovations to make our products more resource-efficient. Two such innovations of light-weighting crankshaft and front axle beam have resulted in weight reduction of 9% and 9.5%, respectively, without affecting their performance characteristics. For shipping of goods, we have replaced wooden boxes with metal pallets and packaging boxes that can be recycled and reused.

### Biodiversity

We undertake tree plantation drives across all our factories as well as in the neighboring villages, schools, and barren government land. During the year, we have planted 27,885 trees as compared to 17,500 trees in FY 2019.

### Impact of our environmental programs\*

	FY 2019	FY 2020
Wastewater discharge (cubic meters per day)	0	0
Reduction in hazardous waste disposal (MT/Year)	447,190	247,950
CO <sub>2</sub> emission reduction through process improvements (MT/Year)	124,830	67,898
Reduction in scale generation by optimization of forging design (MT/Year)	60,040	42,451
Electricity saving by changeover to LED in CDFD (KWH/Year)	124,300	116,815
Tree plantation outside BFL sites	17,500	27,885
Reduction in CO <sub>2</sub> emission through 24.48 MW wind turbine (MT / year)	45,462	45,462
Reduction in CO <sub>2</sub> emission through 100KWp solar panels (MT / year)	117	117
Reduction in CO <sub>2</sub> emission through conversion of oil-fired furnaces to PNG furnaces (MT/Year)	-	21,000

\*Parameters based on evaluation of Pune plant located at Mundhwa

# Management Discussion and Analysis



Centre for Light Weighting Technology (CLWT), Nellore, India

## Economic Review

### Global Economy

The global economy registered a tepid growth of 2.9% in Calendar Year (CY) 2019 as against 3.6% in CY 2018, the slowest since the FY 2008 global financial crisis. Elevating trade barriers, lowering global manufacturing activity, the unfavorable impact of Brexit on European trade, and country-specific shocks slowing down emerging market economies dampened the global economic growth.

Emerging Markets and Developing Economies (EMDEs) witnessed slower economic growth of 3.7% in CY 2019 as against 4.5% in CY 2018. The lower growth was on account of country-specific shocks, especially in India, Brazil, Mexico, Russia, and South Africa. India saw a sharp

decline in consumption due to the non-banking financial companies (NBFC) crisis and a subsequent decline in credit growth.

Among the Advanced Economies (AEs), economic growth of the United States of America (USA), after recording 2.9% in CY 2018, declined to 2.3% in CY 2019 after several quarters of above-trend performance. Britain's exit from the European Union at the end of January 2020 came with looming uncertainty over a trade deal and muted European economic growth to 1.3% in CY 2019 as against 1.9% in CY 2018. The lower growth of USA and Europe weighed down the performance of AEs as well; they grew at a lower than estimated rate of 1.7% in CY 2019 as against 2.2% in CY 2018.

(Source: IMF World Economic Outlook June 2020)

## Outlook

Despite many challenges, manufacturing activity and global trade were showing tentative signs of bottoming out towards the end of CY 2019. Major economies' broad-based shift to accommodative monetary policy, a favorable trade deal between USA and China, and reduced risk of no-deal Brexit supported a faster economic recovery. Keeping cognizance of these positive triggers, the International Monetary Fund (IMF) had estimated global economic growth at 3.3% in CY 2020 and expected it to inch up to 3.4% in CY 2021.

However, the outbreak of COVID-19 (novel coronavirus disease of FY 2019), declared a pandemic by the World Health Organization on March 11, 2020, derailed all estimates. The impact of COVID-19 spread across all nations and restricted their economic activity with lockdowns. As a result, the IMF has projected global output to decline by 4.9 % in CY 2020. However, it expects a sharp recovery in CY 2021 at 5.4%, provided the virus spread is successfully contained and economic activities return to pre-COVID levels.

(Source: World Economic Outlook June 2020, International Monetary Fund)

## Indian Economy

Financial Year (FY) 2020 has been a challenging year for the Indian economy, impacted by global gloom and internal issues. The country witnessed a subdued gross domestic product (GDP) growth rate of 4.2% in FY 2020, a sharp drop from 6.1% in FY 2019 and the slowest in the past seven years. Three of the four key growth engines – private consumption, private investments, and exports – witnessed a severe slowdown during the year. The fourth engine – government consumption and investment – also fell short of reviving economic sentiment due to rising budgetary deficit pressures.

The NBFC crisis, coupled with subdued economic activity, impacted key Indian sectors such as automobile, aviation, and real estate. The Indian automobile industry underwent one-of-a-kind challenging environment; it was affected by both the global slowdown and domestic hindrances such as liquidity crunch, GST, and BS-VI implementation.

(Sources: IMF World Economic Outlook June 2020, The Ministry of Finance, CMIE, Deloitte)

## Outlook

Despite the pre-COVID challenges, the Government of India (GoI) remains confident of reviving the economic growth and fulfilling its target of becoming a USD 5 Trillion economy by FY 2024. To meet this objective, it undertook

Financial Year (FY) 2020 has been a challenging year for the Indian economy, impacted by global gloom and internal issues. The country witnessed a subdued gross domestic product (GDP) growth rate of 4.2% in FY 2020, a sharp drop from 6.1% in FY 2019 and the slowest in the past seven years.



Open Die Forging Heat Treatment

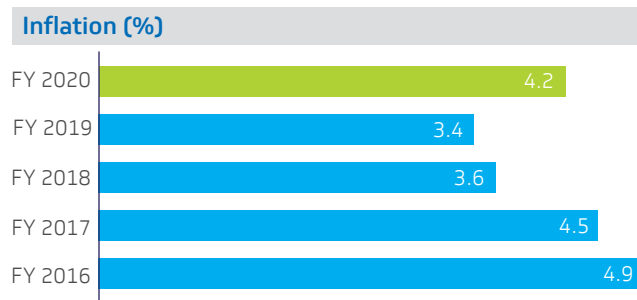
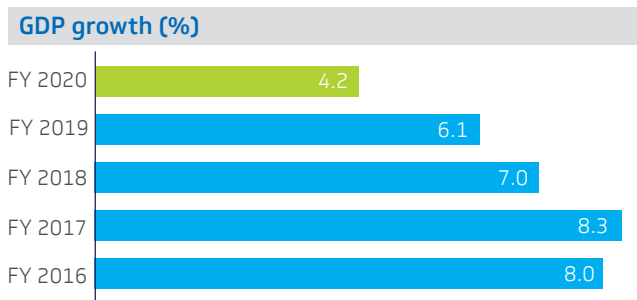
various reformative policies and initiatives such as the National Infrastructure Pipeline (NIP), liberalization of FDI norms in select sectors, and recapitalization of public sector banks to alleviate the country's liquidity concerns, among others.

However, all the efforts took a backseat with the nation battling the COVID-19 pandemic since March 2020. The nationwide lockdown restricted movement of goods and people, disrupting manufacturing and supply chains and nearly paralyzing consumption. The IMF has projected a deeper 4.5% contraction for India in FY 2021 than earlier estimated, citing the longer lockdown period and slower than anticipated recovery.

The Government, balancing the country's economic and health needs, announced a comprehensive stimulus package to the tune of 10% of GDP under the Self-Reliant India Movement (Aatmanirbhar Bharat Abhiyan). This is expected to help different sectors of the economy and counter the economic decline. Also, the slump in international crude oil prices is likely to enable the GoI to lower its current account and fiscal deficit.

(Source: IMF World Economic Outlook June 2020)

**India: Real GDP growth and its components**



**Business Environment**

**Automobile Business**

**Global Automobile Industry**

The global automobile industry is undergoing an evolution, as stringent emission norms across major economies propel a shift from diesel to electric vehicles. Amidst this, the global auto industry continued to witness a slowdown in CY 2019. While major markets like Brazil, Russia, India and Europe declined, the impact of demand drop in China and the USA, two of the world’s largest automobile markets, was greater.

Weak credit growth, more demand for used vehicles, new emission standards, and depressed consumer incomes contracted demand for light vehicles globally.

Though CY 2019 witnessed growth in the heavy truck market volumes, higher equipment costs, uncertain demand, enough available capacity and weak freight market will weigh on the segment in the future. After 2 years of strong growth, demand for class-8 trucks in the US has plateaued amidst economic slowdown and inventory overhang. The demand for Heavy Commercial Vehicles (HCV) in Europe also declined owing to the slower economic activity in the region.

(Source: Fitch Ratings, International Organisation of Motor Vehicle Manufacturers)

**Outlook**

COVID-19 is likely to continue affecting global production for many auto producers and suppliers, impacting auto sales. Vehicle sales globally are also likely to decline due to the liquidity crunch, falling consumer sentiment, and higher than expected unemployment levels. In this backdrop, CY 2020 is likely to be a challenging year for the global automotive industry. Other negative factors are intense competition, trade disputes, excess inventory, emission norms change, and emergence of Connected, Autonomous, Shared, and E-mobility (CASE). On a positive note, easing trade tensions and accommodative monetary policies by major economies are likely to revive global economic activity and benefit the automobile industry.

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On a positive note, easing trade tensions and accommodative monetary policies by major economies are likely to revive global economic activity and benefit the automobile industry.

The Company continues to leverage its strong relationship with customers to focus on increasing content per vehicle and intensifying new product introductions globally in collaboration with OEMs.



Auto Component Machining Line

## Company Review of the Exports Auto Market

### Commercial Vehicles (CV)

FY 2020 was a rather challenging year for the commercial vehicles business due to weak demand in major end markets.

In the USA, lower freight activity and increased freight capacity after two consecutive years (CY 2018 and CY 2019) of strong growth in US class-8 truck production have subdued the scope for fleet expansion in CY 2020. Consequently, OEMs became cautious and cut production in line with the lower demand and facilitate dealer inventory destocking.

In Europe, despite the slowdown in the second half of the year, the commercial vehicles market rose 2.5% in CY 2019. Having recorded seven consecutive years of growth, the European commercial vehicles industry is also bracing for a slowdown in CY 2020. Following the COVID-19 contagion, the heavy commercial vehicle industry is likely to remain under pressure, as consumer demand remains low for some time.

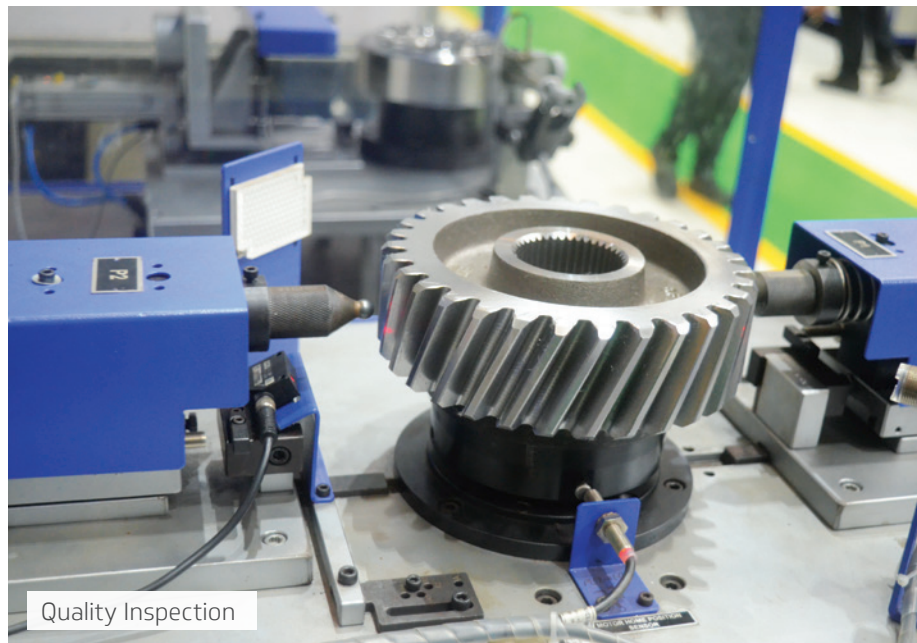
Commercial vehicles export revenues for the Company stood at ₹ 12,702 Million in FY 2020 as compared to ₹ 15,912 Million in FY 2019, a drop of 20.2%. The Company continues to leverage its strong relationship with customers to focus on increasing content per vehicle and intensifying new product introductions globally in collaboration with OEMs.

## Heavy Vehicle Production Trend

Year	US Class 8 Trucks (Nos.)	Europe HCV (Nos.)
CY 2019	344,558	318,598
CY 2018	324,289	316,889
CY 2017	255,590	305,401
CY 2016	228,347	296,226
CY 2015	323,282	267,280
CY 2014	297,120	225,140

Source: [ACT Research, European Automobile Manufacturers Association (ACEA)]

The Company recorded sales of ₹ 5,046 Million in FY 2020 in PV exports as against ₹ 4,875 Million in FY 2019.



### Passenger Vehicles (PV)

The Company's Passenger Vehicles (PV) exports business continued to perform well in FY 2020 on the back of new product introduction, increasing market share with existing clients, and endeavor to move up the value chain with new value-added products. The Company recorded sales of ₹ 5,046 Million in FY 2020 in PV exports as against ₹ 4,875 Million in FY 2019.

The Company expects the contribution of the PV exports business to increase, as it widens product portfolio and adds new customers.

The Company had re-entered the PV exports segment in FY 2014, a strategic move that opened up a substantial lateral opportunity to capture the shift in the PV market. In line with this strategy, it has increased the share of PV exports revenue to 12% in FY 2020 from 2% in FY 2014.

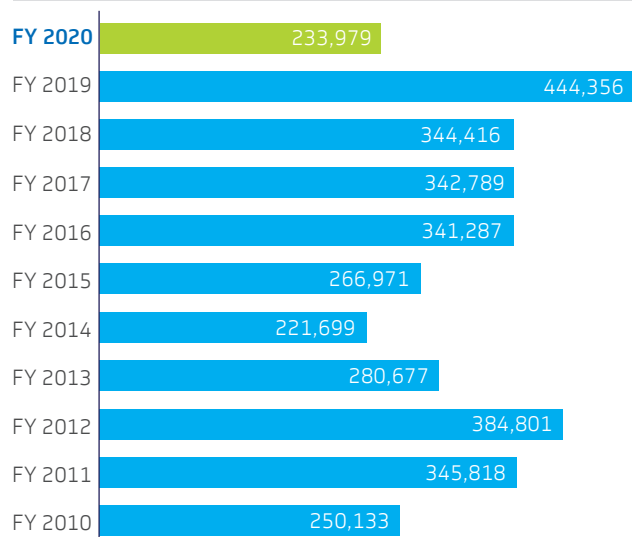
### Indian Automotive Industry

India ranks as the fourth largest automobile market globally. The large working-age population, the expanding middle class, increasing urbanization, and significant infrastructure development have supported the industry's growth. Apart from the massive structural demand, the industry's progress in recent years can be attributed to its investment in new technologies and focus on aligning with the rapidly changing global automotive landscape.

However, FY 2020, proved to be one of the toughest for the Indian automobile industry, primarily driven by extreme weakness in the commercial vehicles segment. The industry players, in anticipation of pre-buying of BS-IV compliant commercial vehicles, ahead of BS-VI norms implementation from April 2020, ramped up their production. But the pre-buying did not materialize, hindered by unavailability of financing due to the acute NBFC crisis, and increased load carrying capacity of existing fleet due to change in axle loading norms and enhanced transport efficiency post-GST implementation. This resulted in excess BS-IV inventory, forcing OEMs to cut back on new production and instead focus on reducing the stock of BS-IV vehicles.

This resulted in a sharp year-on-year decline of 32.4% in CV production in FY 2020. Within the commercial segment, medium and heavy commercial vehicle production declined by 47.3% whereas the light commercial vehicle segment declined by 22.5%.

Passenger vehicles production in India also declined 14.8% in FY 2020 as against FY 2019, within which production of utility vehicles displayed a marginal growth of 1.9%.

**M&HCV Production Trend (Nos.)**

(Source: SIAM)

**Outlook**

The automobile industry is cyclical in nature. However, current down cycle is expected to last a little longer due to several factors – implementation of BS-VI norms, after which automobile purchase cost will increase, a slow recovery in the macro-economy, and decline in infrastructure development. COVID-19 and the lockdown had a particularly disruptive impact on the automobile industry. Against this backdrop, the Indian PV and CV segments are likely to experience a subdued demand and production in FY 2021.

**Company Review of the Indian Auto Industry****Commercial Vehicles**

In line with the broad-based slowdown in the industry, the Company's revenue from the commercial vehicles segment declined 52.7% to ₹ 5,182 Million in FY 2020 as against ₹ 10,948 Million in FY 2019.

To minimize the impact of the downturn, the Company is focusing on right-sizing production levels and reducing costs. There is now increased focus on R&D and innovation to develop new BS-VI compliant products, improve vehicle efficiency, and increase content per vehicle.

With the industry transitioning from BS-IV to BS-VI standards from April 1, 2020, the Company is fully prepared to capture this opportunity and to maintain its leading position in the domestic market.

**Passenger Vehicles**

The passenger vehicles segment was in a slump during the year. However, its structural trend remains extremely positive as India prepares for BS-VI transition. The Company, during the year, added new customers and increased its presence in the segment. This enabled it to perform better than the underlying market as the segment's revenues in FY 2020 declined by 4.6% as against an industry decline of 14.8%.

The Company will continue to focus on its growth trajectory in PVs by introducing value-added products, enhancing focus on R&D and building relations with new OEMs.

**Industrial Business**

To lower its dependence on the automotive business and to leverage its extensive R&D capabilities, the Company has diversified into synergistic industrial businesses. It engages in manufacturing components for Defence and Aerospace, Power, Oil & Gas, Construction & Mining, Agriculture, Railways, Marine and General Engineering sectors. Having built robust capabilities, the Company has established itself as one of the leading players catering to top industrial customers globally.

**Company Review of the Export Industrial Segment**

The Export Industrial business delivered a lackluster performance in FY 2020, following a slowdown in its key markets. Revenues from the segment declined 46.9% to ₹ 8,753 Million in FY 2020 from ₹ 16,472 Million in FY 2019.

The Oil & Gas industry in North America was severely impacted, as the advent of the pandemic and the subsequent closure of economies across the globe brought drilling activities to a halt and oil prices plunged across the world. This adversely impacted the Company's revenues from this segment, declining from a peak of over ₹ 10,000 Million in FY 2019 to less than ₹ 5,000 Million in FY 2020. While this segment's revenue is likely to decline further in FY 2021, the Company is witnessing stable demand in the high horsepower engine as well as construction & mining segments, which could support its performance.

**Having built robust capabilities, the Company has established itself as one of the leading players catering to top industrial customers globally.**

Moving into FY 2021, the outlook for the Company's Industrial vertical remains challenging, owing to the subdued industrial activity across its key markets. In this backdrop, the Company's strategy will be to continue diversifying by adding new customers and products as well as pursuing inorganic growth opportunities.

### **Company Review of the Domestic Industrial Segment**

In the Domestic Industrial segment, the Company caters to sectors such as Engineering, Agriculture, Construction & Mining, and Public Sector Utilities, including Defence and Power. Growth in these industries, being significantly linked to government spending, faced headwinds in FY 2020 with broad-based slowdown witnessed in economic and industrial activity of the country. This hit the segment's performance, and revenues declined 20.5% to ₹ 8,058 Million in FY 2020 from ₹ 10,133 Million in FY 2019.

Even as the short-term outlook of the Domestic Industrial space is likely to be subdued, it presents significant long-term opportunities, with the structural growth triggers in place. Recent Government of India initiatives such as the Sagarmala project, National Infrastructure Pipeline (NIP), and liberalization of coal mining and the space sector to private entities, among others, will provide a much-needed fillip to the activity levels.

### **Defence and Aerospace Business**

The Company continues on its growth trajectory in the Defence segment by diversifying into additional business opportunities, while maintaining Artillery systems and Protected Vehicles as its mainstay. It has made significant value additions, despite cycles of extreme volatility observed in the Indian Defence market. The Company has leaped forward to capitalize on the growing potential and contribute to 'Make in India'.

Kalyani Rafael Advanced Systems (KRAS), a joint venture between Kalyani Group and Rafael Advanced Defence Systems, Israel, received its first major export order worth USD 100 Million, to make units of Barak-8 missile kits over the next four years.

During the year, the Company, with the aim of aligning itself with the evolving defence requirements and export markets, established a defence technology and research ecosystem at the Kalyani Centre for Technological Innovation (KCTI) and Kalyani Centre for Manufacturing Innovation (KCMi). This will enable the Company to foster indigenous innovation in advanced technologies involved in critical Defence systems. The dedicated R&D can be utilized to build and thereafter manufacture next-generation weapons and defence systems .

The Company continues on its growth trajectory in the Defence segment by diversifying into additional business opportunities, while maintaining Artillery systems and Protected Vehicles as its mainstay.



Turbo Charger Machining Centre



The Company established two Defence Incubation centers to imbibe technologies and build competencies in Augmented Reality (AR), RF Systems, INS, Artificial Intelligence and Data Analytics, etc. This would enable critical product design, engineering, manufacturing and produce new or upgraded defence products, thereby supporting the Company's objective of achieving sustainable growth in the segment's revenue and profitability levels in the following years.

The Company has also made some strategic investments/acquisitions in Eternus, AERON and KPIT Defence, to augment its defence technological capability. The adopted model of mentoring by foreign technology experts at Defence Incubation centers and collaboration with technological start-ups have given the Company access to state-of-the-art defence technologies. It is now well-positioned to venture into additional fields of Marine systems, including Weapon Control Systems (WCS), Command & Control Systems (CMS), and product improvements/upgrades, among others.

During the recently concluded Defexpo 2020 in Lucknow, Uttar Pradesh, the Company showcased its indigenously built technological capabilities and strengths across diverse spectrums of defence manufacturing, including Artillery, Protected Vehicles, Composites, and Augmented Reality. The signing of Memorandums of Understanding (MoUs) with established global defence firms like Paramount, General Atomics and an unprecedented number of business visitors to the Bharat Forge pavilion clearly indicate its growing prominence in both the Indian and global defence markets.

The Company's core metallurgical expertise and its capability to develop many indigenous defence systems are helping it move towards becoming a defence manufacturing hub. Its production facilities are being upgraded accordingly.

## Strategic Business

The Company's Strategic Business is a newly formed division that focuses on light-weighting, transmission components, e-mobility, and future technologies. It would greatly aid the Company in tapping market opportunities emerging from the rapid technological changes.

### Review of Business in focus areas of Strategic Business Division

**Light-weighting:** The Company continues to target opportunities in the areas of light-weighting of vehicles and industrial products to achieve greater operational

The Company's Strategic Business is a newly formed division that focuses on the areas of light-weighting, transmission components, e-mobility, and future technologies.

efficiency. To meet this objective, it has commissioned a greenfield project at Nellore district, in the state of Andhra Pradesh and started its pilot production in March 2020. The Nellore facility houses state-of-the-art high-pressure die-casting machineries, heat treatment, and machining and measurement equipment.

The primary focus areas here are reducing the weight of structural components used in automobile and industrial applications, along with developing components for e-mobility requirements. The Company has been successfully bagging orders for the domestic as well as the export markets and gearing up to scale the production to meet the growing demand.

**Transmission components:** The Company, to undertake the development of high-tech, high-precision, low NVH and high DIN standard requirements for the transmission and driveline components, has commissioned a facility in Chakan, Maharashtra, with modern and dedicated manufacturing lines. The facility commenced production in FY 2020 and has started supplying products to its key customers in Europe, China, and the USA.

**E-mobility:** In the e-mobility space, the Company has established two business lines, including complete e-powertrain integration and e-powertrain component for two/three-wheelers and commercial vehicles for goods and passenger transportation. The Company has bought stakes in Tork Motors and Tevva Motors and formed a 50:50 JV with REFU Elektronik GmbH to gain technical knowhow in this domain and achieve a faster go-to-market strategy.

**REFU Drive:** Headquartered in Pfullingen, Germany, REFU Elektronik specializes in power electronics (inverters, DC-DC converters and on-board chargers) for off-road e-vehicle drive applications. REFU's technological specialization in the e-mobility domain, coupled with the Company's competent design and development center in Pune, Maharashtra, gives Bharat Forge Limited a headstart in the development of power electronic components for Indian customers.

Tork Motors successfully completed the homologation of its first model of electric motorcycle and e-powertrain for three-wheeled passenger and cargo vehicles.



Engineers at the die-manufacturing process

**Tevva Motors:** Tevva Motors primarily focuses on e-powertrain integration for electrification of commercial vehicles and buses and undertakes complete design and assembly of the entire e-powertrain, including the integration of its core technologies. It provides a broad range of e-powertrain solutions and has started product deliveries and services in European markets during the year. As part of the investment agreement, apart from working on developing and supplying components for the above applications, the Company has also acquired exclusive sales and technology license for the Indian market. The Company, with the support of Tevva, has started road trials of commercial electric trucks in India to understand the performance of key components such as battery and motor, and is engaged with multiple customers for developing electrified trucks and buses. Because of the global lockdown caused by COVID-19 pandemic, the Company as a prudent accounting policy, written down its investments in Tevva Motors

**Tork Motors:** Tork Motors is a leading developer of technology for electric motorcycles and electric three-wheeler powertrains. Backed by its team's extensive research undertakings in developing solutions for the Indian market, the Company now possesses the technological expertise to indigenously manufacture electric motorcycle and electric three-wheelers. During the year, Tork Motors successfully completed the

homologation of its first model of electric motorcycle and e-powertrain for three-wheeled passenger and cargo vehicles. It also filed 11 patents and around 40 Intellectual Property (IP) right applications on design and trademarks during the year. The Company targets higher content per vehicle by supporting Tork Motors with critical components such as inverters (which are under development) and die-cast enclosure for battery and power components.

The Company's investment in Tork and Tevva provides it with access to low-voltage and high-voltage electrification technologies and will support its objective of increasing content per vehicle. Bharat Forge is proactively providing these companies with capital funding, skilled and competent manpower to expedite the new product developments, and a robust and extensive supply chain to improve speed-to-market efficiency at reduced costs.

The Company has been able to achieve significant synergies due to its in-house competencies in power electronics and wide product portfolio from the JV with REFU. This is helping it generate encouraging business opportunities with many customers for standalone products such as motor controllers, DC-DC converters, and on-board chargers for electric vehicles. These products are expected to be launched in FY 2021.

## Financial Review

### Standalone

#### Analysis of Standalone Profit and Loss Statement

(in ₹ Million)

Particulars	FY 2020	FY 2019	% Change
Shipment Tonnage	201,586	265,952	-24.2%
Domestic sales	17,818	26,268	-32.2%
Export Sales	26,502	37,258	-28.9%
Other Operating Income	1,319	1,674	-
Total Revenue	45,639	65,200	-30.0%
Raw Material	17,489	24,357	-28.2%
Manufacturing Expenses	7,831	10,908	-28.2%
Manpower Cost	4,824	4,863	-0.8%
Other Expenditure	5,096	6,311	-19.3%
Total Expenditure	35,240	46,439	-24.1%
EBITDA	10,399	18,761	-44.6%
<b>EBITDA %</b>	<b>22.8%</b>	<b>28.8%</b>	<b>-</b>
Depreciation	3,449	3,466	-0.5%
Interest	1,450	1,024	41.6%
Other Income	1,609	1,660	-3.1%
PBT	7,109	15,931	-55.4%
Exchange Gain/(Loss)	(244)	300	-
PBT	6,865	16,231	-57.7%
Exceptional Item	(939)	-	-
PBT	5,926	16,231	-63.5%
Taxation	1,191	5,518	-
PAT	4,735	10,713	-55.8%

#### Analysis of Standalone Balance Sheet Statement

(in ₹ Million)

Particulars	March 31, 2020	March 31, 2019
Long-Term Debt	18,351	15,722
Working Capital Loan and Bill Discounting	14,084	16,220
Equity	53,551	53,982
Cash	18,821	17,252
D/E	0.61	0.59
D/E (Net)	0.25	0.27
RoCE	9.5%	21.2%
RoNW	8.8%	19.8%

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

A cyclical downtrend in the global auto industry was aggravated by the onset of the COVID-19 pandemic and subsequent lockdowns. As a result, the Company's revenues from the commercial vehicle segment declined significantly in both domestic as well as export markets. Additionally, the industrial segment witnessed significant demand contraction in the key sectors, including Oil & Gas and Construction & Mining, from which the Company derives significant revenues.

The Company suffered operating de-leverage as its total income declined while fixed costs stayed elevated. This impacted the EBITDA margin as it declined by 600 basis points (bps) from 28.8% in FY 2019 to 22.8% in FY 2020. The Company's net profit (PAT) for FY 2020 was further impacted on account of higher exchange loss and exceptional items, largely incurred on impairment of investments in Tevva Motors and towards voluntary retirement scheme (VRS).

**Consolidated**
**Analysis of Consolidated Profit and Loss Statement**

(in ₹ Million)

<b>Particulars</b>	<b>FY 2020</b>	<b>FY 2019</b>	<b>% Change</b>
Total Revenue	80,558	101,457	-20.6%
Raw Material	35,765	42,143	-15.1%
Manufacturing Expenses	12,774	16,171	-21.0%
Manpower Cost	11,955	12,463	-4.1%
Other Expenditure	8,676	10,396	-16.5%
Total Expenditure	69,170	81,174	-14.8%
EBITDA	11,388	20,284	-43.9%
<b>EBITDA %</b>	<b>14.1%</b>	<b>20.0%</b>	<b>-</b>
Depreciation	5,477	5,208	5.2%
Interest	1,713	1,272	34.7%
Other Income	1,879	2,028	-7.4%
PBT	6,076	15,832	-61.6%
Exchange Gain/(Loss)	(242)	272	-
PBT	5,834	16,104	-63.8%
Exceptional Item	(789)	-	-
Share of Associate/JV's	(429)	(114)	-
PBT	4,617	15,990	-71.1%
Taxation	1,125	5,664	-
PAT	3,492	10,326	-66.2%

**Analysis of Consolidated Balance Sheet Statement**

(in ₹ Million)

<b>Particulars</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Long-Term Debt	23,445	19,350
Equity	52,517	54,059
Cash	20,070	18,352
Long-Term D/E	0.45	0.36
Long-Term D/E (Net)	0.06	0.02



Cross Functional Employee Training

Putting the right talent at the right place has been one of the key enablers for the Company's successful growth.

## Human Resource Management

The talent pool at Bharat Forge Limited has been a key driver of its success over the past decade and continues to play an important role in achieving its vision. Human resource practices at the Company continue to evolve and align themselves with the growing business expectations. They stand firm on five pillars, which are:



### Talent Development

The Company aims for holistic development of its human resources, and a part of this is building capability by

imparting top-notch technical domain knowledge. It strives to enhance the engineering and technical knowledge of its employees by collaborating with premier institutions like IIT, BITs Pilani, and DIAT, among others. The knowledge is further enhanced by on-the-job trainings in the respective areas and projects. The Company has implemented unique and customized technical competency development initiatives in the forging and machining areas.

Alongside this, the Company also undertakes various leadership and managerial capability development initiatives. The Human Resource Laboratory is one of such initiative. Investments like these ensure adequate availability of leadership talent to successfully head new businesses and expansion projects, attaining strategic goals and organizational vision.

### Talent Acquisition to Support Business Growth

Putting the right talent at the right place has been one of the key enablers for the Company's successful growth. It proactively provides opportunities to appropriate internal talent in various business activities, achieving business objectives and ensuring superior talent development. The process of internal hiring and job rotations has played a crucial role in the start-up phase of every new business within the Company and yielded good results over the past decade.

The Talent Pipeline program in collaboration with identified engineering institutes has provided key entry-level

engineering talent, which is subsequently trained on the job to enrich the Company's technical and managerial talent pool.

**Digital Workplace**

The Company has focused on building a futuristic workplace where the key element is digital talent. It has been investing in developing digital talent by creating the capacity to train its engineers in digital tools and techniques. Customized capability building initiatives under Industry 4.0 have been implemented. Participants are able to apply the learnings practically at their workplace. This has helped the Company to create a smart workplace that will lead to a smart factory.

With more than 1,000 engineers equipped with Industry 4.0 skills, the Company is reaping the benefits of digital talent development in its manufacturing processes. Additionally, the Company continues to automate processes in the transactional areas of HR, enabling a superior digital experience for employees and increased administrative efficiency.

**Culture of Employee Involvement**

The Company implements a number of programs to improve employee engagement; these include various annual events. Employee participation in these events is

extended to employees' family members, too. FY 2020 witnessed the highest ever employee participation in the Company's annual cultural program, symbolizing the growing engagement levels. To involve line managers through HR Facilitator or Talent Manager Initiative, they are entrusted with the additional responsibility of becoming the nodal point of contact for the employees in their departments and support them in all HR matters.

**Harmonious Relationship with Unions**

The Company has established a robust industrial relations philosophy, through which it has sustained harmonious relationships with unions across locations over the past decade. It emphasizes on the proactive involvement of workers and their representatives to ensure prompt and thorough implementation of changes across the locations. This has also enabled the Company to peacefully sign several wage settlements.

In line with the vision of the digital workplace, workers at the Mundhwa plant are trained in Industry 4.0 knowledge. This will be extended to other plants over the years. Technical training programs are regularly undertaken to improve workers' domain knowledge and skills, as per the evolving requirements. The Company partners with unions to ensure cordial and proactive industrial relations.

In line with the vision of the digital workplace, workers at the Mundhwa plant are trained in Industry 4.0 knowledge.



Industry 4.0 Training

## Corporate Social Responsibility

Bharat Forge Limited follows the philosophy of 'Good Corporate Citizenship' and works to improve the quality of life of its community members. Its goal is to create a long-lasting positive impact on the community. Therefore, the Company's CSR activities have a strong element of self-sustainability, achieved by training community leaders and influencers who would provide direction once the projects started by Bharat Forge Limited are handed over to the community.

The Company has identified six key programs to achieve inclusive growth of the communities. These are:

### 1. Village Development

Under the Village Development program, the Company intends to uplift 100 villages by focusing on activities under 5 key pillars. Prime highlights of these pillars are:

- **Water Availability:** The Company's extensive efforts to enhance agricultural water availability and to improve access to safe drinking water are yielding good results, as can be witnessed in increased farm income and the elevated standard of living of its beneficiaries. In FY 2020, the Company constructed 10 Bandharas and conserved 101.5 crore liters of agricultural water, benefiting over 18 villages and 73,045 people, respectively.
- **Enhancing Livelihood:** The Company undertakes land-leveling activities in hilly regions to enable farming, providing livelihood and income-generating opportunities to marginalized farmers. In FY 2020, the Company through this activity achieved production worth ₹ 5.67 Lakhs and increased income of ~80 farmers by 25.65%.

- **Health and Nutrition:** With a keen focus on the health and well-being of the community, especially rural women, the Company conducts screening camps for cancer and other diseases to achieve superior and in-time diagnosis and promote preventive precautions. In FY 2020, the Company through its 'health outreach program' positively impacted the lives of 2,210 women.
- **Education:** The Company undertakes the construction and renovation of Zilla Parishad schools in different villages to enrich the learning experience of students. In FY 2020, activities under this initiative benefited 47,535 students in 134 schools.
- **Internal roads:** The Company's efforts to provide much-needed access to villages by building roads have significantly improved villagers' employability, income, and education. In FY 2020, it created livelihood opportunities for more than 11,350 villagers by constructing 53 km of roads.

### 2. Community Development

Under the community development program, the Company imparts various vocational trainings and skill development programs to women, along with conducting social get-togethers and providing support for small-scale businesses. This enables community women to become more self-reliant with superior emotional well-being. In FY 2020, the Company positively impacted the lives of more than 2,400 women through this program.

### 3. Education

The Company undertakes 'Pradnya Vikas Program' and 'Anubhav Shala – Khelghar' initiatives to impart personality and leadership skills to underprivileged



Aptitude and Creative Education under CSR initiatives



children with the aim of enhancing their academic performance. Additionally, through its Pratham Pune Education Foundation (PPEF) program, it has provided basic education to over 150,000 children from the most underprivileged section of the community. These programs are designed and executed to make children more aware, confident and self-reliant by honing their communication skills and life skills.

#### **4. Employee Volunteerism**

The Company's spirit of 'giving back' has permeated to its employees as well, as manifested in their active participation in various initiatives like the No-Tobacco Initiative, Traffic Volunteering Initiative, Swachha Sundar Shala (Clean Schools Initiative), 'Daan Utsav (Joy of Giving Initiative)' and training at Industrial Training Institutes (ITIs) conducted during the year. In FY 2020, the Company's employees collectively helped over 3,000 people.

#### **5. Skill Development**

The Company collaborated with CII and College of Engineering, Pune, and continued supporting 90 graduate students from the rural background by providing soft skills and communication skills to enhance their employability. Bharat Forge Limited has signed an MoU with Vishwakarma Vocational Training Institute, Pune, to provide a specialist course in 'Radio Frequency and Microwave Technology' to the engineering graduates (B.E./B.Tech) and post-graduates (M.E./M. Tech) from rural backgrounds.

For its work in the development, upgradation and skill education training at the ITIs at Khed, Bhor, and Malegaon, the Company was awarded for 'Outstanding commitment and dedicated support as the Industry Partner' by the Directorate of Vocational Education and Training and Skill Development and Entrepreneurship Department, Government of Maharashtra. The Company-supported ITI Khed also received the award for 'Best ITI' in the Pune region.

#### **6. Sports Development**

The Company conducts its sports development initiatives under Project Lakshya. In FY 2020, it continued providing financial and training support to talented and promising sportspersons from across the country. The Company actively supports people in disciplines such as tennis, chess, boxing, car racing, and badminton, among others.

The Bharat Forge CSR efforts in FY 2020 bore fruit, enhancing the lives of over 174,492 people. These efforts earned the Company the prestigious Golden Peacock Award, considered a global benchmark of corporate excellence.

### **Risk Management**

Considering the cyclical nature of the business and especially the ongoing transformation of the global automotive industry, it is imperative to identify risks in advance and mitigate or curtail them within time. Keeping this in mind, the Company has adopted robust mechanisms and processes to identify and mitigate critical risks, to safeguard itself from the permanent capital loss and to maintain the long-term growth trajectory of the business performance. These risks may be internal as well as external in nature, and the Company has devised a robust risk management framework for a swift response and continuous monitoring.

#### **Industry Risk**

The US and European operations contribute more than 50% of the Company's total revenue. A global slowdown or continent-specific shocks such as unfavorable regulatory changes may disrupt these markets temporarily or for long durations and hence may adversely affect the Company's revenue generation capability.

#### **Mitigation Measures**

The Company has meticulously de-risked its business model by diversifying into multiple industries such as Automotive, Defence, Oil and Gas, Mining and Construction, Power, Aerospace, E-mobility, etc. Apart from industrial diversification, the Company has also diversified geographically with a global presence in 5 countries. The Company continues to evaluate and add new geographies and new customers to its portfolio. With a wider global footprint, the impact of country-specific shocks will be minimal.

#### **Foreign Exchange Risk**

With its global presence, the Company has significant foreign currency liabilities as 58% of its revenue comes from exports business. Any unfavorable movement in the exchange rates may adversely impact its profitability.

#### **Mitigation Measures**

The Company practices hedging and also enters into simple forward contracts on a rolling basis to protect itself from exchange rate fluctuations. Further, the Company





Heavy Component Machining, Baramati, India

ensures a natural hedge by maintaining its foreign currency borrowing less than its exports at any given time.

### Raw Material Risk

Unavailability of the critical raw materials such as steel, aluminum, energy, etc. at competitive rates may affect the Company's smooth operation and adversely impact margins.

### Mitigation Measures

Steel is the most critical raw material for the Company, the availability of which is met through a group company, thus ensuring sustained supply at competitive prices. It has also developed a patented in-house loop-based manufacturing system that ensures zero scrappage of key raw materials. Additionally, the Company practices a raw material price pass-through clause in all its contracts. These initiatives have mitigated the Company's raw material risk to a large extent.

### Technology Risk

The Company operates in a highly competitive, regulated and cyclical industry. Besides global competition, the automobile industry is also undergoing a technology

transformation in the form of CASE (connected, autonomous, shared and e-mobility) that poses a risk of the Company's products becoming irrelevant. Failing to align with future demands may damage the Company's global competitive position.

### Mitigation Measures

The Company is embracing the transformative shifts the auto industry is undergoing and is proactively developing new growth engines. It is aligning itself to adapt to future changes and cater to emerging demands by investing in appropriate technologies and companies and thereby building capabilities and capacities to be future-ready. Internally, it continues to undertake productivity enhancement initiatives and strives to optimize its production costs by adopting Industrial Internet of Things (IIoT) and implementing Industry 4.0 across its plants.

### Funding Risk

The Company's operations, entailing investments in capacity, technology and extensive R&D, are capital intensive. Unavailability of external sources of funds at competitive rates and the right time may impact its growth plans and profitability.

**Mitigation Measures**

With its efficient utilization of working capital and prudent capital allocation capabilities, the Company has maintained strong cash and equivalent position on the books. This, coupled with optimum use of debt, has enabled it to maintain healthy net debt to equity ratio at 0.25 as on March 31, 2020. The Company's strong business model and higher effectiveness of R&D has enabled it to generate ample free cash flows. This has successfully lowered its dependence on an external source of funding for future growth.

**Manpower Risk**

Talented employee pool and its retention are integral to the Company's sustainable and profitable growth. High attrition levels may affect the normal functioning of the Company and may adversely affect or prolong its growth ambitions.

**Mitigation Measures**

The Company has people-centric policies and promotes meritocracy across all the hierarchy. It has strong HR policies and procedures in place to maintain a motivational work environment and to minimize attrition rate. With periodical training and skill upgradation programs, the Company strives to align employee's personal goals with its professional goals. Also, the Company encourages new talent acquisition to upgrade the talent pool, and excellent employee performance is appropriately recognized.

**Internal Systems and Their Adequacy**

Bharat Forge Limited has in place a well-defined and adequate internal control system that authorizes, records, and reports transactions to safeguard assets and protect against loss from unauthorized use or disposition. It also ensures the reliability of recorded data and financial information to maintain accountability of assets. These internal controls are supplemented by extensive internal audits, management review and documented policies, guidelines and procedures.

**Cautionary Statement**

The Management Discussion and Analysis contains statements that describe the Company's objectives, projections, estimates and expectations, which maybe forward-looking in nature. These statements are made within the meaning of applicable laws and regulations and are based on informed judgments and estimates. The Company's actual performance might differ substantially or materially from projections, expressed or implied, due to various factors beyond its control. Important developments that could affect the Company's operations include a downward trend in the forging industry – global or domestic or both; significant changes in the political and economic environment in India or key markets abroad; tax laws, litigation, labor relations; exchange rate fluctuations; interest and other costs. The Company does not undertake any responsibility to update these statements.

# Board's Report

For the year ended March 31, 2020

## To the Members,

Your Directors have pleasure in presenting the 59<sup>th</sup> (Fifty-ninth) Annual Report on the business and operations of the Company together with the audited financial statements for the Financial Year ended March 31, 2020.

## 1. Financial Highlights

The financial performance of the Company on standalone and consolidated basis for the Financial Year ended March 31, 2020 as compared to previous year is summarised in the following table :

In ₹ Million

Particulars	Standalone		Consolidated	
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
<b>Total Income</b>	<b>47,247.72</b>	66,860.07	<b>82,437.06</b>	103,485.26
<b>Exports Revenue</b>	<b>26,501.79</b>	37,258.44	<b>62,648.51</b>	73,539.84
<b>Net Profit</b>				
<b>Profit for the year before Taxation and Exceptional item</b>	6,865.05	16,230.78	5,835.28	16,103.56
Share of (loss) / Profit of associates and Joint Venture	-	-	(429.03)	(113.75)
<b>Add / (Less): Exceptional item</b>	(939.14)	-	(789.16)	-
<b>Provision for Taxation:</b>				
Current Tax	1,779.29	5,350.68	1,833.61	5,742.68
Deferred Tax	(588.54)	167.29	(708.98)	(78.83)
Profit for the year from continuing operations	4,735.16	10,712.81	3,492.46	10,325.96
Profit for the year	4,735.16	10,712.81	3,492.46	10,325.96
Less: Non-controlling interest	-	-	(5.86)	4.23
Profit for the year attributable to equity holders of parent	4,735.16	10,712.81	3,498.32	10,321.73
Items of other Comprehensive Income for the year (Net of tax)	(161.10)	(121.25)	(236.05)	(118.15)
<b>Total</b>	<b>4,574.06</b>	10,591.56	<b>3,262.27</b>	10,203.58
Balance of Profit from previous year	41,768.31	34,083.21	40,973.36	33,676.24
Profit available for Appropriation	<b>46,342.37</b>	<b>44,674.77</b>	<b>44,235.63</b>	<b>43,879.82</b>
<b>Appropriations :</b>				
Interim Dividend on Equity Shares (1 <sup>st</sup> Interim Dividend + 2 <sup>nd</sup> Interim Dividend)	1,629.56	1,163.97	1,629.56	1,163.97
Tax on above dividend	317.21	239.26	317.21	239.26
Final Dividend on Equity Shares	1,163.97	1,163.97	1,163.97	1,163.97
Tax on above dividend	224.60	239.26	224.60	239.26
Transfer to General Reserve	-	100.00	-	100.00
Surplus retained in Statement of Profit and Loss	43,007.03	41,768.31	40,900.29	40,973.36

## 2. Dividend

The Board, in its meeting held on November 8, 2019 declared an interim dividend of ₹ 1.50 per equity share (i.e.75%) of the face value of ₹ 2/- each aggregating to ₹ 698.38 Million plus applicable taxes thereon.

Further, the Board, by Circular Resolution dated February 24, 2020, declared a Second interim dividend of ₹ 2.00 per equity share (i.e.100%) of the face value of ₹ 2/- each aggregating to ₹ 931.18 Million plus applicable taxes thereon.

The total dividend for the financial year ended March 31, 2020, would aggregate to ₹ 1,629.56 Million plus applicable taxes thereon.

The Board of Directors of the Company has proposed the above-referred Second interim dividend as final dividend for the year ended March 31, 2020.

The dividend payout has been determined in accordance with the Dividend Distribution Policy of the Company.

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, ("Listing Regulations"), the Company had adopted the Dividend Distribution Policy which is attached as **Annexure "A"** to this report and is also available on the Company's website at : <https://www.bharatforge.com/investors/corporate-governance/policies>.

## 3. Reserves

During the year under review, the Company does not propose to transfer any amount to the General Reserve.

An amount of ₹ 43,007.03 Million is proposed to be retained as surplus in the Profit and Loss account.

## 4. Performance of the Company

The unprecedented events over the past few months and the subsequent lockdown has completely reversed the positive momentum your Company had started witnessing across some of its key verticals, especially in India.

The performance in the financial year 2019-20, especially in the second half of the financial year 2019-20 was impacted by the severe slump across sectors in India & globally as well. Despite the weak operating performance, your Company has continued to maintain a strong balance sheet which will further strengthen going forward.

All the facilities of your Company, in India and globally have resumed operations in a phased manner since early May 2020, however, with utilization at sub-optimal levels. Your Company continue to support its customer's demand globally while also ensuring the safety and well-being of its employees.

### Standalone & Consolidated

In the financial year 2019-20, the revenue of the Company declined by 30.2% and Profit after Tax decreased by 55.8%, as compared to the last financial year 2018-19 on a standalone basis. Domestic revenue decreased by 32.2% to ₹ 17,818 Million as compared to last year of ₹ 26,268 Million. Whereas export revenue reduced by 28.9% to ₹ 26,502 Million as compared to last year of ₹ 37,258 Million. On a consolidated basis, the Company, its subsidiaries and joint venture companies, achieved revenue of ₹ 80,558 Million as against ₹ 101,457 Million, a decline of 20.6%.

### Domestic Business

Deterioration in the fundamentals of the economy throughout the year, led to a sharp decline in demand across both Passenger & Commercial Vehicles. The OEM's started to curtail production and focus on liquidating BS IV inventory in the system. The Medium & Heavy Commercial Vehicle sector was the most impacted. Yearly production was down by 47% as compared to the financial year 2018-19. Revenues of your Company from Commercial Vehicle space in financial year 2019-20 declined by 53%.

In the Passenger Vehicle segment, your Company continues to perform better than the underlying market. Revenues of your Company from Passenger Vehicles declined by 4.6% as against an industry decline of 15%, on back of new customer addition and increasing market share.

The Industrial Sectors, which consists of Construction & Mining, PSU including Defense & Power, engineering sector, have a significant linkage to government spending on infrastructure and defence. Clearly, the past 12 months have seen some slowdown in activity levels and the same is visible in our industrial business performance. Recent Government initiatives like the Sagarmala project, National Infrastructure Pipeline (NIP), opening up of coal mining, the space sector to private entities do provide a big boost to the activity levels and also provide long term visibility.

### International Business

The Commercial Vehicle business for the financial year 2019-20 is down by 20.2% as compared to the last financial year 2018-19. The Passenger Vehicle segment continues its positive growth trajectory with the segmental revenues growing by 3.5% despite the lockdown towards the later part of the financial year. We expect the passenger vehicle business to contribute more going forward as your Company continue to expand its presence in this segment by increasing our product portfolio, moving up the value chain and adding new customers.

The Industrial Segment (Oil & Gas Industry and Aerospace Business) declined by around 46%. The pandemic has also severely impacted the Industrial Segment. However, your Company continues to make good progress in new customer penetration including a steady expansion of product portfolio. This will not only help your Company sustain period of low overall demand, but also create a solid platform for growth and potentially a platform for customer expansion.

### Overseas Operations

Performance of International Subsidiaries of your Company have been sup-optimal and course correction measures were being implemented. These includes, major fixed cost reduction and re-aligning the product portfolio towards Aluminium Forgings etc. There were signs that things were improving with losses reducing sequentially.

Your Company is committed to our investments and growth plan for Aluminum business. However, in the current scenario, we are re-evaluating the demand from our customers for the Aluminium forging business in North America and are planning our capacity expansion accordingly. Your Company is also looking at possibility of utilizing the existing capacity in Europe to address the immediate demand requirements.

## 5. Particulars of Loans, Guarantees or Investments Under Section 186 of the Companies Act, 2013 (“Act”)

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

## 6. Particulars of Contracts or Arrangements with Related Parties

All contracts or arrangements entered into by and between the Company with Related Parties are on arm’s length basis and in the ordinary course of business.

Pursuant to Section 134 of the Act, read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of transactions with related parties are provided in Form AOC-2 which is annexed as **Annexure “B”** to this report. Related Party disclosures as per Ind AS 24 have been provided in **Note 39** to the financial statement.

The Related Party Transaction Policy as amended in line with the requirements of Listing Regulations has been displayed on the Company’s website at: <https://www.bharatforge.com/investors/corporate-governance/policies>.

## 7. Deposits

During the year under review, the Company has not accepted any deposit under Chapter V of the Act.

## 8. Internal Financial Controls

Your Company has in place adequate internal financial controls with reference to financial statements, commensurate with size, scale and complexity of its operations. An extensive risk based programme of internal audits and management reviews provides assurance to the Board regarding the adequacy and efficacy of internal controls. The internal audit plan is also aligned to the business objectives of the Company which is reviewed and approved by the Audit Committee.

Further, the Audit Committee monitors the adequacy and effectiveness of your Company's internal control framework. The internal control system has been designed to ensure that financial and other records are reliable for preparing financial and other statements and for maintaining accountability of assets.

## **9. Risk Management**

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

## **10. Material Changes and Commitments, Affecting the Financial Position of the Company**

There are no adverse material changes or commitments occurred after March 31, 2020 which may affect the financial position of the Company or may require disclosure.

## **11. Significant and Material Orders**

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

## **12. State of Company's Affairs**

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

## **13. Share Capital**

The paid-up Equity Share Capital of the Company as on March 31, 2020 stood at ₹ 931.27 Million.

During the year under review, the Company has not issued shares with the differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2020, none of the Directors of the Company hold any instruments convertible into equity shares of the Company.

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

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

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

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

The Company has sent notices to respective shareholders who have not claimed dividend for 7 (seven) consecutive years and whose shares are liable to be transferred to IEPF during the financial year 2020-21. The newspaper advertisement stating the same has also been published in Loksatta, Marathi, Pune and Business Standard, All Editions newspapers

on June 5, 2020. The list of equity shareholders whose shares are liable to be transferred to IEPF can be accessed on the website of the Company at the link: <https://www.bharatforge.com/investors/shareholders-information/unclaimed-dividend>.

## 15. Extract of Annual Return

In accordance with Section 134(3)(a) of the Act, an extract of the Annual Return of the Company in Form MGT-9 is appended as **Annexure "C"** to this Report.

## 16. Directors' Responsibility Statement

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

- a. in preparation of the annual accounts for the financial year ended March 31, 2020, the applicable Accounting Standards have been followed and there were no material departures;
- b. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2020 and of the profit of the Company for that period;
- c. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. they have prepared the annual accounts on a going concern basis;
- e. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 17. Directors and Key Managerial Personnel (KMP)

In terms of provisions of the Act and the Articles of Association of the Company, **Mr. G. K. Agarwal** (DIN : 00037678) and **Mr. S. E. Tandale** (DIN : 00266833), Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

Based on the recommendation of the Nomination & Remuneration Committee of the Company, the Board of Directors of the Company re-appointed Mr. K. M. Saletore (DIN : 01705850) as the Executive Director of the Company for a period of 5 (five) years, commencing from February 02, 2020. The appointment is subject to approval of the shareholders. Accordingly, the resolution for re-appointment of Mr. K. M. Saletore forms part of Notice convening the 59<sup>th</sup> Annual General Meeting.

Further, in the 58<sup>th</sup> Annual General Meeting of the Company held on Tuesday, August 13, 2019, the shareholders appointed Mr. Dipak Mane (DIN : 01215889) and Mr. Murali Sivaraman (DIN : 01461231), as Independent Directors of the Company, for the period of 5 (five) consecutive years; starting from June 21, 2019. The Shareholders also re-appointed Mr. S. M. Thakore (DIN : 00031788), Mr. P. G. Pawar (DIN : 00018985), Mrs. Lalita D. Gupte (DIN : 00043559), Mr. Vimal Bhandari (DIN : 00001318) and Mr. P. H. Ravikumar (DIN : 00280010) as Independent Directors of the Company for the second term of 5 (five) years; starting from September 4, 2019.

The disclosures pertaining to Directors being re-appointed as required pursuant to Regulation 36 of the Listing Regulations given in the explanatory statement to the Notice convening the 59<sup>th</sup> Annual General Meeting of the Company for reference of the shareholders.

## 18. Number of Meetings of the Board

The Board met 5 (Five) times during the year. Also a separate meeting of Independent Directors was convened as prescribed under Schedule IV of the Act, was held during the year under review. The details of meetings of Board of Directors are provided in the Report on Corporate Governance that forms part of this Annual Report. The maximum interval between any two meetings did not exceed 120 days as prescribed under the Act.

## 19. Board Evaluation

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

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

## 20. Familiarisation Programme

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

During the year, your Company scheduled a visit of its Directors to its R&D Center, Kalyani Center for Technology Innovation, situated at Hyderabad.

Also, a separate induction programme was arranged for Mr. Dipak Mane & Mr. Murali Sivaraman, newly appointed Independent Directors.

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

## 21. Business Responsibility Report

The Listing Regulations mandates inclusion of the Business Responsibility Report (BRR) as a part of Annual Report of Top 1,000 listed entities based on market capitalization. In compliance with the Regulation, we have provided the BRR as a part of this Annual Report.

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

Sr. No.	Information Required	Input
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year	Please refer <b>Annexure "D"</b>
2	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Please refer <b>Annexure "D"</b>
3	The percentage increase in the median remuneration of employees in the financial year	<b>7.86%</b>



Sr. No.	Information Required	Input
4	The number of permanent employees on the rolls of company	4,603
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	<p>Percentage increase in salaries of managerial personnel at 50<sup>th</sup> Percentile is: 9.37%</p> <p>Percentage increase in salaries of non- managerial personnel at 50<sup>th</sup> Percentile is: 8.26%</p> <p>The increase in remuneration is not solely based on company performance but also includes various other factors like individual performance, experience, skill sets, academic background, industry trends, economic situation and future growth prospects etc. besides Company performance. There are no exceptional circumstances for increase in the managerial remuneration.</p>
6	Affirmation that the remuneration is as per the remuneration policy of the company.	The remuneration paid to the Directors is as per the Remuneration policy of the company.
7	<p>Statement showing the names of the top ten employees in terms of remuneration drawn and the name of every employee, who-</p> <p>(i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees;</p> <p>(ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month;</p> <p>(iii) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company.</p>	Please refer <b>Annexure "E"</b>

### 23. Nomination and Remuneration Policy

The Nomination and Remuneration Policy of the Company, inter alia, provides that the Nomination and Remuneration Committee shall formulate the criteria for appointment of Directors on the Board of the Company and persons holding Senior Management positions in the Company, including their remuneration and other matters as provided under Section 178 of the Act, and Listing Regulations. The Policy is also available on the Company's website at: <https://www.bharatforge.com/investors/corporate-governance/policies>.

## 24. Corporate Governance

The Company has been practicing the principles of good Corporate Governance over the years. A separate section on corporate governance and a certificate from the Practicing Company Secretary regarding compliance of conditions of Corporate Governance as stipulated under the Listing Regulations forms part of this Annual Report. The Director & Chief Executive Officer and the Chief Financial Officer of the Company have certified to the Board on financial statements and other matters in accordance with the Regulation 17 (8) of the Listing Regulations pertaining to CEO/CFO certification for the financial year ended March 31, 2020.

## 25. Subsidiaries, Joint Ventures and Associate Companies

During the year under review, the Company promoted and incorporated a wholly-owned subsidiary company in the name of Kalyani Centre for Precision Technology Limited (KCPTL), to carry out manufacturing activities of auto parts.

As on March 31, 2020, the Company has 25 (Twenty-Five) subsidiaries (including step down subsidiaries) and 4 (Four) Associate Companies. In accordance with Section 129(3) of the Act, the Company has prepared the consolidated financial statement, which forms part of this Annual Report. Further, a statement containing salient features of the financial statements of our subsidiaries in the prescribed Form AOC-1 is presented in a separate section forming part of the financial statements.

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

## 26. Audit Committee

The Audit Committee comprises of Mr. P. G. Pawar - Chairman of the Committee and Independent Director, Mr. S. M. Thakore - Independent Director, Mr. P. H. Ravikumar - Independent Director and Mr. P. C. Bhalerao – Non-Executive Director.

All the recommendations made by the Audit Committee were deliberated and accepted by the Board during the financial year 2019-20.

## 27. Auditors

### A. Statutory Auditors and Audit Report

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

The Auditor's Report for FY 2019-20 does not contain any qualification, reservation or adverse remark. The Auditor's Report is enclosed with the Financial Statements in this Annual Report.

### B. Secretarial Auditor and the Audit

The Board has appointed M/s. SVD & Associates, Company Secretaries, Pune, to conduct Secretarial Audit for the financial year 2019-20. The Secretarial Audit Report for the financial year ended March 31, 2020 is appended as **Annexure "F"** to this report.

As regards sending intimation letters to shareholders and publication of the notice in the newspapers for the transfer of equity shares to IEPF, after due date, it is to be clarified that the said action caused due to oversight, however, the Company will ensure to avoid such delays in future.

Further, as required under Section 204 of the Act and rules thereunder, the Board has appointed M/s. SVD & Associates, Company Secretaries, Pune, to conduct Secretarial Audit for the financial year 2020-21.

**C. Cost Auditors**

The Board of Directors, on the recommendation of Audit Committee, has appointed M/s. Dhananjay V. Joshi & Associates, Cost Accountants, Pune, (Firm Registration No. : 00030) as Cost Auditors to audit the cost accounts of the Company for the financial year 2020-21. As required under the Act, a resolution seeking Shareholder's approval for the remuneration payable to the Cost Auditors forms part of Notice convening the 59<sup>th</sup> Annual General Meeting.

The Cost Audit report for the Financial Year 2018-19 was filed with the Ministry of Corporate Affairs on December 24, 2019.

**D. Reporting of fraud by auditors**

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

**28. Corporate Social Responsibility Activities**

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

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

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

The Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. All women associates (permanent, temporary, contractual and trainees) as well as any women visiting the Company's office premises or women service providers are covered under this Policy. During the year, the Company reached out to 282 employees through awareness sessions for creating greater awareness with respect to the Company's Policy on Sexual Harassment at workplace.

During the year under review, no complaints were received by the Committee constituted under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, which has been resolved.

**30. Vigil Mechanism**

Pursuant to the provisions of Section 177(9) of the Act, read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of the Listing Regulations and in accordance with the requirements of Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018, the Board of Directors had approved the Policy on Vigil Mechanism/Whistle Blower and the same has been hosted on the website of the Company. The mechanism under the Policy has been appropriately communicated within the organisation. This Policy inter-alia provides a direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

During the year under review, the Company has not received any complaints under the said mechanism. The Whistle Blower Policy of the Company has been displayed on the Company's website at the link: <https://www.bharatforge.com/investors/corporate-governance/policies>.

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

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

### **32. Green Initiatives**

The Company supports and pursues the “Green Initiative” of the Ministry of Corporate Affairs, Government of India. All agenda papers for the Board and Committee meetings are disseminated electronically on a real-time basis, by uploading them on a secured online application. In line with the SEBI Listing Regulations, the Company will email soft copies of its Annual Report to all those shareholders whose e-mail IDs were registered with the Company / Depository Participants.

We would greatly appreciate and encourage more Shareholders to register their email address with their Depository Participant or with the Company, to receive soft copies of the Annual Report and other information disseminated by the Company, on a real-time basis without any delay. For the said purpose, your Company has provided facility on its website <https://bharatforge.autoflowtech.com> for the physical shareholders, to register their email IDs with the Company.

From last two years, your Company has voluntarily provided live webcast facility to view Chairman’s speech at the Annual General Meeting of the Company. Considering the present pandemic situation of COVID-19 and relaxations granted by the Ministry of Corporate Affairs, the Company has decided to hold its current Annual General Meeting through Video Conferencing (VC) or Other Audio Visual Means (OAVM).

### **33. Compliance with Secretarial Standards**

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

### **34. Acknowledgement**

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

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

**For and on behalf of the Board of Directors**

**B.N. KALYANI**

Chairman and Managing Director  
DIN: 00089380

Pune: June 29, 2020

## DIVIDEND DISTRIBUTION POLICY

### 1. Introduction

The Securities and Exchange Board of India ('SEBI') vide notification dated July 8, 2016 has amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR') whereby it has become mandatory for top five hundred listed companies (based on their market capitalization calculated as on 31st day of March every year to formulate Dividend Distribution Policy and make appropriate disclosures in terms of SEBI LODR in their Annual Reports and on the Company's website.

Accordingly, based on the parameters prescribed by SEBI, the Company has adopted this Policy titled "Dividend Distribution Policy of Bharat Forge Limited" ("The Policy").

### 2. Purpose and Applicability

This Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its distributable profits after retaining sufficient funds for its future growth initiatives and maintaining the financial soundness of the Company. The purpose of this Policy is also to lay down criteria to be considered by the Board of Directors of the Company ("The Board") in taking decision for recommending dividend to its shareholders for any financial year.

This Policy shall deem to have come into force with effect from the date written herein below.

This Policy shall not apply to:

- a) determination and declaration of dividend on preference shares, if any, issued or to be issued by the Company, since dividend on preference shares will always be as per the terms of issue approved by the Shareholders;
- b) distribution of dividend in kind, i.e. by issuance of fully or partly paid-up bonus shares (whether equity or preference shares) or other securities;
- c) distribution of cash (i) as an alternative to payment of dividend, if any, permissible under the Companies Act, 2013 ("The Act"); (ii) by way of buy-back of equity shares; (iii) reduction in share capital of the Company; and (iv) on account of fraction entitlement due to sub-division, split of securities or any other similar such corporate action by the Company.

### 3. Dividend

For the purpose of this Policy, the term "Dividend" means distributable profits of the Company, which are available for distribution in accordance with the provisions of Clause 4 below to the equity shareholders in proportion to the amount paid-up on equity shares held by them. The term "Dividend" also includes Interim Dividend.

### 4. Statutory/other Requirements

The Board is expected to adhere to the following while making recommendations to the Shareholders for their approval on dividend payout during any financial year:

- a) Companies Act, 2013 and applicable rules thereunder;
- b) SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended from time-to-time;
- c) Any other applicable laws for the time being in force; and
- d) Financial covenants as may be stipulated by lenders of the Company.

## **5. The Internal and External Factors that shall be considered for Declaration of Dividend**

### **5.1 The Board of the Company shall take a decision to declare dividend after taking into account the following internal and external factors:**

#### **A. Internal Factors :**

The Board shall, among others, consider the following indicative internal factors (which are illustrative and not exhaustive) while taking a decision for declaration of dividend:

- a) The un-consolidated profits of the Company made during the year;
- b) Obligations towards the creditors;
- c) Business Plans;
- d) Expansion plans;
- e) Corporate Restructuring plans;
- f) Scheme of arrangement, if any; or
- g) Any other factors which can have possible material financial implications on the Company.

#### **B. External Factors :**

In addition to the above, the Board shall, among others, consider the following indicative external factors (which are illustrative and not exhaustive) while taking a decision for declaration of dividend:

- a) Macro-economic environment;
- b) Indian/Global Capital Markets;
- c) Industry outlook (domestic as also global) for business in which Company operates;
- d) Change in taxation laws and economic/trade policies/global trade agreements;
- e) Geo-political reasons or
- f) Any other external factors which can have a material financial implications on the Company.

### **5.2 Circumstances under which the Board of the Company may or may not recommend / declare dividend :**

Subject to the criteria and other provisions of this Policy, the Board may in its absolute discretion decide not to recommend / declare any dividend for any financial year, including for the reason such as inadequate un-consolidated profits after tax or the growth initiatives of the Company, do not warrant distribution of profits.

### **5.3 Financial parameters that shall be considered while declaring dividend :**

In cases where the Board considers it appropriate to declare Interim Dividend, then for the purposes of declaring Interim Dividend, the Board shall consider un-consolidated profit after tax (PAT) and overall financial projections for the unexpired portion of the financial year. In cases where the Board considers it appropriate to recommend final dividend for declaration, then for the purposes of declaration of final dividend, the Board shall consider un-consolidated profit after tax, Interim Dividend declared, if any, and earnings that the Board deems appropriate to be carried to reserves to maintain financial health and to fund growth initiatives of the Company. Considering these aspects including the other criteria laid down in this Policy, the Board shall endeavor to maintain an annual dividend payout range of 15% to 35% of the un-consolidated profit after tax of the Company.

## **6. Manner of Dividend Payout**

### **6.1 Final Dividend :**

- a) The Board shall recommend final dividend usually in the Board Meeting that considers and approves the annual financial statements of the Company.
- b) The final dividend, if any, that the Board may consider shall factor Interim Dividend, if any, that it might have declared during the applicable financial year.

## 6.2 Interim Dividend :

- a) The Board may declare Interim Dividend at its complete discretion in line with this Policy, based on distributable profits arrived at on quarterly or half-yearly financial results of the Company.
- b) In case no Final Dividend is declared, Interim Dividend paid during the year, if any, will be regarded as Final Dividend for confirmation of shareholders in the Annual General Meeting.

## 7. Manner of Utilisation of Retained Earnings

The Board may consider retained earnings considering weighted average cost of capital in application for growth initiatives, if any, and increase in stakeholder's value from long term perspective. The decision of utilization of the retained earnings of the Company will, among other, be based on the following factors:

- a) Strategic and long term plans of the Company;
- b) Organic and in-organic growth opportunities available to the Company;
- c) Non-fund based needs of the Company, its subsidiaries and Joint Ventures which may require the Company to have a healthy consolidated balance sheet;
- d) Decision for issue of bonus, buy-back etc.; and
- e) Any other criteria which the Board of the Company may consider appropriate.

## 8. Parameters to be adopted with regard to various Classes of Shares

Presently, the Company has only one class of shares i.e. equity shares. As and when it proposes to issue any other class of shares, this policy shall be accordingly modified, if necessary, to cover such other class of securities.

## 9. Disclosures

The Company shall disclose the Policy on its website and a web link thereto shall be provided in the Annual Report.

## 10. Scope and Limitation

In the event of any conflict between the provisions of this Policy and SEBI LODR or the Act or any other statutory enactments, rules (collectively "Laws"), the provisions of Laws shall prevail over this Policy.

## 11. Amendments and Updatons

To the extent any change/amendment is required in terms of any applicable law or change in regulations, the regulations shall prevail over this Policy. In such a case, the provisions in this Policy would be modified in due course to make it consistent with such amended law and the amended policy shall be placed before the Board for noting and necessary ratification.

## 12. Review of Policy

The Board of Directors will review the policy periodically and consider modifying, amending, deleting any of the provisions of this Policy. If the Board, at any time, proposes to declare dividend(s) on the basis of criteria other than those specified in this Policy, or proposes to modify any of the criteria, then it shall disclose such changes along with the rationale for the same to the Shareholders on the Company's website and in the Annual Report.

## 13. Disclaimer

This Policy does not purport to or solicit investment in the Company's securities nor this Policy purports to provide any kind of assurance to Shareholders of any guaranteed returns (in any form), for investments in the Company's equity shares.

**Form No. AOC-2**

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

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

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

There are no contracts or arrangements or transactions entered into by the Company during the year ended March 31, 2020, which are not at arm’s length basis.

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

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

**For Bharat Forge Limited**

**B.N. KALYANI**  
 Chairman and Managing Director  
 DIN : 00089380  
 Pune: June 29, 2020



### Form No. MGT-9 EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2020  
[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1)  
of the Companies (Management and Administration) Rules, 2014]

#### I. Registration and Other Details

i)	CIN	L25209PN1961PLC012046
ii)	Registration date	June 19, 1961
iii)	Name of the Company	Bharat Forge Limited
iv)	Category/Sub category of the Company	Public Company Limited by Shares Indian Non-Government Company
v)	Address of the Registered office and contact details	Mundhwa, Pune Cantonment, Pune – 411 036 Tel. No. 020 6704 2476/2777 Fax No. 020 2682 2163
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	The Company is having in-house share transfer facility and therefore, the Company has not appointed Registrar and Transfer Agent.

#### II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the Company are as stated below:-

Sr. No.	Name and Description of main products/services	NIC Code of the product/service	% to total turnover of the Company*
1	Steel Forgings	2591	37%
2	Finished Machined Crankshafts	2930	35%
3	Front Axles Assembly and Components	2930	14%

\* On the basis of Gross Turnover.

#### III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Bharat Forge Global Holding GmbH (erstwhile CDP Bharat Forge GmbH)	Mittelstrasse 64, 58256 Ennepetal, Germany	N.A.	Subsidiary	100%	2(87)(ii)
2	Bharat Forge CDP GmbH <sup>(1)</sup>	Mittelstrasse 64, 58256 Ennepetal, Germany	N.A.	Subsidiary	100%	2(87)(ii)
3	Bharat Forge Holding GmbH <sup>(1)</sup>	Mittelstrasse 64, 58256 Ennepetal, Germany	N.A.	Subsidiary	100%	2(87)(ii)
4	Mecanique Generale Langroise <sup>(1)</sup>	Rue du Stade, 52200 Saints-Geosmes, France	N.A.	Subsidiary	100%	2(87)(ii)
5	Bharat Forge Kilsta AB <sup>(1)</sup>	Box 428 691 27 Karlskoga, Sweden	N.A.	Subsidiary	100%	2(87)(ii)

Sr. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
6	Bharat Forge Hong Kong Limited <sup>(1)</sup>	14th Floor, Hutchion House, 10, Harcourt Road, Central Hong Kong SAR, Hong Kong	N.A.	Subsidiary	100%	2(87)(ii)
7	Bharat Forge America Inc.	100 W Big Beaver Road, Suite 200 Tray, MI, USA	N.A.	Subsidiary	100%	2(87)(ii)
8	Bharat Forge Tennessee Inc. <sup>(2)</sup>	100 W Big Beaver Road, Suite 200 Tray, MI, USA	N.A.	Subsidiary	100%	2(87)(ii)
9	Bharat Forge PMT Technologie LLC <sup>(2)</sup>	100 W Big Beaver Road, Suite 200 Tray, MI, USA	N.A.	Subsidiary	100%	2(87)(ii)
10	Bharat Forge Aluminum USA, Inc. <sup>(2)</sup>	160 Mine Lake Court, Suite 200, Raliegh, NC, USA 27615	N.A.	Subsidiary	100%	2(87)(ii)
11	Kalyani Precision Machining Inc. <sup>(2)</sup>	160 Mine Lake Court, Suite 200, Raliegh, NC, USA 27615	N.A.	Subsidiary	100%	2(87)(ii)
12	Bharat Forge Daun GmbH <sup>(3)</sup>	Junius – Saxler – StarB 4 D 54550 Daun, Germany	N.A.	Subsidiary	100%	2(87)(ii)
13	Bharat Forge CDP Trading <sup>(3)</sup>	000 Bharat Forge CDP Trading Building 1 Uliza Twerskaja 16 125009 Moscow Russia	N.A.	Subsidiary	100%	2(87)(ii)
14	Bharat Forge Aluminiumtechnik GmbH <sup>(4)</sup>	Berthelsodorfer StraBe 809618 Brand – Erbsdorf, Germany	N.A.	Subsidiary	100%	2(87)(ii)
15	Bharat Forge International Limited	Boston House Business Centre, 69-75 Boston Manor Road, Brentford TW8 9JJ, United Kingdom	N.A.	Subsidiary	100%	2(87)(ii)
16	Indigenous IL Limited	House No. 2A, Kremenetski St., Tel Aviv, Israel	N.A.	Subsidiary	100%	2(87)(ii)
17	Analogic Controls India Limited	Survey No. 23/2, P.O. Gundlapochampally, NH-7, via Hakimpet, Hyderabad - 500 014	U28932TG1996PLC024629	Subsidiary	100%	2(87)(ii)
18	BF Infrastructure Limited	Mundhwa, Pune Cantonment, Pune - 411 036	U45203PN2010PLC136755	Subsidiary	100%	2(87)(ii)
19	Kalyani Centre for Precision Technology Limited	Mundhwa, Pune Cantonment, Pune - 411 036	U29304PN2019PLC188666	Subsidiary	100%	2(87)(ii)
20	BF Elbit Advanced Systems Private Limited	Mundhwa, Pune Cantonment, Pune - 411 036	U29270PN2012PTC144268	Subsidiary	51%	2(87)(ii)
21	BF-NTPC Energy Systems Limited	14 <sup>th</sup> Floor, Antariksh Bhavan, 22, Kasturba Gandhi Marg, New Delhi – 110 001	U40106DL2008PLC179793	Subsidiary	51%	2(87)(ii)
22	Kalyani Strategic Systems Limited	Mundhwa, Pune Cantonment, Pune - 411 036	U31902PN2010PLC138025	Subsidiary	51%	2(87)(ii)

Sr. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
23	BF Premier Energy Systems Private Limited <sup>(5)</sup>	Mundhwa, Pune Cantonment, Pune - 411 036	U24292PN2015PTC154278	Subsidiary	50%	2(87)(ii)
24	Kalyani Rafael Advanced Systems Private Limited	Mundhwa, Pune Cantonment, Pune - 411 036	U29270PN2015PTC156252	Subsidiary	50%	2(87)(ii)
25	Eternus Performance Materials Private Limited	D-71, Five Star M.I.D.C. Kagal, Hatkangle, Tal-Kagal, Dist- Kolhapur, Kagal MH 416 216 In	U74900PN2012PTC144091	Subsidiary	51%	2(87)(ii)
26	Tork Motors Private Limited	Plot No. 4/25, Sector No.10, PCNTDA Pune, Pune MH 411 026	U34104PN2010PTC135855	Associate	48.86%	2(6)
27	TEVVA Motors (Jersey) Limited	2 <sup>nd</sup> Floor, The Le Gallais Building, 54 Bath Street, St, Helier, Jersey JE1 1FW	NA	Associate	35.26%	2(6)
28	Refu Drive GmbH, Germany		NA	Associate	50%	2(6)
29	Aeron Systems Private Limited	FL 503, PL-2, Supriya Classic Baner, SN-112/1/3, Taluka-Haveli, Pune MH 411 045 IN	U72200PN2008PTC133026	Associate	22.42%	2(6)

(1) Wholly- owned subsidiary of Bharat Forge Global Holding GmbH (erstwhile CDP Bharat Forge GmbH).

(2) Subsidiary of Bharat Forge America Inc.

(3) Subsidiary of Bharat Forge CDP GmbH.

(4) Wholly- owned subsidiary of Bharat Forge Holding GmbH.

(5) Subsidiary of Kalyani Strategic Systems Limited having significant Control.

#### IV. Share Holding Pattern (Equity Share Capital Breakup as Percentage of Total Equity)

##### i) Category-wise Share Holding as on March 31, 2020

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total share	Demat	Physical	Total	% of total share	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	1,616,230	-	1,616,230	0.35	1,616,230	-	1,616,230	0.35	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	200,090,630	11,354,980	211,445,610	45.41	200,090,630	11,354,980	211,445,610	45.41	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	<b>201,706,860</b>	<b>11,354,980</b>	<b>213,061,840</b>	<b>45.76</b>	<b>201,706,860</b>	<b>11,354,980</b>	<b>213,061,840</b>	<b>45.76</b>	<b>-</b>

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total share	Demat	Physical	Total	% of total share	
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>201,706,860</b>	<b>11,354,980</b>	<b>213,061,840</b>	<b>45.76</b>	<b>201,706,860</b>	<b>11,354,980</b>	<b>213,061,840</b>	<b>45.76</b>	<b>-</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	32,911,936	7,500	32,919,436	7.07	41,664,998	7,500	41,672,498	8.95	1.88
b) Banks/FI	18,419,277	15,800	18,435,077	3.96	23,332,286	15,750	23,348,036	5.01	1.05
c) Central Govt.	648,850	-	648,850	0.14	824,094	-	824,094	0.18	0.04
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	7,447,588	-	7,447,588	1.60	7,247,588	-	7,247,588	1.56	(0.04)
g) FIs	429,419	140	429,559	0.09	-	140	140	-	(0.09)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
(i-i) Foreign bank	-	-	-	-	-	-	-	-	-
(i-ii) Foreign Portfolio Investor	89,718,690	-	89,718,690	19.27	96,433,222	-	96,433,222	20.71	1.44
<b>Sub-total (B)(1):-</b>	<b>149,575,760</b>	<b>23,440</b>	<b>149,599,200</b>	<b>32.13</b>	<b>169,502,188</b>	<b>23,390</b>	<b>169,525,578</b>	<b>36.41</b>	<b>4.28</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	36,140,638	13,110	36,153,748	7.77	25,841,221	11,310	25,852,531	5.55	(2.22)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual Shareholders holding nominal share Capital up to ₹ 1 lakh	40,190,064	2,549,223	42,378,795	9.10	31,760,287	2,255,810	34,286,097	7.30	(1.80)
ii) Individual Shareholders holding nominal share Capital in excess of ₹ 1 lakh	14,435,747	483,690	14,919,437	3.28	8,000,698	419,690	8,420,388	1.81	(1.47)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total share	Demat	Physical	Total	% of total share	
c) Others (specify)									
(c-i) Clearing Member	726,013	-	726,013	0.16	1,672,096	-	1,672,096	0.36	0.20
(c-ii) Trusts	34,238	-	34,238	0.01	4,476,486	-	4,476,486	0.96	0.95
(c-iii) Non Resident Indian	3,508,688	21,875	3,530,563	0.76	3,090,648	20,210	3,110,858	0.67	(0.09)
(c-iv) HUF	4,804,606	-	4,804,606	1.03	4,597,110	-	4,597,110	0.99	(0.04)
(c-v) Foreign Nationals	1,300	-	1,300	-	650	-	650	0.00	-
<b>Sub-total (B)(2):-</b>	<b>99,841,294</b>	<b>3,067,898</b>	<b>102,909,192</b>	<b>22.11</b>	<b>79,439,196</b>	<b>2,707,020</b>	<b>82,146,216</b>	<b>17.64</b>	<b>(4.47)</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>249,417,054</b>	<b>3,091,338</b>	<b>252,508,392</b>	<b>54.24</b>	<b>249,795,582</b>	<b>2,730,410</b>	<b>252,525,992</b>	<b>54.24</b>	<b>-</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>18,400</b>	<b>-</b>	<b>18,400</b>	<b>-</b>	<b>800</b>	<b>-</b>	<b>800</b>	<b>-</b>	<b>-</b>
<b>Grand Total (A+B+C)</b>	<b>451,142,314</b>	<b>14,446,318</b>	<b>465,588,632</b>	<b>100</b>	<b>451,503,242</b>	<b>14,085,390</b>	<b>465,588,632</b>	<b>100</b>	<b>-</b>

## ii) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on April 1, 2019)			Shareholding at the end of the year (As on March 31, 2020)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Mr. B.N. Kalyani	78,150	0.02	-	78,150	0.02	-	-
2	Mr. Amit B. Kalyani	700,400	0.15	-	700,400	0.15	-	-
3	Mr. Gaurishankar N. Kalyani	690,440	0.15	-	690,440	0.15	-	-
4	Mrs. Sulochana N. Kalyani jointly with Mr. B. N. Kalyani	NIL	-	-	NIL	-	-	-
5	Ms. Sheetal G. Kalyani	22,980	0.00	-	22,980	0.00	-	-
6	Mrs. Rohini G. Kalyani	101,460	0.02	-	101,460	0.02	-	-
7	Kum. Viraj G. Kalyani	22,800	0.00	-	22,800	0.00	-	-
8	KSL Holding Pvt. Ltd.	46,285,740	9.94	-	46,285,740	9.94	-	-
9	Ajinkya Investment & Trading Company	19,637,850	4.22	-	19,637,850	4.22	-	-
10	Sundaram Trading and Investment Pvt. Ltd.	55,240,174	11.86	-	55,240,174	11.86	-	-
11	Kalyani Investment Company Limited	63,312,190	13.60	-	63,312,190	13.60	-	-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (As on April 1, 2019)			Shareholding at the end of the year (As on March 31, 2020)			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
12	BF Investment Limited	15,614,676	3.35	-	15,614,676	3.35	-	-
13	Rajgad Trading Co. Pvt. Ltd.	1,325,520	0.28	-	1,325,520	0.28	-	-
14	Tanmarg Investment & Trading Pvt. Ltd.	776,000	0.17	-	776,000	0.17	-	-
15	Yusmarg Investment & Trading Pvt. Ltd.	1,644,000	0.35	-	1,644,000	0.35	-	-
16	Kalyani Consultants Pvt. Ltd.	657,000	0.14	-	657,000	0.14	-	-
17	Jannhavi Investment Pvt. Ltd.	4,435,140	0.95	-	4,435,140	0.95	-	-
18	Dronacharya Investment & Trading Pvt. Ltd.	141,430	0.03	-	141,430	0.03	-	-
19	Cornflower Investment & Finance Pvt. Ltd	494,000	0.11	-	494,000	0.11	-	-
20	Dandakaranya Investment & Trading Pvt. Ltd	1,025,000	0.22	-	1,025,000	0.22	-	-
21	Campanula Investment & Finance Pvt. Ltd.	688,890	0.15	-	688,890	0.15	-	-
22	Hastinapur Investment & Trading Pvt. Ltd.	168,000	0.04	-	168,000	0.04	-	-
	<b>Total</b>	<b>213,061,840</b>	<b>45.76</b>	<b>-</b>	<b>213,061,840</b>	<b>45.76</b>	<b>-</b>	<b>-</b>

**iii) Change in Promoters' Shareholding:**

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year (As on April 1, 2019)	213,061,840	45.76	213,061,840	45.76
2	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.):	NIL	NIL	NIL	NIL
	At the end of the year (As on March 31, 2020)	213,061,840	45.76	213,061,840	45.76

## iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Sr. No.	Top Ten Shareholders*	Shareholding at the beginning of the year April 1, 2019		Cumulative Shareholding at the end of the year March 31, 2020	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Life Insurance Corporation Of India Limited	16,354,994	3.51	21,692,212	4.66
2.	Reliance Capital Trustee Co. Limited	16,412,339	3.53	17,277,968	3.71
3.	Amansa Holdings Private Limited	10,222,570	2.20	13,178,588	2.83
4.	Hermes Investment Funds PLC On Behalf Of Hermes Global Emerging Markets Funds	5,765,364	1.24	9,252,223	1.99
5.	HDFC Standard Life Insurance Company Limited	5,175,012	1.11	6,254,832	1.34
6.	Calvert Emerging Markets Equity Fund	2,639,918	0.57	4,626,968	0.99
7.	NPS Trust - A/C Lic Pension Fund Scheme - State Govt	3,884,102	0.83	4,427,378	0.95
8.	Aditya Birla Sun Life Trustee Private Limited	6,466,139	1.39	4,286,025	0.92
9.	UTI Value Opportunities Fund	2,400,153	0.52	3,708,900	0.80
10.	Franklin Prima India Fund	1,707,878	0.37	3,613,665	0.78

\* The shares of the Company are traded on daily basis and hence the datewise increase/decrease in shareholding is not indicated. Shareholding is consolidated based on permanent account number (PAN) of the shareholder.

## v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr. B. N. Kalyani				
	As on 01.04.2019	78,150	0.02	78,150	0.02
	<b>As on 31.03.2020</b>	78,150	0.02	78,150	0.02
2	Mr. Amit B. Kalyani				
	As on 01.04.2019	700,400	0.15	700,400	0.15
	<b>As on 31.03.2020</b>	700,400	0.15	700,400	0.15
3	Mr. P. H. Ravikumar				
	As on 01.04.2019	6,625	-	6,625	-
	<b>As on 31.03.2020</b>	6,625	-	6,625	-
4	Mr. S. M. Thakore				
	As on 01.04.2019	28,000	0.01	28,000	0.01
	<b>As on 31.03.2020</b>	28,000	0.01	28,000	0.01

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
5	Mr. G. K. Agarwal				
	As on 01.04.2019	4,910	-	4,910	-
	<b>As on 31.03.2020</b>	4,910	-	4,910	-
6	Mr. B. P. Kalyani				
	As on 01.04.2019	6,385	-	6,385	-
	<b>As on 31.03.2020</b>	6,385	-	6,385	-
7	Mr. K. M. Saletore				
	As on 01.04.2019	900	-	900	-
	As on 31.03.2020	900	-	900	-

Ms. Tejaswini Chaudhari, Company Secretary does not hold any shares of the Company at the beginning of the year as well as at the end of the year. She has neither acquired any shares nor sold any shares during the year under review.

## V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

In ₹ Million

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness as at April 1, 2019</b>				
i) Principal Amount	6,768.15	25,122.92	0.04	31,891.11
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3.27	37.38	-	40.65
<b>Total ( i+ii+iii)</b>	<b>6,771.42</b>	<b>25,160.30</b>	<b>0.04</b>	<b>31,931.76</b>
Change in Indebtedness during the financial year*				
i) Addition	5,649.90	4,179.92	-	9,829.82
i) (Reduction)	(0.61)	(9,357.72)	-	(9,358.33)
<b>Net Change</b>	<b>5,649.29</b>	<b>(5,177.80)</b>	<b>-</b>	<b>471.49</b>
<b>Indebtedness as at March 31, 2020</b>				
i) Principal Amount	12,417.99	19,952.91	0.04	32,370.94
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2.72	29.59	-	32.31
<b>Total (i+ii+iii)</b>	<b>12,420.71</b>	<b>19,982.50</b>	<b>0.04</b>	<b>32,403.25</b>

\* Includes exchange difference, repayment, prepaid expenses movement and interest movement.



## VI. Remuneration of Directors and Key Managerial Personnel

### A. Remuneration to Managing Director, Whole-time Director and/or Manager

In ₹ Million

Sr. No.	Particulars of Remuneration	Name of the Managing Director/Whole-time Director/Manager						Total Amount
		Mr. B. N. Kalyani*	Mr. G. K. Agarwal	Mr. Amit B. Kalyani*	Mr. B. P. Kalyani	Mr. S. E. Tandale	Mr. K. M. Saletore	
		Chairman and Managing Director	Deputy Managing Director	Executive Director	Executive Director	Executive Director	Executive Director	
1	Gross Salary							
	a. Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	109.12	35.29	35.07	21.79	22.31	18.68	242.26
	b. Value of perquisites under Section 17(2) Income-tax Act, 1961	7.29	3.20	3.20	1.42	1.51	0.88	17.50
	c. Profits in lieu of salary under Section 17(3) Income-tax Act, 1961							
2	Stock Option	-	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-	-
4	Commission:	60.00	8.00	8.00	15.00	15.00	10.00	116.00
	- As a % of Net Profit	2.07%	0.27%	0.27%	0.51%	0.51%	0.34%	3.97%
	- others, specify							
5	Others, please specify							
	<b>Total A</b>	<b>176.42</b>	<b>46.50</b>	<b>46.27</b>	<b>38.20</b>	<b>38.81</b>	<b>29.56</b>	<b>375.76</b>
<b>Ceiling as per the Act</b>								<b>528.00</b>

\* Director fees of GBP 100,000 each from Bharat Forge International Limited, U.K. for the financial year 2019-20 is payable to Mr. B.N. Kalyani and Mr. Amit B. Kalyani.

**B. Remuneration to other Director**

Sr. No.	Particulars of Remuneration	Name of Directors								Total Amount
		Mr. S. M. Thakore	Mr. P. G. Pawar	Mrs. Lalita D. Gupte	Mr. P.H. Ravi - kumar	Mr. Murali Sivaraman**	Mr. Dipak Mane**	Mr. Vimal Bhandari	Mr. P. C. Bhalerao*	
1	Independent Directors / other non-executive Directors									
	- Fee for attending board /committee meetings	0.65	0.65	0.28	0.50	0.15	0.15	0.27	0.60	3.25
	- Commission	1.30	1.30	0.55	1.00	0.30	0.30	0.55	1.20	6.50
	- Others, please specify									
	<b>Total B</b>	<b>1.95</b>	<b>1.95</b>	<b>0.83</b>	<b>1.50</b>	<b>0.45</b>	<b>0.45</b>	<b>0.82</b>	<b>1.80</b>	<b>9.75</b>
	<b>Total Managerial Remuneration (A) + (B)</b>									<b>385.51</b>
	<b>Overall ceiling as per the Act</b>									<b>52.80</b>

\* Non-Executive Director

\*\* Appointed w.e.f. June 21, 2019, after completion of working hours.

**C. Remuneration to Key Managerial Personnel other than the Managing Director/Whole-time Director/Manager**

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. K. M. Saletore*	Ms. Tejaswini Chaudhari	
1	Gross Salary			
	a. Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	2.94	2.94
	b. Value of perquisites under Section 17(2) of the Income-tax Act, 1961	-	0.04	0.04
	c. Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission:	-	-	-
	- As a % of Net Profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	<b>Total</b>	<b>-</b>	<b>2.98</b>	<b>2.98</b>

\* For Salary details of Mr. K. M. Saletore, please refer to point No. VI(A) hereinabove.

## VII. Penalties/Punishment/Compounding of Offences

Type	Section of the Companies Act	Brief Description	Details of Penalty/ punishment/ compounding fees imposed	Authority (RD/ NCLT/ COURT)	Appeal made, if any (give details)
<b>A. Company</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>B. Directors</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
<b>C. Other Officers in default</b>					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

### Ratio of remuneration of each director to the median remuneration of the employees of the company

Sr. No.	Name of the Director	Designation	Ratio of remuneration of each director to the median remuneration of the employees of the Company	% Increase/(decrease) in the Remuneration
1.	Mr. B.N. Kalyani	Chairman & Managing Director	294.04	16.37
2.	Mr. S.M. Thakore	Independent Director	2.27	4.48
3.	Mr. P.G. Pawar	Independent Director	2.53	9.86
4.	Mr. P.C. Bhalerao	Non-Executive Director	2.47	1.33
5.	Mrs. Lalita D. Gupte	Independent Director	0.94	7.41
6.	Mr. P.H. Ravikumar	Independent Director	1.95	3.45
7.	Mr. Dipak Mane*	Independent Director	NA	NA
8.	Mr. Murali Sivaraman*	Independent Director	NA	NA
9.	Mr. G.K. Agarwal	Deputy Managing Director	79.86	7.72
10.	Mr. Amit B. Kalyani	Deputy Managing Director	80.87	9.37
11.	Mr. B.P. Kalyani	Executive Director	66.81	22.24
12.	Mr. S.E. Tandale	Executive Director	68.28	17.96
13.	Mr. Vimal Bhandari	Independent Director	1.14	12.90
14.	Mr. K. M. Saletore	Executive Director & CFO	52.67	16.99
15.	Ms. Tejaswini Chaudhari	Company Secretary	3.92	6.55

Mr. Dipak Mane and Mr. Murali Sivaraman were appointed as Director w.e.f. June 21, 2019.

Since the remuneration is only for part of the year, the ratio of their remuneration to median remuneration and percentage increase in remuneration is not comparable and hence, not stated.

## Annexure "E"

## Statement under Section 197 (12) of the Companies Act, 2013, read with the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2020

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

Sr. No.	Name of the employee	Designation	Remuneration received (₹)	Nature of employment	Qualification	Experience in Years	Date of commencement of employment	Age	Last Employment	Percentage of equity shares held
1.	Mr. B. N. Kalyani	Chairman and Managing Director	226,414,545	Permanent Employee	B.E. (Mech.) (Hons), MS (M.I.T.)	48	01.04.1972	71	-	0.0168
2.	Mr. Amit B. Kalyani	Deputy Managing Director	62,270,800	Permanent Employee	B.E.(M)	21	24.10.1999	45	Carpenter Technology	0.1504
3.	Mr. G.K. Agarwal	Deputy Managing Director	61,494,748	Permanent Employee	B.E.(Mech.), M.B.A.	47	01.11.1976	69	Guest Keen Williams Ltd. Howrah	0.0011
4.	Mr. B.P. Kalyani	Executive Director	51,446,846	Permanent Employee	B.E.(P), MBA, MS	38	02.08.1982	58	-	0.0013
5.	Mr. S.E. Tandale	Executive Director	52,573,788	Permanent Employee	B.E.(M)	29	01.08.1991	52	-	0.0000
6.	Mr. K. M. Saletore	Executive Director and CFO	40,559,703	Permanent Employee	B.Com., C.A., PGDM	32	18.11.2011	54	Tata Realty & Infrastructure Ltd.	0.0004
7.	Mr. D.R. Moorthy (*)	President, Corporate Affairs and Infrastructure	10,318,361	Permanent Employee	B.Sc., LL.B.	44	29.04.1987	69	Buckau Wolf India Ltd., Pune	0.0004
8.	Mr. M. U. Takale	Executive Vice President and Director Engineering	19,681,252	Permanent Employee	B.E.(Mech.), MBA, MS	38	02.11.1982	59	-	0.0011
9.	Mr. R. S. Bhatia	President and CEO (I/C Defence Products)	25,091,910	Permanent Employee	B.E.(Civil), PGDBA (Symbiosis), MMS	46	03.05.2010	65	Larsen & Toubro Ltd., Powai, Mumbai	0.0000
10.	Mr. Krishnakumar Srinivasan (*)	President, Strategic Business	41,116,615	Permanent Employee	B.E.(Mech.), MBA	33	02.03.2017	54	Eaton Industrial Systems Pvt. Ltd., China	0.0000
11.	Mr. S.B. Pustake	President, CAM-Baramati	18,356,161	Permanent Employee	B.E. (Met)	40	09.04.2009	63	Head Forging Unit, SEFORGE Ltd., Vadodara, Gujarat	0.0000
12.	Mr. V. M. Munje	President, Corporate & Group General Counsel	12,542,930	Permanent Employee	B.Com., LL.B. F.C.S., Dip. in IPR (WIPO, Geneva)	26	25.07.2011	50	Tata Group, Corporate, Mumbai	0.0002
13.	Dr. S. V. Bhawe	Director (HR&IR)	10,972,576	Permanent Employee	M.P.M., LL.B., L.L.M., Ph.D.	41	06.03.2006	66	Emcure Pharmaceuticals Ltd., Pune	0.0001

\* Part of the year

## Notes:

- Remuneration shown above includes Salary, Company's contribution towards Provident Fund and Superannuation Scheme, Allowances, Perquisites, commission but excludes Gratuity unless paid/payable.
- The nature of employment in case of Chairman and Managing Directors, Deputy Managing Directors and Executive Directors is contractual and terms of remuneration are governed under the Board and Shareholders' resolution.
- None of the above Employee/Directors is related to any of the Directors, except Mr. B. N. Kalyani who is a father of Mr. Amit B. Kalyani, Deputy Managing Director and Mr. Amit B. Kalyani who is a son of Mr. B. N. Kalyani, Chairman and Managing Director of the Company.
- Experience includes number of years of service elsewhere, wherever applicable.
- Director fees of GBP 100,000 each from Bharat Forge International Limited, U.K. for the financial year 2019-20 is payable to Mr. B.N. Kalyani and Mr. Amit Kalyani.

**Form No. MR-3  
SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2020**

Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

and

[Pursuant to Regulation 24A of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015]

To,  
The Members,  
**Bharat Forge Limited,**  
Mundhwa, Pune Cantonment,  
Pune-411 036

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

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31<sup>st</sup> March 2020** complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2020 according to the provisions of:

- (i) The Companies Act, 2013, as amended from time to time (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, wherever applicable;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not applicable to the Company during the Audit Period);**
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable to the Company during the Audit Period);**
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the company during the Audit Period);**

- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period)**; and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not applicable to the Company during the Audit Period)**.

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

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

- (i) Secretarial Standards issued by 'The Institute of Company Secretaries of India'; and
- (ii) The Listing Agreement entered into by the Company with Stock Exchange(s) pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any amendments thereto.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, guidelines, Standards mentioned above except that:

The intimation letters sent to shareholders and publication of the notice in the newspaper as regards the transfer of equity shares to IEPF that were due on 30th September, 2019, has been done after the prescribed time period as required under Section 124 read with clause (a) of Sub rule (3) of Rule 6 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

**We further report that,**

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further Information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

**We further report** that during the audit period:

The Company has entered into Share Purchase and Shareholders Agreement for investing not exceeding Rs. 185 million (Rupees one hundred and eighty five million only) by way of equity to subscribe 26% of the stake of Special Purpose Vehicle (SPV) formed for the implementation and supply of Solar Power Project for the Company.

Place: Pune  
Date: June 29, 2020

For **SVD & Associates**  
Company Secretaries

**S. V. Deulkar**  
Partner  
FCS No. 1321  
C P No. 965

UDIN- F001321B00096101

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

**‘Annexure A’**

To,  
The Members,  
Bharat Forge Limited,  
Mundhwa, Pune Cantonment,  
Pune-411 036

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

**Management’s Responsibility**

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

**Auditor’s Responsibility**

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company’s management is adequate and appropriate for us to provide a basis for our opinion.
4. We have also relied on the documents and evidences provided on email to us, in view of the prevailing Pandemic situation of COVID -19.
5. Wherever required, we have obtained the management’s representation about the compliance of laws, rules and regulations and happening of events, etc.

**Disclaimer**

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

Place: Pune  
Date: June 29, 2020

For **SVD & Associates**  
Company Secretaries

**S. V. Deulkar**  
Partner  
FCS No. 1321  
C P No. 965  
UDIN- F001321B00096101



## Annexure "G"

## ANNUAL REPORT ON CSR ACTIVITIES

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

The Board of Directors at its meeting held on May 27, 2014 have adopted the Corporate Social Responsibility ("CSR") policy of the Company and as amended on August 10, and May 20, 2019 Eligible funds for CSR activities in each financial year will be expended in the areas of social development that would include village development (works on 5 major indicators - Water harvesting, livelihood, health, education and internal roads), primary, secondary and tertiary education for the underprivileged children, skills development, health & hygiene, cleanliness, Swaccha Bharat, women empowerment, sustainability, environment and ecological protection and encouragement to nationally recognized sports through one or more implementing agencies/trusts. The employee volunteers also participate in the implementation of the CSR projects. These CSR activities will be carried out through various programmes or projects as specified in the CSR Policy of the Company. The CSR policy of the Company has been displayed on the Company's website at the link: <https://www.bharatforge.com/assets/pdf/investor/download/BFL-CSR-Policy-Signed.pdf>.

## Details of expenditure on CSR activities are as follows:

In ₹ Million

Average net profit of the Company for the last three financial years i.e.2016–2017, 2017–2018 and 2018–2019	11,507.21
Prescribed CSR expenditure (2% of the average net profit computed above)	230.14
Total amount spent on CSR activities for the financial year 2019–20	254.50
Amount unspent, if any	NIL

## Manner in which amount spent in the financial year 2019-20 is detailed below:

In ₹ Million

Sr. No.	CSR Projects/ Activities identified	Sector in which the Project is covered	Projects or programs	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads:	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency
			1. Local area or others		1) Direct expenditure on projects or programs		
1	(i) The Akutai Trust	Education	Pune, Maharashtra	30.00	30.00	433.45	Through implementing agency but we are also personally monitoring the project
	(ii) Pratham Education Foundation		Pune, Maharashtra	4.95	4.95	22.27	
	(iii) Pradnya Vikas Program – Jnana Prabodhini		Pune, Maharashtra	0.94	0.75	5.10	
	(iv) Various Educational Initiatives - Vidyarthi Sahayak Samiti, Jagriti School for Blind ChildrenNanhi Kali & Katalyst StudentFinishing School - 90 students		Pune, Maharashtra	2.63	2.11	8.99	
	(v) Construction of toilets under Mission Sanitation of School [working with total 28 schools in & around Pune]		Pune, Maharashtra	17.83	11.58	27.93	
	Infrastructural Development						

Sr. No.	CSR Projects/ Activities identified	Sector in which the Project is covered	Projects or programs	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads:	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency
			1. Local area or others		1) Direct expenditure on projects or programs		
			2. Specify the state and district where projects was undertaken		2) Overheads		
2	ITI, Khed, Bhor & Malegaon	Employment enhancing vocational skills development	Pune, Maharashtra	6.32	6.77	34.40	Directly
	Training Program for ITI Instructors from Pune						
	Training to address the specific skill sets for defence & Aerospace domain [RF Technology]		Pune & Hyderabad	28.33	21.65	21.65	Directly
3	Community development centers	Community Development & Women Empowerment		0.65	0.55	3.39	Directly
	Anubhav Shala (Khelghar)	Community Development	Pune, Maharashtra	0.78	0.78	2.46	Directly
4	Health check-up camps, Awareness Camps for women, children & Sr. Citizens	Healthcare	Pune, Maharashtra	0.15	0.13	1.27	Directly
	Development of Urology Center at Ruby Hall			27.00	24.00	24.00	Through implementing agency
5	Village Development	Village Development	Pune, Satara, Kolhapur, Ahmednagar & Solapur from Maharashtra	125.90	122.18	194.21	Directly
	Working in 5 District - on 5 major Indicators - Water, Livelihood, Health, Education & Internal Road						
6	Jalyukta Shivar Abhiyan	-	Maharashtra	-	-	16.20	Directly
7	Waste Management Project & Swachha Bharat Abhiyaan (Dept. CSR)	Environmental sustainability	Pune, Maharashtra	0.60	0.22	1.24	Directly
	Rain water Harvesting			-	-	0.12	
	Tree Planation & Landscaping			3.75	1.48	5.45	
	Swachhata Hi Seva Campaign			3.80	0.72	5.96	
8	Lakshya – Sports initiatives	Promotion of Sports	Pune, Maharashtra	4.57	4.57	15.44	Through implementing agency
9	Queen Mary’s Technical Institute (QMTI) for Disabled Soldiers	Benefit for armed forces	Pune, Maharashtra	0.36	0.07	1.15	Directly
	For Railway Coach Refurbishment project for Army Hospital			10.55	10.55	10.55	Directly

Sr. No.	CSR Projects/ Activities identified	Sector in which the Project is covered	Projects or programs	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads:	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency
			1. Local area or others		1) Direct expenditure on projects or programs		
			2. Specify the state and district where projects was undertaken				
<b>Sponsorship of CSR Projects</b>							
	<b>2016-17</b>		Pune, Maharashtra	-	-	2.10	Through implementing agency
	<b>2017-18</b>			-	-	23.30	
	<b>2018-19</b>			-	-	13.99	
	<b>following expenses - 2019-20</b>						
10	Study Tables for St. Felix High School, Pune	-	Pune, Maharashtra	0.30	0.30	0.30	Through implementing agency
	Construction of toilet for Multipurpose hall at Landewadi, Tal. Ambegaon, Dist. Pune	-	Pune, Maharashtra	4.50	4.50	4.50	
	'Pune Educational Sports & Cultural Society'	-	Pune, Maharashtra	0.50	0.50	0.50	
	Sponsorship ref Summer National Bridge Championship in Pune	-	Pune, Maharashtra	0.20	0.20	0.20	
	Annamrita Foundation - Provide Mid-day meal for school children	-	Pune, Maharashtra	0.60	0.60	0.60	
	Support to the differentlyabled from the Indian Army	-	Pune, Maharashtra	0.20	0.17	0.17	
	Conference on 'Overview of semi live 2020 - A Symposium related to Urology & Oncology'	-	Pune, Maharashtra	3.00	3.00	3.00	
	WheelChairs & Hearing Aid & 3 Wheel Mobility Scooters	-	Pune, Maharashtra	0.17	0.17	0.17	
11	Other incidental expenditure (Overhead)	-	-	1.39	0.79	2.40	Directly
12	Staff cost	-	-	1.20	1.20	4.40	-
<b>Total Amount</b>				<b>281.19</b>	<b>254.49</b>	<b>890.85</b>	

### The Responsibility Statement

The Responsibility Statement of the Corporate Social Responsibility (CSR) Committee of the Board of Directors of the Company is reproduced below:

'The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.'

**B. N. KALYANI**

Chairman and Managing Director  
DIN: 00089380

**P. G. PAWAR**

Chairman, CSR Committee  
DIN: 00018985

Information as per Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 forming part of the Directors' Report for the year ended March 31, 2020

## A. Conservation of Energy

### I. Steps taken for Conservation of Energy:

- Replacement of oil with gas for improving combustion efficiency
- Replacement with re-generative furnaces
- Reduction in billet heater drop outs
- Auto on-off for lights
- Using LED lamps
- On-line energy management system for optimum utilization of motors, pumps and compressors.
- Pneumatic to Hydraulic conversion for hammers

### II. Steps taken for utilising alternate source of energy:

- Increased use of wind and solar energy.

### III. The Capital investment on energy conservation equipment:

The Company made capital investments amounting to ₹374 Million during the year resulting in substantial savings.

## B. Technology Absorption:

### I. Efforts made towards technology absorption:

- Design innovation of suspension components from casting to Aluminum forging for HCVs.
- In-house software development for Gear design.
- Technology development for cold forgings and Precision / near net shape forgings.
- Development of Aerospace forgings with exotic materials like Inconell, waspalloy etc.
- Forging components design innovation for Lightweighting.
- Design and development of Fixed Wing Unmanned Aerial Vehicles (UAV's).
- Design and development of High payload capacity VTOL Unmanned Aerial Vehicles (UAV's).
- Design and development of Hovercraft.
- Design and development of 40 Kg Jet Engine.
- Design and development of Unmanned Ground vehicle (6\*6)- A Multi-terrain vehicle.
- Design and Development Roll, Yaw, Pitch simulator for Stabilization testing of Weapon stations.
- Design and development of ring rolling process for nickel based alloy to be used in critical application of aerospace sector.
- Design and development of closed die forging process for Waspaloy (Ni based alloy) to be used in critical application of aero engine.

- Design and development of closed die forging process for aircraft wheel disc made from 2XXX series aluminum alloy.
- Development of open die forging process parameters for Maraging Steel.
- Indigenous development of 5000 T press Die spray header.
- Algorithm Development for Heller Pin milling to improve grinding Ovality.
- Algorithm Development for GFM Pin milling to improve grinding Ovality.
- Use of Nano fluids for lubrication during machining of titanium alloys.
- Machining of Nitrided layer in die steels using Nano-crystalline-amorphous multilayer composite coated insert.
- Development of air coolant nozzle for dry cutting / machining.

### Technical Papers:

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

- 1) Electron beam re-melting to improve surface properties of hot work tool steel (International Conference on Materials for Advanced Technologies, ICMAT 2019).
- 2) Effect of laser cladding of Stellite 6 on AISI L6 tool steel (International Conference on Materials for Advanced Technologies, ICMAT 2019).
- 3) Effect of solution treatment on microstructure and mechanical properties of 2205 duplex stainless steel (6th International Conference on Mechanical Properties of Materials).
- 4) Effect of hot deformation on impact toughness of high strength steel (6th International Conference on Mechanical Properties of Materials).
- 5) Texture Evolution of Ti6Al4V during Cold Deformation (6th International Conference on Mechanical Properties of Materials).
- 6) Effect of Temperature & cooling rates on  $\alpha + \beta$  morphology of Ti6Al4V Alloy (Structural Integrity Procedia -Science Direct Journal).
- 7) An investigation of performance of spray formed H13 tool steel (Structural Integrity Procedia (Science Direct Journal).
- 8) Effect of strain amplitude on low cycle fatigue and microstructure evolution in Ti-6Al-4V: A TKD and TEM characterization (Materials Characterization 155:109829 DOI: 10.1016/j.matchar.2019.109829).
- 9) Hot deformation behavior of nickel based superalloys, titanium alloys and special steels (8th Gleeble User Workshop in India (GUWI19)).
- 10) Evaluation of Chip Breaking Characteristics for Improvising Dry Turning of Micro-alloyed Steel (FiMPART International Conference 2019, Ahmedabad).
- 11) Effect of Composition, Microstructure and Hardness after Heat Treatment on Machinability of Steel Forgings (Journal of Materials Engineering and Performance, Springer Publication).

- 12) Manufacturing of Critical Aerospace components by 3-D printing and Post Processing. (8th Annual World conference of Advanced Material -2019 OSAKA, Japan).
- 13) Achieving Outstanding Gun Barrel performance by R&D and Future Challenges in Defence Sector (International Conference on Advance Material and Processing for Defence Applications, ADMAT-2019, Hyderabad).
- 14) Hot Deformation Behavior of Nickel Based Super Alloys, Titanium Alloys and Special Steels (Gleeble User Workshop (GUWI)-2019, Coimbatore).
- 15) Manufacturing of Critical Aerospace components by 3-D printing and Post processing (73rd Annual Technical Meeting (ATM) of IIM, Thiruvananthapuram).
- 16) Evaluation of High Performance coating for Super alloys (FiMPART-2019, Ahmedabad).

**IP Generation:**

During the year 11 (Eleven) patents were filed.

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

- Development of Innovative Lightweight products.
- Development of Innovative manufacturing processes.
- Development of products with first time quality and speed to market.
- Customer satisfaction
- Business diversification.

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

Details of Technology Imported (product)	Year of import	Has technology been fully absorbed	If not fully absorbed, areas where absorption has not taken place and the reasons thereof
Unmanned Aerial Vehicles (UAV's)	2018	In Progress	Indigenous development of UAV – 2 prototypes has been developed and tested successfully.
Electromagnetic Railgun	2018	In Progress	Design of 1st prototype has been developed and improvements in design are in progress.
Payload Carrying VTOL Unmanned Aerial Vehicles (UAV's)	2019	In Progress	Indigenous development of Payload carrying UAV – 1 prototypes has been developed and tested for 65 kg payload successfully.
Hovercraft	2019	In Progress	Study of imported hovercraft is in process. Development of indigenous hovercraft is in design stage.

Details of Technology Imported (product)	Year of import	Has technology been fully absorbed	If not fully absorbed, areas where absorption has not taken place and the reasons thereof
Vibratory Stress Relieving Machine (imported from USA)	2019	Yes	VSR technology established for stress relieving process of forging dies during the die repair cycle. Parallel implementation is being planned for other plants and Kalyani Group companies.
Pulse Plasma Nitriding Machine	2020	Yes	In house facility developed for the plasma nitriding of forging dies. Parallel implementation for different forging products is being planned.

#### IV. Expenditure on Research and Development:

In ₹ Million

Sr. No.	Particulars	Amount
i)	Capital	--
ii)	Recurring	474.66
iii)	Total R&D expenditure	474.66
iv)	Total Income	47,247.72
v)	Total R&D expenditure as a percentage of total income	1.00%

#### C. Foreign Exchange Earnings and Outgo:

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

- i. The Company continue to expand its presence in Automotive segment by increasing its product portfolio, moving up the value chain and adding new customers. It is also focusing on winning new customers by developing new products in the Industrial segment.
- ii. In its efforts towards broadening product portfolio, the Company is committed towards investments and growth plans for Aluminum Business.

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

- i. Total Foreign Exchange earnings: ₹ 26,753.07 Million
- ii. Total Foreign Exchange outgo: ₹ 5,480.69 Million

# Report On Corporate Governance

## I. Corporate Governance Philosophy

Bharat Forge believes that effective Corporate Governance Practices constitute a strong foundation on which successful commercial enterprises are built to last. Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behavior and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

Our practices are considered as a good model for Corporate Governance as it establishes procedures and systems to be fully compliant with the statutory requirements. Periodic review of the procedures and systems are done in order to ensure continued relevance, effectiveness and responsiveness to the needs of the Shareholders.

The Company discloses information regarding its financial position, performance and other vital matters with transparency, fairness and accountability on a timely basis. The Company has adhered to the requirements stipulated under Regulations 17 to 27 read with Para C and D of Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") as applicable and the same is disclosed in this Report.

## II. Board of Directors

### Composition of Board

The Company's policy is to maintain an optimum combination of Executive and Non-Executive Directors. As on March 31, 2020, Bharat Forge Board comprised of 14 (Fourteen) Directors. The Board consists of 6 (Six) Executive Directors (including Chairman and Managing Director, who is a Promoter Director) and 8 (Eight) Non-Executive Directors, 7 (Seven) of whom are Independent Directors. The composition of Board is in conformity with Regulation 17 of Listing Regulations. Details of the composition of the Board of Directors is given in **Table 1**.

### Confirmation from Directors

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

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

### Number of Board Meetings

In financial year 2019-2020, the Board of the Company met 5 (Five) times on May 20, 2019, June 21, 2019, August 13, 2019, November 8, 2019 and February 10, 2020. The maximum gap between two Board Meetings was 94 (Ninety-four) days and minimum time gap was of 32 (Thirty-two) days.

### Information Supplied to the Board

The Company provides information as set-out in Regulation 17 read with Part A of Schedule II of Listing Regulations to the Board and the Board Committees to the extent it is applicable and relevant. Such information is submitted either as part of the agenda papers in advance of the respective Meetings or by way of presentations and discussions during the Meetings. In special and exceptional circumstances, additional or supplementary items on the agenda are



permitted with the consent of all the Independent Directors. The Board periodically reviews compliance reports of laws applicable to the Company, prepared and placed before the Board by the Management.

### Directors' Attendance Record and Directorships

The name and categories of the Directors on the Board, their attendance at the Board Meetings held during the year 2019-2020, the last Annual General Meeting held on Tuesday, August 13, 2019 and the number of Directorships and Committee Chairmanships/Memberships held by each one of them in other Indian Public Limited Companies as on March 31, 2020, are given herein below:

**Table 1: Composition of the Board of Directors etc. for the year 2019-2020**

Name of the Director	Category	Attendance Particulars			No. of Directorships and Committee Memberships/Chairmanships in Indian Companies as on March 31, 2020*			Directorship in other listed entity (Category of Directorship)
		Number of Board Meetings		Last AGM	Number of Directorship(s) held in Indian Companies including the Company	Committee Memberships held in Indian Public Ltd. Companies including the Company	Committee Chairmanships held in Indian Public Ltd. Companies including the Company	
		Held	Attended					
Mr. B. N. Kalyani (Chairman and Managing Director)	Executive	5	4	Yes	9	3	-	1. Hikal Limited (Non-Independent, Non-Executive) 2. Kalyani Steels Limited (Non-Independent, Non-Executive) 3. BF Utilities Limited (Non-Independent, Non-Executive) 4. Automotive Axles Limited (Non-Independent, Non-Executive)
Mr. S. M. Thakore	Independent	5	5	Yes	8	8	1	1. Prism Johnson Limited (Independent, Non-Executive) 2. Sharda Cropchem Limited (Independent, Non-Executive) 3. Alkyl Amines Chemicals Limited (Independent, Non-Executive)
Mr. P. G. Pawar	Independent	5	4	Yes	14	4	3	1. Finolex Cables Limited (Independent, Non-Executive) 2. Force Motors Limited (Independent, Non-Executive)
Mr. P. C. Bhalerao	Non-Executive	5	4	No	1	2	1	--

Name of the Director	Category	Attendance Particulars			No. of Directorships and Committee Memberships/Chairmanships in Indian Companies as on March 31, 2020*			Directorship in other listed entity (Category of Directorship)
		Number of Board Meetings		Last AGM	Number of Directorship(s) held in Indian Companies including the Company	Committee Memberships held in Indian Public Ltd. Companies including the Company	Committee Chairmanships held in Indian Public Ltd. Companies including the Company	
		Held	Attended					
Mrs. Lalita D. Gupte	Independent	5	5	Yes	6	7	2	<ol style="list-style-type: none"> <li>1. Vedanta Limited (Independent, Non-Executive)</li> <li>2. TVS Motor Company Limited (Independent, Non-Executive)</li> <li>3. ICICI Lombard General Insurance Company Limited (Independent, Non-Executive)</li> <li>4. Godrej Properties Limited (Independent, Non-Executive)</li> <li>5. India Infradebt Limited (Independent, Non-Executive)</li> </ol>
Mr. P. H. Ravikumar	Independent	5	5	Yes	13	7	2	<ol style="list-style-type: none"> <li>1. Aditya Birla Capital Limited (Independent, Non-Executive)</li> <li>2. Escorts Limited (Independent, Non-Executive)</li> </ol>
Mr. Dipak Mane**	Independent	5	3	Yes	2	-	-	--
Mr. Murali Sivaraman**	Independent	5	3	Yes	3	3	1	<ol style="list-style-type: none"> <li>1. Huhtamaki PPL Limited (Independent, Non-Executive)</li> <li>2. ICICI Lombard General Insurance Company Limited (Additional Director) Independent, Non-Executive,</li> </ol>
Mr. Vimal Bhandari	Independent	5	4	Yes	6	2	1	<ol style="list-style-type: none"> <li>1. Kalpataru Power Transmission Limited (Independent, Non-Executive)</li> <li>2. JK Tyres &amp; Industries Limited (Independent, Non-Executive)</li> <li>3. DCM Shriram Limited (Independent, Non-Executive)</li> </ol>

Name of the Director	Category	Attendance Particulars			No. of Directorships and Committee Memberships/Chairmanships in Indian Companies as on March 31, 2020*			Directorship in other listed entity (Category of Directorship)
		Number of Board Meetings		Last AGM	Number of Directorship(s) held in Indian Companies including the Company	Committee Memberships held in Indian Public Ltd. Companies including the Company	Committee Chairmanships held in Indian Public Ltd. Companies including the Company	
		Held	Attended					
Mr. G. K. Agarwal	Executive	5	4	Yes	1	-	-	--
Mr. Amit B. Kalyani	Executive	5	4	Yes	9	1	-	1. Hikal Limited (Non-Independent, Non-Executive) 2. Kalyani Steels Limited (Non-Independent, Non-Executive) 3. BF Utilities Limited (Non-Independent, Non-Executive) 4. BF Investment Limited (Non-Independent, Non-Executive) 5. Kalyani Investment Company Limited (Non-Independent, Non-Executive) 6. Schaeffler India Limited (Additional Director and Independent Director)
Mr. B. P. Kalyani	Executive	5	4	Yes	1	-	-	--
Mr. S. E. Tandale	Executive	5	4	Yes	1	-	-	--
Mr. K. M. Saletore	Executive	5	5	Yes	10	-	1	--

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

\*\* Appointed on June 21, 2019.

### Independent Directors

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

During the year 2019-2020, one meeting of Independent Directors was held on May 20, 2019. The Independent Directors, inter-alia, reviewed the performance of Non-independent Directors and the Board as a whole.

The details of familiarization programme for the Independent Directors are available on the website of the Company and can be accessed at the link: <https://www.bharatforge.com/assets/PDF/investor/Familiarisation-Programme for-Independent-Directors.pdf>.

### III. Committees of The Board

As on March 31, 2020 the Company has Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholder's Relationship Committee and Finance and Risk Management Committee. The Board Committees are set-up under the formal approval of the Board to carry out clearly defined roles which are considered to be performed by the members of the respective Board Committees. The Company's guidelines relating to Board Meetings are also applicable to Committee Meetings. Each Committee has the authority to engage outside experts, advisors and counsels to the extent it considers appropriate to assist in its work. Minutes of the proceedings of the Committee Meetings are placed before the Board Meeting for perusal and noting. The Company Secretary acts as a Secretary of all the Board Committees.

### IV. Requirement of Core Skills/Expertise/Competencies for the Board of Directors as Identified for Companies Business

Considering the business, the Company has identified the following skills or competencies for the members of the Board and thus achieved board diversity:

Areas of expertise required	Description
Strategy & Planning	Ability to think strategically; identify and critically assess strategic opportunities and threats. Develop effective strategies in the context of the strategic objectives of the Company, relevant policies and priorities.
Board Diversity	Representation of Gender, ethnic, geographic, cultural or other perspectives that expand the Board's understanding of the needs and viewpoints of our customers, partners, employees, governments and other stakeholders worldwide.
Business operations	Experience in driving business success in the markets around the world with an understanding of diverse business environments, economic conditions, cultures and regulatory frameworks and have a broad perspective on market opportunities.
Technology	A significant background in technology resulting in knowledge of how to anticipate technological trends, generate disruptive innovation and extend or create new business models.
Sales & Marketing	Experience in developing strategies to grow sales and market share, build brand awareness and equity and enhance Company reputation.
Finance Acumen	Ability to comprehend, interpret and guide on financial management, reporting, controls and analysis.
Governance and Risk Management	Experience in the application of Corporate Governance principles. Ability to identify key risks to the Company in a wide range of areas including legal and regulatory compliance.

Following table provides specific areas of skills and expertise of each Board Member :

Name of the Director	Areas of Expertise						
	Strategy & Planning	Board Diversity	Business operations	Technology	Sales & Marketing	Finance Acumen	Governance and Risk Management
Mr. B. N. Kalyani Chairman & Managing Director	✓	✓	✓	✓	✓	✓	✓
Mr. G. K. Agarwal Deputy Managing Director	✓	✓	✓	✓	✓	✓	✓

Name of the Director	Areas of Expertise						
	Strategy & Planning	Board Diversity	Business operations	Technology	Sales & Marketing	Finance Acumen	Governance and Risk Management
Mr. S. M. Thakore Independent Director	✓	✓	-	-	-	-	✓
Mr. P. G. Pawar Independent Director	✓	✓	✓	✓	✓	✓	✓
Mr. P. C. Bhalerao Non-Executive Non-Independent Director	✓	✓	✓	-	-	✓	✓
Mr. Vimal Bhandari Independent Director	✓	✓	✓	✓	✓	✓	✓
Mr. P. H. Ravikumar Independent Director	✓	✓	✓	✓	-	✓	✓
Mrs. Lalita D. Gupte Independent Director	✓	✓	✓	-	✓	✓	✓
Mr. Dipak Mane Independent Director	✓	✓	✓	✓	✓	✓	-
Mr. Murali Sivaraman Independent Director	✓	✓	✓	-	✓	✓	✓
Mr. Amit B. Kalyani Deputy Managing Director	✓	✓	✓	✓	✓	✓	✓
Mr. B. P. Kalyani Executive Director	✓	✓	✓	✓	-	-	✓
Mr. S. E. Tandale Executive Director	✓	✓	✓	✓	✓	✓	✓
Mr. K. M. Saletore Executive Director & Chief Financial Officer	✓	✓	✓	-	-	✓	✓

## 1. Audit Committee

The composition of the Audit Committee is as under:

1. Mr. P. G. Pawar, Independent Director, Chairman
2. Mr. S. M. Thakore, Independent Director
3. Mr. P. H. Ravikumar, Independent Director
4. Mr. P. C. Bhalerao, Non-Executive Director

All the members of the Audit Committee possess accounting, economic, legal and financial management expertise. The composition of the Audit Committee meets with the requirements of Section 177 of the Act and Regulation 18 of Listing Regulations. Annual General Meeting (AGM) held on Tuesday, August 13, 2019 was attended by the Chairman of the Committee, Mr. P. G. Pawar, to answer shareholders' queries.

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

The Audit Committee met 6 (Six) times during the year 2019-2020 on April 10, 2019, May 20, 2019, August 13, 2019, October 19, 2019, November 8, 2019 and February 10, 2020.

**Table 2: Attendance record of Audit Committee members for 2019-2020**

Name of the Director	Category	Status	No. of Meetings	
			Held	Attended
Mr. P. G. Pawar	Independent	Chairman	6	6
Mr. S. M. Thakore	Independent	Member	6	6
Mr. P. H. Ravikumar	Independent	Member	6	5
Mr. P. C. Bhalerao	Non-Executive	Member	6	5

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

**Powers of the Audit Committee:**

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

**Role of the Audit Committee inter alia includes the following:**

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- b) Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- c) Approval of payment of remuneration to Statutory Auditors for any other services rendered by the Statutory Auditors;
- d) Reviewing, with the management, the Annual Financial Statements and Auditor's Report thereon before submission to the board for approval, with particular reference to:
  - (i) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Section 134(3)(c) of the Act.
  - (ii) Changes, if any, in accounting policies and practices and reasons for the same.
  - (iii) Major accounting entries involving estimates based on the exercise of judgment by management.

- (iv) Significant adjustments made in the Financial Statement arising out of audit findings.
  - (v) Compliance with Listing Regulations and other legal requirements relating to Financial Statements.
  - (vi) Disclosure of any related party transactions.
  - (vii) Qualifications in the draft Audit Report.
- e) Reviewing with the management, the quarterly Financial Statements before submission to the Board for approval;
  - f) Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilised for the purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public issue, rights issue and preferential issue etc. before submitting the same to Stock Exchanges;
  - g) Review and monitor the Auditor's independence and performance and effectiveness of audit process;
  - h) Approval or any subsequent modification of transactions of the Company with related parties;
  - i) Scrutiny of inter-corporate loans and investments;
  - j) Valuation of undertakings or assets of the Company, wherever it is necessary;
  - k) Evaluation of internal financial controls and risk management systems;
  - l) Reviewing with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems;
  - m) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  - n) Discussion with Internal Auditors of any significant findings and follow up thereon;
  - o) Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
  - p) Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain the areas of concern, if any;
  - q) To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non-payment of declared dividends) and creditors;
  - r) To review the functioning of the Whistle Blower Mechanism;
  - s) Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate; and
  - t) Carrying out any other function as is mentioned in the terms of reference of Audit Committee.

**Review of information by the Audit Committee:**

- a) Management discussion and analysis of financial condition and results of operations;

- b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- c) Management letters/letters of internal control weaknesses issued by the Statutory Auditors;
- d) Internal audit reports relating to internal control weaknesses, if any;
- e) Review of tenure and appointment, removal and terms of remuneration of the Internal Auditors;
- f) The Financial Statements, in particular, the investments made by the unlisted subsidiaries of the Company, in view of the requirements under Listing Regulations;
- g) Details of material individual transactions with related parties, which are not in the normal course of business;
- h) Details of material individual transactions with related parties or others, which are not at arm's length basis, alongwith management's justification for the same;
- i) Review and monitor the Auditor's independence and performance and effectiveness of audit process;
- j) Approval or any subsequent modification of transactions of the Company with related parties;
- k) Scrutiny of inter-corporate loans and investments;
- l) Valuation of undertakings or assets of the Company, wherever it is necessary;
- m) Evaluation of internal financial controls and risk management systems.
- n) Compliances with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 and verify that the systems for internal control for prevention of insider trading are adequate and are operating effectively; and
- o) Utilisation of loans and/or advances from/investments made by the Company in the Subsidiary Company.

## **2. Nomination and Remuneration Committee**

The composition of the Nomination and Remuneration Committee is as under:

1. Mr. P. G. Pawar, Independent Director, Chairman
2. Mr. S. M. Thakore, Independent Director
3. Mr. Vimal Bhandari, Independent Director
4. Mr. P. C. Bhalerao, Non-Executive Director

### **Terms of Reference:**

- a) To identify qualified persons to become Directors and Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and to carry out evaluation of every Director's performance;
- b) To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees;
- c) To extend or continue the term of appointment of the Independent Director based on the performance report of Independent Director;



- d) To act in terms of any consequent statutory modification(s)/ amendment(s)/revision(s) to any of the applicable provisions to the said Committee;
- e) To formulate a criteria for evaluation of performance of the Independent Directors and Board of Directors; and
- f) To devise a policy on diversity of Board of Directors.

The Nomination and Remuneration Committee met 4 (Four) times during the year 2019-2020 on May 20, 2019, June 21, 2019, November 8, 2019 and on February 10, 2020.

**Table 3: Attendance record of Nomination and Remuneration Committee for 2019-2020**

Name of the Director	Category	Status	No. of Meetings	
			Held	Attended
Mr. P. G. Pawar	Independent	Chairman	4	3
Mr. S. M. Thakore	Independent	Member	4	4
Mr. Vimal Bhandari	Independent	Member	4	3
Mr. P. C. Bhalerao	Non-Executive	Member	4	4

#### Performance Evaluation Criteria for Directors

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

#### Policy on Director's appointment and remuneration

The Nomination and Remuneration Policy of the Company has been formulated in accordance with the Act and Listing Regulations. The Policy is designed to guide the Board in relation to appointment, removal of Directors, Key Managerial Personnel and Senior Management and recommend to the Board on remuneration payable to them. Policy enables the Company to retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage. The current policy is available on Company's website: <https://www.bharatforge.com>.

### 3. Corporate Social Responsibility (CSR) Committee

The composition of the Corporate Social Responsibility (CSR) Committee is as under:

1. Mr. P. G. Pawar, Independent Director, Chairman
2. Mr. B. N. Kalyani, Chairman and Managing Director
3. Mr. Amit B. Kalyani, Deputy Managing Director

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of CSR Policy. The CSR policy of the Company is disclosed on the Company's website at the link: <https://www.bharatforge.com/investors/corporate-governance/policies>.

**Terms of Reference:**

- a) To formulate and recommend to the Board, a CSR Policy in terms of Schedule VII of the Act;
- b) To recommend the amount of expenditure to be incurred on the CSR activities;
- c) To monitor the CSR Policy of the Company from time to time; and
- d) To act in terms of any consequent statutory modification(s)/amendment(s)/revision(s) to any of the applicable provisions to the said Committee.

The CSR Committee met twice during the year 2019-2020 on May 20, 2019 and August 13, 2019.

**Table 4: Attendance record of Corporate Social Responsibility (CSR) Committee for 2019-2020**

Name of the Director	Category	Status	No. of Meetings	
			Held	Attended
Mr. P. G. Pawar	Independent	Chairman	2	2
Mr. B. N. Kalyani	Executive	Member	2	2
Mr. Amit B. Kalyani	Executive	Member	2	2

**4. Stakeholders Relationship Committee**

The composition of the Stakeholders Relationship Committee is as under:

1. Mr. P. C. Bhalerao, Non-Executive Director, Chairman
2. Mr. B. N. Kalyani, Chairman and Managing Director
3. Mrs. Lalita D. Gupte, Independent Director

**Terms of Reference:**

- a) To specifically look into the redressal of grievances of shareholders, debentureholders and other securities holders;
- b) To consider and resolve the grievances of the securities holders of the Company including complaints related to transfer of shares, non-receipt of Annual Report, non-receipt of declared dividends etc.;
- c) To act in terms of any consequent statutory modification(s)/amendment(s)/revision(s) to any of the applicable provisions to the said Committee;
- d) Review measures taken for effective exercise of voting rights by shareholders;
- e) Review of adherence to the service standards in respect of various services being rendered by the registrar and share transfer agent; and
- f) Review various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the security shareholders of the entity.

The Stakeholders Relationship Committee met once during the year 2019-2020 on May 20, 2019.

**Table 5: Attendance record of Stakeholders Relationship Committee for 2019-2020**

Name of the Director	Category	Status	No. of Meetings	
			Held	Attended
Mr. P. C. Bhalerao	Non-Executive	Chairman	1	1
Mr. B. N. Kalyani	Executive	Member	1	1
Mrs. Lalita D. Gupte	Independent	Member	1	1

**Table 6: Number and nature of complaints received and redressed during the year 2019-2020**

Nature of complaint	No. of complaints received	No. of complaints redressed	No. of complaints pending as on March 31, 2020
Non-receipt of shares lodged for transmission	Nil	Nil	Nil
Non-receipt of Bonus Shares	Nil	Nil	Nil
Non-receipt of Duplicate Share Certificate	Nil	Nil	Nil
Non-receipt of Dividend	Nil	Nil	Nil
Non-receipt of Sub-divided Shares	Nil	Nil	Nil
Non-receipt of Annual Report	2	2	Nil
Change of address	Nil	Nil	Nil

**Designated Exclusive Email-ID**

The Company has also designated the email-id: [secretarial@bharatforge.com](mailto:secretarial@bharatforge.com) exclusively for providing investor servicing.

**5. Finance and Risk Management Committee**

The composition of the Finance and Risk Management Committee is as under:

1. Mr. B. N. Kalyani, Chairman and Managing Director, Chairman
2. Mr. P. G. Pawar, Independent Director
3. Mr. Amit B. Kalyani, Deputy Managing Director
4. Mr. P. C. Bhalerao, Non-Executive Director

**Terms of Reference:**

- a) To monitor and review risk management plan of the Company from time-to-time;
- b) To formulate procedures and to inform Board members about the risk assessment and minimisation procedures of the Company;
- c) To borrow money from Bank/Financial Institution, etc. upto limits specified by the Board;
- d) To invest funds of the Company into shares, debentures, securities or any other instruments in subsidiary, associate and other group companies upto limits specified by the Board;

- e) To grant loans, advance monies or give guarantee or provide security in respect of any loans to subsidiary, associate and other group companies upto limits specified by the Board;
- f) To approve capital expenditure for purchase of plant & machinery, instruments, etc. upto limits specified by the Board;
- g) To approve capital expenditure to purchase or to acquire on lease, land or any other immovable property upto limits specified by the Board;
- h) To sell land or building or other structures, etc. upto limits specified by the Board; and
- i) To open and close bank accounts of the Company and to authorise employees for operating bank accounts of the Company.

The Finance and Risk Management Committee met once during the year 2019-2020 on May 20, 2019.

**Table 7: Attendance record of Finance and Risk Management Committee for 2019-2020**

Name of the Director	Category	Status	No. of Meetings	
			Held	Attended
Mr. B. N. Kalyani	Executive	Chairman	1	1
Mr. P. G. Pawar	Independent	Member	1	1
Mr. Amit B. Kalyani	Executive	Member	1	1
Mr. P. C. Bhalerao	Non-Executive	Member	1	1

### Functional Committee

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

### Compliance Officer

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

### Remuneration of Directors

Information on remuneration of Directors for the year ended March 31, 2020 is given below in **Table 8**:

**Table 8: Remuneration paid or payable to Directors for the year ended March 31, 2020 and relationships of the Directors with each other**

Name of the Director	Relationship with other Directors*	Sitting Fees**	Salary and Perquisites	Provident Fund and Superannuation Fund	Commission***	Total
Mr. B. N. Kalyani (Chairman and Managing Director)	Father of Mr. Amit B. Kalyani	NA	109,125,445	7,289,100	60,000,000	176,414,545
Mr. S. M. Thakore	None	650,000	NA	NA	1,300,000	1,950,000
Mr. P. G. Pawar	None	650,000	NA	NA	1,300,000	1,950,000

In ₹

In ₹

Name of the Director	Relationship with other Directors*	Sitting Fees**	Salary and Perquisites	Provident Fund and Superannuation Fund	Commission***	Total
Mr. P. C. Bhalerao	None	600,000	NA	NA	1,200,000	1,800,000
Mrs. Lalita D. Gupte	None	275,000	NA	NA	550,000	825,000
Mr. P. H. Ravikumar	None	500,000	NA	NA	1,000,000	1,500,000
Mr. Dipak Mane@	None	150,000	NA	NA	300,000	450,000
Mr. Murali Sivaraman@	None	150,000	NA	NA	300,000	450,000
Mr. Vimal Bhandari	None	275,000	NA	NA	550,000	825,000
Mr. G. K. Agarwal	None	NA	35,293,448	3,201,300	8,000,000	46,494,748
Mr. Amit B. Kalyani	Son of Mr. B.N. Kalyani	NA	35,069,500	3,201,300	8,000,000	46,270,800
Mr. B. P. Kalyani	None	NA	21,782,766	1,414,080	15,000,000	38,196,846
Mr. S. E. Tandale	None	NA	22,312,508	1,511,280	15,000,000	38,823,788
Mr. K. M. Saletore	None	NA	18,680,223	879,480	10,000,000	29,559,703

**Notes:**

@ Appointed w.e.f. June 21, 2019.

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

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

\*\*\* Commission proposed and payable after approval of accounts by the Shareholders in the ensuing Annual General Meeting (AGM).

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

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

Details of Equity Shares of the Company held by Directors as on March 31, 2020 are given below in **Table 9:**

**Table 9: Details of equity shares of the Company held by Directors as on March 31, 2020**

Name of the Director	Number of equity shares held of ₹ 2/- each
Mr. B. N. Kalyani	78,150
Mr. Amit B. Kalyani	700,400
Mr. S. M. Thakore	28,000
Mr. B. P. Kalyani	6,385
Mr. G. K. Agarwal	4,910
Mr. K. M. Saletore	900
Mr. P. H. Ravikumar	6,625

Other Directors do not hold any equity share of the Company. None of the Non-Executive Director/Independent Director hold any Convertible Instruments of the Company as on March 31, 2020.

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

## V. General Body Meetings

### Annual General Meeting

Date, time and venue for the last 3 (Three) Annual General Meetings are given in **Table 10** below:

**Table 10: Details of last three Annual General Meetings**

Financial year	Date	Time	Venue	Special Resolutions Passed
2018-19	Tuesday, August 13, 2019	10:30 a.m. (I.S.T.)	Registered office of the Company	<ol style="list-style-type: none"> <li>1. Re-appointment of Mr. S.M. Thakore (DIN:00031788) as an Independent Director of the Company</li> <li>2. Re-appointment of Mr. P.G. Pawar (DIN:00018985) as an Independent Director of the Company</li> <li>3. Re-appointment of Mrs. Lalita D. Gupte (DIN:00043559) as an Independent Director of the Company</li> <li>4. Re-appointment of Mr. P.H. Ravikumar (DIN:00280010) as an Independent Director of the Company</li> <li>5. Re-appointment of Mr. Vimal Bhandari (DIN:00001318) as an Independent Director of the Company</li> </ol>
2017-18	Thursday, August 9, 2018	10:30 a.m. (I.S.T.)	Registered office of the Company	<ol style="list-style-type: none"> <li>1. Re-appointment of Mr. B.N. Kalyani as the Managing Director of the Company</li> <li>2. Re-appointment of Mr. G.K. Agarwal as the Deputy Managing Director of the Company</li> </ol>
2016-17	Thursday, August 10, 2017	10:30 a.m. (I.S.T.)	Registered office of the Company	None

No Extraordinary General Meeting of the Members was held during the year 2019-2020.

### Postal Ballot

No resolution was passed through postal ballot during the year 2019-2020.

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

## VI. Other Disclosures

### 1. Related Party Transactions

All transactions entered into by and between the Company and related parties during the financial year were in the ordinary course of business. These have been approved by the Audit Committee. The Board has approved a policy for related party transactions which has been uploaded on the Company's website at the link: <https://www.bharatforge.com/investors/corporate-governance/policies>.

None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of the Members is drawn to the disclosure set out in note No. 39 of Financial Statements.

### 2. Details of non-compliance

During the last three years there were no instances of non-compliance and no penalty or strictures were imposed on the Company by Stock Exchanges or SEBI or any other statutory authority, on any matter related to capital markets.

### 3. Whistle Blower Policy

The Company promotes ethical behavior across all its business activities and has put in place a mechanism for reporting illegal or unethical behavior. The Company has adopted a Whistle Blower Policy and has established necessary Vigil Mechanism for employees and Directors to report concerns about unethical behavior. The Whistle Blower Policy complies with the requirements of Vigil Mechanism as stipulated under Section 177(9) of the Act. The policy comprehensively provides for an opportunity to every employee and Director to report instances of unethical behavior, actual or suspected fraud or any violation of the Code of Conduct and/or laws applicable to the Company and seek redressal. The Policy also provides for a mechanism to report such concerns to the Audit Committee through specified channels. The Policy is being communicated to the employees and also posted on Company's intranet. The Whistle Blower Policy/Vigil Mechanism has been disclosed on the Company's website at the link: <https://www.bharatforge.com/investors/corporate-governance/policies>.

### 4. Policy on Determining "Material" Subsidiaries

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

### 5. Disclosure of Accounting Treatment

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

### 6. Risk Management

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

### 7. Commodity Price Risk/Foreign Exchange Risk and Hedging activities

The Company has managed the Foreign Exchange risk with appropriate hedging activities in accordance with the policies of the Company. The Company used Forward Exchange Contracts to hedge against its Foreign Currency exposures relating to firm commitments. There were no materially uncovered exchange rate risks in the context of the Company's Foreign Exchange exposures. The Company's exposure to market risks for commodities and currencies are detailed in Note No.51, under the head 'Financial risk management objectives and policies', forming part of Notes to Financial Statements.

**8. CEO/MD and CFO Certification**

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

**9. Certificate from Practicing Company Secretary**

The Company has obtained a Certificate dated June 22, 2020, from the Practicing Company Secretary stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by Securities and Exchange Board of India, Ministry of Corporate Affairs or any such Authority.

**10. Code of Conduct**

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

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

**11. Subsidiary Companies**

The Audit Committee reviews the quarterly financial statements of the Company and the investments made by its unlisted subsidiary companies. The minutes of the Board Meetings alongwith a report on significant developments of the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company. The Company has a policy for determining material subsidiaries which is disclosed on its website: <https://www.bharatforge.com/investors/corporate-governance/policies>.

**12. Disclosure by Management to the Board**

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

**13. Complaints pertaining to sexual harassment**

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

**14. Details of total fees paid to Statutory Auditors**

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

Sr. No.	Name of the Firm	In ₹ Amount
1.	S.R.B.C. & Co. LLP	18,608,507
2.	E & Y Sweden	7,480,210
<b>Total</b>		<b>26,088,717</b>



## VII. Compliance With Mandatory and Non-Mandatory Requirements

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

### 1. The Board

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

### 2. Shareholders Rights

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

### 3. Audit Qualification

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

### 4. Reporting of Internal Auditors

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

## VIII. Means of Communication

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

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

### 1. Website

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

### 2. Presentations to Institutional Investors/Analysts

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

### 3. Filing with Stock Exchanges

Information to Stock Exchanges is now being filed online on NEAPS for NSE and BSE Listing Centre for BSE.

### 4. Annual Report

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

## IX. General Shareholder Information

### 1. Company Registration Details

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

## 2. Annual General Meeting

Day	: Wednesday
Date	: September 23, 2020
Time	: 11:00 a.m. (I.S.T.)
Venue	: The meeting will be held through Video Conferencing (VC) or Other Audio Visual Means (OAVM)

## 3. Financial Year

April 1, 2019 to March 31, 2020.

## 4. Financial Reporting Calendar (Tentative) for FY 2020-2021

Quarter ending June 30, 2020	on or before August 14, 2020
Quarter ending September 30, 2020	on or before November 14, 2020
Quarter ending December 31, 2020	on or before February 15, 2021
Audited results for the financial year 2020-2021	on or before May 29, 2021

## 5. Dividend

- i. Pursuant to approval of the Board of Directors of the Company on Friday, November 8, 2019, the Company declared and paid an Interim Dividend at the rate of ₹ 1.50 per equity Share of ₹ 2/- each (75%) for the financial year ending on March 31, 2020 on Thursday, December 5, 2019.
- ii. Pursuant to approval of the Board of Directors of the Company, through Circulation Resolution passed on Monday, February 24, 2020, the Company declared and paid Second Interim Dividend at the rate of ₹ 2/- per equity Share of ₹ 2/- each (100%) for the financial year ending on March 31, 2020 on Friday, March 20, 2020.

## 6. Unclaimed Dividend/ Shares

Section 124 of the Act read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the Rules") mandate that companies shall transfer dividend that has remained unclaimed for a period of 7 (Seven) consecutive years from the unpaid dividend account to the Investor Education and Protection Fund (IEPF). Further, the Rules also mandate that the shares on which dividend has not been paid or claimed for 7 (Seven) consecutive years or more be transferred to the IEPF. The details are given in **Table 11** below.

**Table 11: Details of unclaimed dividends and their corresponding shares that would become eligible to be transferred to IEPF on the dates are mentioned below:**

Financial Year	Type of Dividend	Dividend per share (₹)	Date of Declaration	Due date for transfer to IEPF	Amount (₹)*
2012-13	Final	2.40	August 8, 2013	September 8, 2020	1,668,712.80
2013-14	Interim	2.00	February 4, 2014	March 4, 2021	1,533,164.00
2013-14	Final	2.50	September 4, 2014	October 4, 2021	1,992,442.50
2014-15	Interim	3.00	February 2, 2015	March 2, 2022	2,422,119.00
2014-15	Final	4.50	August 3, 2015	September 5, 2022	3,199,856.00
2014-15	Interim	3.00	February 9, 2016	March 9, 2023	2,228,109.00
2015-16	Interim	4.00	March 9, 2016	April 11, 2023	2,875,588.00
2015-16	Final	0.50	August 5, 2016	September 8, 2023	449,094.50
2016-17	Interim	2.50	February 8, 2017	March 8, 2024	2,055,437.50

Financial Year	Type of Dividend	Dividend per share (₹)	Date of Declaration	Due date for transfer to IEPF	Amount (₹)*
2016-17	Final	5.00	August 10, 2017	September 10, 2024	3,591,880.00
2017-18	Interim	2.00	November 8, 2017	December 8, 2024	3,355,422.00
2017-18	Final	2.50	August 17, 2018	September 16, 2025	3,183,775.00
2018-19	Interim	2.50	November 30, 2018	December 29, 2025	3,165,297.50
2018-19	Final	2.50	August 13, 2019	August 12, 2026	3,036,415.00
2019-20	Interim-I	1.50	November 8, 2019	December 7, 2026	2,670,177.00
2019-20	Interim-II	2.00	February 24, 2020	March 23, 2027	9,866,376.00

\* Amount unclaimed as on March 31, 2020.

The Company sends periodic intimation to the shareholders concerned, advising them to lodge their claims with respect to unclaimed dividend. Shareholders may note that both the unclaimed dividend and corresponding shares transferred to IEPF, including all benefits accruing on such shares, if any, can be claimed back only from IEPF after following the procedure prescribed in the Rules. No claim shall lie in respect thereof with the Company.

During the year, the Company has credited ₹ 1,640,420/- (Rupees Sixteen Lakhs Forty Thousand Four Hundred and Twenty only) on September 30, 2019, lying in the unpaid/unclaimed dividend account, to IEPF.

#### Shares transferred to IEPF

In terms of Section 124(6) of the Act read with the Rules, the Company has sent the notice to respective shareholders who have not claimed dividend for Seven (7) consecutive years and whose shares are liable to be transferred to IEPF during the financial year 2019-20. The newspaper advertisement stating the same has also been published in the newspapers. The list of equity shareholders whose shares are liable to be transferred to IEPF can be accessed on the website of the Company at the link: <http://www.bharatforge.com/investors/shareholders-information/unclaimed-dividend>.

During the year, the Company has transferred 9,860 equity shares of ₹ 2/- each on May 31, 2019 and 7,126 Equity Shares of ₹ 2/- each on October 1, 2019 (total 16,986 equity shares) to demat account of IEPF Authority. The shares transferred were on account of unclaimed dividend for Seven (7) consecutive years.

#### Equity Shares in Suspense Account

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

Particulars	No. of Shareholders	Number of Equity Shares of ₹ 2/- each
Aggregate number of Shareholders and the outstanding shares in the suspense account lying as on April 1, 2019	64	66,220
Shareholders who approached the Company for transfer of shares from suspense account during the year	02	1,890
Shareholders to whom shares were transferred from the suspense account during the year	02	1,890
Shares transferred to Demat Account of IEPF Authority during the year	Nil	Nil
Aggregate number of Shareholders and the outstanding shares in the suspense account lying as on March 31, 2020	62	64,330

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

**7. Listing on Stock Exchanges**

Equity Shares of Bharat Forge Limited are listed on the BSE Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.

BSE Script Code – 500493

NSE Trading Symbol – BHARATFORG

Equity ISIN: INE465A01025

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

**8. Market Price Data**

**Table 12** below gives the monthly high and low prices and volumes at BSE & NSE during the year 2019-2020.

**Table 12: High and Low Prices and Trading Volumes on the BSE and NSE**

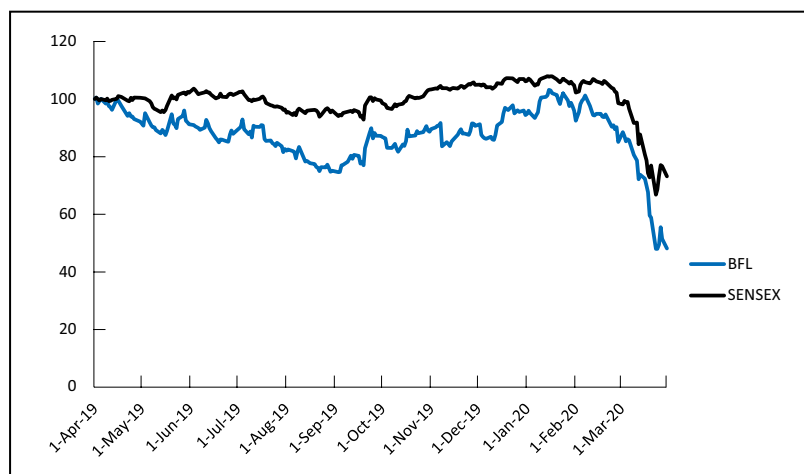
Month	BSE Ltd. (BSE)			National Stock Exchange of India Ltd. (NSE)		
	High (₹)*	Low (₹)*	Volume (Nos.)	High (₹)*	Low (₹)*	Volume (Nos.)
April 2019	523.15	465.40	949,590	523.00	465.45	17,078,879
May 2019	502.85	445.10	2,375,090	503.00	445.25	32,374,514
June 2019	477.00	430.55	1,469,107	477.25	430.15	21,952,028
July 2019	481.55	409.05	1,699,295	481.80	410.25	32,897,316
August 2019	434.50	378.85	1,152,442	435.00	379.60	26,690,782
September 2019	466.90	378.00	2,076,233	466.95	376.00	29,052,718
October 2019	478.85	413.55	1,026,617	478.80	413.20	27,565,707
November 2019	486.40	420.50	1,741,780	486.80	420.05	43,667,471
December 2019	504.90	431.25	1,052,142	505.00	430.70	31,649,859
January 2020	533.10	471.00	897,121	533.90	470.70	29,108,269
February 2020	527.50	423.30	1,096,161	527.95	422.70	31,275,505
March 2020	465.75	230.25	1,666,042	466.40	231.05	47,602,880

\*Price in ₹ per Equity Share

## 9. Stock Performance

Chart 'A' plots the movement of Bharat Forge's equity shares adjusted closing prices compared to the BSE Sensex.

**Chart A: Bharat Forge's Share Performance vs. BSE Sensex**



Base 100 = April 1, 2019

## 10. Share Transfer Agents, Share Transfer and Demat System

The Company has not engaged services of any share transfer agent. The Company has an in-house Share Accounting system and is a SEBI Registered Category-II Registrar to an Issue and Share Transfer Agent. All works relating to transmission, splitting of Share certificates, dematerialization and re-materialization processing, payment of dividend etc. is done in-house at the registered office of the Company. Company's equity shares are traded on the Stock Exchanges in compulsorily in Demat mode segment. The Board's Executive Committee meets as and when required for dealing with matters concerning securities of the Company.

In compliance with the SEBI circular dated December 27, 2002, requiring share registry to maintain both physical and electronic modes at a single point, Company has established direct connectivity with NSDL and CDSL, the two depositories. As such, the share registry work relating to both physical and electronic mode is being handled by the Secretarial Department of the Company.

## 11. Secretarial Audit for reconciliation of capital

In compliance with the requirements of SEBI, the Company has, at the end of every quarter, submitted a Certificate of Reconciliation of Share Capital reconciling the total shares held by both the depositories, NSDL and CDSL and in physical form, duly certified by a qualified Practicing Company Secretary, to the stock exchanges where the Company's securities are listed. This certificate is also placed periodically before the Board of Directors of the Company at its Board Meetings.

## 12. Code of Conduct for Prevention of Insider Trading Practices

The Company has adopted a Comprehensive Code of Conduct for Prevention of Insider Trading and Fair Disclosure of Unpublished Price Sensitive Information in the securities of the Company, by its Directors, Promoters, Key Managerial Personnel and Designated Persons under the SEBI (Prohibition of Insider Trading) Regulations, 2015 ("SEBI PIT Regulations"). This Code lays down guidelines for procedure to be followed and disclosures to be made by insiders while trading in securities of the Company. It also includes practices and procedures for Fair Disclosure of Unpublished Price Sensitive Information.

The Company has in place an online tool for ensuring compliance with the provisions of the SEBI PIT Regulations and the Code of Conduct for Prevention of Insider Trading.

### 13. Shareholding as on March 31, 2020

**Table 13: Pattern of shareholding by ownership as on March 31, 2020**

Category of Shareholder	No. of Shareholders	No. of Shares held (₹ 2/- each)	Shareholding %
Promoters <sup>1</sup>	22	213,061,840	45.76
Financial Institutions	3	22,115,128	4.75
Mutual Funds (including Unit Trust of India)	23	41,672,498	8.95
Insurance Companies	5	7,247,588	1.56
Nationalised Banks	9	1,207,708	0.26
Foreign Institutional Investors	1	140	0.00
Foreign Portfolio Investors	373	96,433,222	20.71
Bodies Corporate	1,278	19,597,699	4.21
Non-Resident Indians	4,446	3,110,858	0.67
Foreign Nationals (including Foreign Banks and Foreign Corporate Bodies)	2	650	0.00
Public <sup>2</sup>	126,596	61,141,301	13.13
<b>Total</b>	<b>132,758</b>	<b>465,588,632</b>	<b>100</b>

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

**Table 14: Distribution Schedule as on March 31, 2020**

Category (Shares)	No. of Shareholders	No. of Shares held (₹ 2/- each)	Shareholding %
1 to 5000	130,816	28,244,753	6.07
5001 to 10000	942	6,752,238	1.45
10001 to 20000	451	6,305,971	1.35
20001 to 30000	143	3,535,432	0.76
30001 to 40000	68	2,319,086	0.50
40001 to 50000	48	2,168,881	0.47
50001 to 100000	87	6,272,678	1.35
100001 and above	203	409,989,593	88.06
<b>Total</b>	<b>132,758</b>	<b>465,588,632</b>	<b>100.00</b>

### 14. Dematerialisation

The Company's Equity Shares are under compulsory demat trading. As on March 31, 2020, dematerialized shares accounted for 96.98% (96.90% upto March 31, 2019) of total Equity share capital. The details of dematerialization are given in **Table 15** below.

**Table 15: Dematerialization of Shares as on March 31, 2020**

Particulars	Position as on March 31, 2020		Position as on March 31, 2019		Net Change during 2019-2020	
	No. of Shares	% to total Shareholding	No. of Shares	% to total Shareholding	No. of Shares	% to total Shareholding
<b>Physical</b>	14,085,390	3.025	14,446,318	3.102	(360,928)	-0.08
<b>Demat</b>						
NSDL	434,900,838	93.409	428,895,743	92.119	6,005,095	1.29
CDSL	16,602,404	3.566	22,246,571	4.778	(5,644,167)	-1.21
Sub-Total	451,503,242	96.975	451,142,314	96.898	360,928	0.08
<b>Total</b>	<b>465,588,632</b>	<b>100.000</b>	<b>465,588,632</b>	<b>100.00</b>	-	-

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

Outstanding GDRs as on March 31, 2020 represent 800 Equity Shares of Company's paid-up equity Share Capital. Therefore, there will be no further impact on the Equity Share Capital of the Company.

**Table 16: Details of public funding obtained in the last three years and its implication on paid up Equity Share Capital**

Financial Year	Amount Raised through Public Funding (₹)	Effect on Paid up Equity Share Capital (₹)
2019-20	NIL	NIL
2018-19	NIL	NIL
2017-18	NIL	NIL

**16. Plant Locations**

- Mundhwa, Pune Cantonment, Pune – 411 036, Maharashtra, India
- Gat No.635, Kuruli Village, Chakan, Tal- Khed, District Pune – 410 501, Maharashtra, India
- Opposite Jarandeshwar Railway Station, Post - Vadhuth, District Satara – 415 011, Maharashtra, India
- Tandulwadi & Wanjarwadi, Tal. Baramati, Dist. Pune – 413 206, Maharashtra, India
- Industrial Park, Village-Mambattu, Ph-II, Tada Mandal, SPSR, Nellore District, Andhra Pradesh, India

**17. Investor Correspondence Address:**

Secretarial Department,  
Bharat Forge Limited.  
Mundhwa, Pune Cantonment, Pune – 411 036  
Maharashtra, India  
Phones: +91-20– 6704 2476 / 6704 2777  
Fax: +91-20–2682 2163  
Email: secretarial@bharatforge.com

**18. Credit Rating**

The Credit Ratings of the Company for all the credit facilities as on March 31, 2020 is as below:

Particulars	Rating
ECB	[ICRA]AA+ (Negative)
Fund-based Facilities	[ICRA]AA+ (Negative)
Non-fund Based Facilities	[ICRA]A1+

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

Certificate from the Practicing Company Secretary SVD & Associates, Company Secretaries, Pune confirming compliance with the conditions of Corporate Governance, as stipulated under Listing Regulations is attached.

**DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT**

I, B. N. Kalyani, Chairman and Managing Director of Bharat Forge Limited hereby declare that all the Board members and senior managerial personnel have affirmed for the year ended March 31, 2020, compliance with the Code of Conduct of the Company laid down for them.

Pune: June 29, 2020

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



**TO THE BOARD OF DIRECTORS OF BHARAT FORGE LIMITED  
CERTIFICATION BY CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR AND  
CHIEF FINANCIAL OFFICER OF THE COMPANY**

(Under Regulation 17 read with Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements), 2015)

We the undersigned, in our respective capacities as Chairman and Managing Director and Chief Financial Officer of Bharat Forge Limited, ("**the Company**") certify that:

- a) We have reviewed financial statements and the cash flow statement for the year 2019-2020 and that to the best of our knowledge and belief:
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
  - ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2019-2020 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
  - i) significant changes in internal control if any, over financial reporting during the year;
  - ii) significant changes in accounting policies if any, during the year and that the same have been disclosed in the notes to the financial statement; and
  - iii) instances of significant fraud if any, of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Pune: June 29, 2020

**K. M. SALETORÉ**  
Chief Financial Officer  
DIN : 01705850

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

**CERTIFICATE FROM PRACTICING COMPANY SECRETARY ON CORPORATE GOVERNANCE**

To,  
The Members of Bharat Forge Limited

We have examined the compliance of conditions of Corporate Governance by Bharat Forge Limited (hereinafter referred "the Company"), for the year ended on 31st March, 2020 as stipulated in relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosures requirements) Regulations, 2015.

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

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

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

For **SVD & Associates**  
Company Secretaries

**S. V. Deulkar**  
Partner  
F.C.S. 1321  
C.P. No. 965  
UDIN- F001321B000391601

Date: 29th June, 2020  
Place: Pune

# Business Responsibility Report

## Section A- General Information about the Company

1.	Corporate Identity Number (CIN) of the Company	L25209PN1961PLC012046	
2.	Name of the Company	Bharat Forge Limited	
3.	Registered address	Mundhwa, Pune Cantonment, Pune – 411 036, Maharashtra, India	
4.	Website	www.bharatforge.com	
5.	E-mail id	secretarial@bharatforge.com	
6.	Financial Year reported	2019-20	
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	<b>NIC Code</b>	<b>Description</b>
		29301	Steel forging
		3099	Front Axle assembly and components
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	i) Steel Forgings ii) Finished Machined Crankshafts iii) Front Axles assembly and components	
9.	Total number of locations where business activity is undertaken by the Company (a) Number of International Locations (Provide details of major 5) (b) Number of National Locations	The Company through its various subsidiaries/ associates/joint ventures has manufacturing facility in Germany, France, Sweden, United States and United Kingdom.  <b>Registered Office:</b> Pune- Mundhwa, Pune Cantonment, Pune – 411 036, Maharashtra, India  <b>Manufacturing locations:</b> In Maharashtra at Pune, Satara, Baramati, Chakan and in Andhra Pradesh at Nellore  <b>Corporate Offices:</b> Delhi, Noida, Hyderabad, Bengaluru, Jamshedpur, Kolkata, Chennai, Nellore and Mumbai	
10.	Markets served by the Company – Local/ State/National/International	India, North America (US, Canada and Mexico), South America (Brazil), European and Asia Pacific	

## Section B- Financial Details of The Company

1.	Paid up Capital (INR)	₹ 931.18 Million
2.	Total Turnover (INR)	₹ 45,638.84 Million
3.	Total profit after taxes (INR)	₹ 4,735.16 Million
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2.21% of average net profit of the Company was spent towards Corporate Social Responsibility during the financial year 2019-20
5.	List of activities in which expenditure in 4 above has been incurred:-	a. Village Development b. Water Harvesting c. Health, Hygiene and nutrition (women & children) d. Environment sustenance e. Skill Development f. Education & mission sanitation of schools g. Women empowerment – Community Development h. Promotion of nationally recognized Sports initiative i. Employee Volunteerism

**Section C- Other Details**

1.	Does the Company have any Subsidiary Company/Companies?	Yes, the Company has 25 direct and indirect subsidiary companies as on March 31, 2020.
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Given the current scale of operations, subsidiary companies are not engaged in BR initiatives of the Company.
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	The existing entities with which the Company does business with viz. suppliers, distributors, etc. are not directly included in the BR initiatives of the Company.

**Section D- BR Information**

1.	<b>Details of Director/Directors responsible for BR:</b>	
	(a) Details of the Director/Director responsible for implementation of the BR policy/policies	
	<b>No. Particulars</b>	<b>Details</b>
	1. DIN Number	00037678
	2. Name	Mr. G. K. Agarwal
	3. Designation	Deputy Managing Director
	(b) Details of the BR head	
	<b>No. Particulars</b>	<b>Details</b>
	1. DIN Number (if applicable)	00037678
	2. Name	Mr. G. K. Agarwal
	3. Designation	Deputy Managing Director
	4. Telephone number	+91 20 6704 2448
	5. e-mail id	gkagarwal@bharatforge.com

**2. Principle-wise (as per NVGs) BR Policy**

The Company follows the National Voluntary Guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business (NVGs). These guidelines prescribe the following nine areas of Business Responsibility:-

Principle 1	Ethics, Transparency and Accountability	Principle 5	Human Rights
Principle 2	Products Sustainability	Principle 6	Environment
Principle 3	Employees' Well-being	Principle 7	Public Policy
Principle 4	Stakeholder Engagement	Principle 8	Inclusive Growth
		Principle 9	Customer Relations

**a) Details of Compliances :**

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for	Y	Y	Y	Y	Y The policy is embedded in the Company's Code of Conduct, Ethics and HR policies	Y	Y	Y	Y

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	NA	Y	Y	Y	Y
3.	Does the policy conform to any National / International standards? If yes, specify? (50 words)	Yes, the policies follow the international standards such as ISO 9001:2015, IATF 16949:2016, AS 9100:2016, ISO 14001:2015, ISO 45001: 2018, ISO 27001, and meet national regulatory requirements such as the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The above mentioned NVG guideline were also considered in the formulation of some policies.								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/CEO/ appropriate Board Director?	Y	Y	Y	Y	NA	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	These policies are administered and supervised by the management of the Company through a robust internal governance structure.								
6.	Indicate the link for the policy to be viewed online?	Policies on HR, ISO, CSR, Insider Trading, Related Party etc. are available on links such as: <a href="http://bflapp.bharatforge.com/hronline/Pages/CodeofConduct.aspx">http://bflapp.bharatforge.com/hronline/Pages/CodeofConduct.aspx</a> <a href="http://portal.bharatforge.com/default.aspx">http://portal.bharatforge.com/default.aspx</a> <a href="http://www.bharatforge.com/investors/policies.html">http://www.bharatforge.com/investors/policies.html</a>								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	NA	Y	Y	Y	Y
8.	Does the company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	NA	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	NA	Y	Y	Y	Y
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The Policies on Quality, Safety and Health and Environment are subject to internal and external audits as part of the certification process and ongoing periodic assessments. Other policies are periodically evaluated for their efficacy through Internal Audit mechanism.								

**(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)**

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
3.	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

## Governance Related To BR

(a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Annually
(b)	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Company has been publishing the BR Report as a part of its Annual Report for the last three years.  See: <a href="http://bharatforge.com/investors/company-reports/annual-reports.html">http://bharatforge.com/investors/company-reports/annual-reports.html</a>

## Section- E: Principle-Wise Performance

### Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

**(a) Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

The code of conduct of BFL provides guidelines and policies on ethics, bribery and corruption.

This Code is applicable to all BFL Employees including Executive Directors within all sectors, regions, areas and functions.

The reference to 'Employee' shall mean and include:

- (a) Employees
- (b) Consultants/ Advisors, Retainers, Agents, Representatives etc. to the extent applicable.

**(b) How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

During the year under review, the Company did not receive any complaints regarding ethics, bribery or corruption.

### Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

**a) List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

Innovation has been the driving force behind our company and is applied across every aspect of our business. Innovative application of latest technologies has helped the company to develop critical high value added products.

We have strategically positioned our new business to support automotive industry in its transition towards more green and safe technologies.

**(i) Crankshaft design innovation for Light-weighting:**

The company worked closely with OEMs as co-development partner and carried out design innovation of crankshaft by optimizing counterweight configuration (mass, profile and numbers). This innovation design is validated for the various design acceptance criteria's i.e. balancing and bending deflection by using FEA software. This product innovation resulted into lightweight crankshaft with substantial weight reduction and improved engine reliability. With this design innovation, wastage of material during the machining process is also reduced.

**(ii) Front Axle Beam design Innovation for Light-weighting:**

Front Axle Beam is the safety and critical component of vehicle. This supports 1/3<sup>rd</sup> of vehicle weight. Front Axle Beam weight optimization is achieved by using high end FEA tools and our strong engineering database. FE analysis was carried out for original design to locate material removal regions. Accordingly material is removed from those locations of Front Axle Beam to prepare lightweight design. Both designs validated for stress and deflection levels and ensured that stress and deflection of optimized design are within acceptance limit. Hence, achieved weight reduction without affecting performance characteristics of Front Axle Beam. This methodology is horizontally deployed. This will contribute for weight reduction of vehicle with improved performance.

**(iii) Graphite extraction from effluent and thus reducing hazardous waste:**

The treated effluent was traditionally collected and disposed to authorized Hazardous Waste handling agency. The Graphite waste is again converted to Graphite Lubricant and used as a forging lubricant. The Sludge converted to graphite lubricant is showing the same performance of existing graphite forging lubricant.

**b) For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

**(i) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**

**(ii) Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

The Company has taken greater emphasis of system approach towards light weighting of automotive components through optimizing design, characterization of material properties, wider variety of manufacturing process and use of CAE techniques. This has resulted into lighter, fuel efficient and greener vehicles helping us to reduce carbon footprints.

Crankshaft design innovation resulted the lightweight crankshaft with substantial weight reduction and improved engine reliability. Front Axle Beam design innovation achieved weight reduction without affecting performance characteristics of Front Axle Beam. Graphite extraction from effluent reduces hazardous waste generation.

**c) Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

The Company's supplier selection, assessment and evaluation process includes elements of sustainability. This includes initial supplier survey, continuous risk assessments and audits. Also, there is communication to suppliers on BFL sustainability requirements and some of key suppliers like Steel suppliers, BFL has taken sign off on the same.

**d) Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Bharat Forge has a network of Medium Enterprises around its factory which complements our manufacturing capability. Quality of our final product depends on the capability of our inputs and therefore, due steps are taken to ensure quality of inputs received from Vendors by deploying our standard quality systems in their plant as well.

The steps taken to improve the capability and capacity of local vendors include:

- (i) Providing training & new BFL requirements communications through supplier meet. This is done for critical suppliers.
  - (ii) Critical suppliers being evaluated periodically based on their criticality and subsequent actions are taken for improvements.
  - (iii) Hand-holding the vendors for developing Quality Management Systems for improving the product quality, reducing the wastages and sustainable development.
  - (iv) Providing technical help to vendors for up-gradation of their equipment which has helped in enhancing the capacity and capability.
- (e) Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

As part of its endeavor of contributing towards reducing carbon footprint and ensuring sustainability across all operations, the Company focuses on various initiatives like:

- (i) Company is sending 100% forging flash to steel mills for recycling.
- (ii) 100% re-use of treated industrial effluent for processing.
- (iii) 50% of recycled water from sewage treatment plant is used for maintenance of greenery in the Plant.
- (iv) 100% of hazardous waste sent to authorized party.
- (v) Recycling of packing boxes.

**Principle 3: Businesses should promote the wellbeing of all employees**

- (a) Please indicate the Total number of employees :** 4,603 permanent employees
- (b) Please indicate the Total number of employees hired on temporary/contractual/casual basis. :** 1,880 (includes trainees and contract labour)
- (c) Please indicate the Number of permanent women employees :** 49
- (d) Please indicate the Number of permanent employees with disabilities :** Nil
- (e) Do you have an employee association that is recognized by management :** Yes
- (f) What percentage of your permanent employees is members of this recognized employee association?**

Approximately, 39.83% of permanent employees are members of the recognized employee association

- (g) Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

Sr. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
(i)	Child labour/forced labour/involuntary labour	NIL	NIL
(ii)	Sexual harassment	NIL	NIL
(iii)	Discriminatory employment	NIL	NIL



- (h) What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?

Sr. No.	Particulars	Safety Training	Skill Upgradation
(i)	Permanent Employees	77%	32%
(ii)	Permanent Women Employees	82%	10%
(iii)	Casual/Temporary/Contractual Employees	97%	37%
(iv)	Employees with Disabilities	NIL	-

**Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

- (a) Has the company mapped its internal and external stakeholders? Yes/No

Yes. The company has mapped internal and external stakeholders.

- (b) Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders

Yes. The assessment is done by carrying out baseline surveys in the villages and by conducting tests of the students in different communities. Target communities are selected by considering their real needs, their participation and ownership.

- (c) Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

By partnering with NGO Pune Pratham, BFL works for more than 20,000 underprivileged children from slum areas of Pune with the objective of every child in the school and every child learns. BFL also works in 100 villages of 5 districts from Maharashtra on five indicators- Water for agriculture and drinking, Livelihood, internal roads, health and education. We have covered more than 2 Lakhs people under this project. The results of water harvesting projects are tangible. They have improved the Quality of life of the people in terms of more income and improved health status. We have aligned our projects with National agenda i.e. Water, Skill Development, Sanitation of schools and Swaccha Bharat. Our efforts in setting up ITI and becoming Industry Partners of ITI are appreciated by State and National Government.

**Principle 5: Businesses should respect and promote human rights**

- (a) Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Company does not have a stand-alone policy for human rights. However, the Company's internal policies on Code of Conduct, Ethics and CSR, recognizes all the key aspects of human rights which lays down the acceptable behavior of the employees and provides for stringent disciplinary actions in case of violation of these policies.

- (b) How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

During the year under review, the Company has not received any complaints from any stakeholders.

**Principle 6: Business should respect, protect and make efforts to restore the environment**

The Company believes in safeguarding the environment while executing its operations. The Company ensures to do business with the minimum environmental impact. The aim is of rational use of natural resources & reduced waste emissions.

**(a) Does the policy related to Principle 6 cover only the company or extends to the Group /Joint ventures / Suppliers /Contractors /NGOs/others**

Yes, Company's environmental policy extends to its all interested parties which includes company employees, group companies, joint ventures, suppliers, contractors, NGOs, and others.

**(b) Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

Yes, As part of its endeavor of contributing towards reducing carbon footprint and ensuring sustainability across all operations, the Company focuses on various initiatives like: using bio fuels, modern regenerative combustion technology, recycled water, reduced cycle waste & adoption of eco-friendly waste disposal, implementation of scientific tree plantation to reduce atmospheric pollution etc. in its manufacturing operations. These initiatives can be viewed at: [www.bharatforge.com/sustainability](http://www.bharatforge.com/sustainability).

**(c) Does the company identify and assess potential environmental risks? Y/N**

Yes, Environmental risks are covered in the Company's principles that are based on ISO-14001 standards. Every unit or plant implements the following:

- (i) EHS risks and opportunities;
- (ii) Identification and evaluation of EHS aspects and its Impact, severity of the Impact and Ranking of the same;
- (iii) Verification of compliance to Legal and other requirements; and
- (iv) EHS emergency management.

Once risks are identified, steps are taken to measure and mitigate these risks through EHS management system approach.

**(d) Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

Yes, the Company continues to work towards development and implementation of climate change mitigation project mainly through energy saving projects, water saving, waste reduction, recycling of waste and its re-use in the process & CO2 reduction under sustainability development. However, we don't have any registration for CDM projects.

**(e) Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

Yes, several initiatives on clean technology, energy efficiency, renewable energy and sustainability development has been done like Generation of electricity through renewable resources such as Wind and Solar. Initiative can be viewed on [www.bharatforge.com/sustainability](http://www.bharatforge.com/sustainability).

**(f) Are the Emissions/Wastes generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes, all emissions / waste generated are monitored daily / monthly / quarterly and ensured for within the permissible limit as per MPCB Consent norms.

**(g) Number of show cause / legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year**

NIL.

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

**(a) Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

Yes, the Company is member of:

- (i) Confederation of Indian Industry (CII);
- (ii) World Economic Forum (WEF);
- (iii) Federation of Indian Chambers of Commerce and Industry (FICCI);
- (iv) Mahratta Chamber of Commerce, Industry and Agriculture (MCCIA); and
- (v) Automotive Component Manufacturers Association of India (ACMA)

**(b) Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

From time to time, the Company has joined hands with these associations for the betterment and advancement of the society at large. The Company has contributed in the areas of:

- (i) economic reforms
- (ii) corporate governance and transparency
- (iii) education and skill development
- (iv) women empowerment and child welfare
- (v) sanitation and hygiene
- (vi) Addressing issues pertaining to global warming, climate change, environment protection and pollution control.

**Principle 8: Businesses should support inclusive growth and equitable development.**

**(a) Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof**

The details of the Projects undertaken by the Company are as under:

(i) Village development and Water Harvesting :

BFL is developing 100 villages from 5 districts and 29 talukas from Maharashtra. Water for drinking and agriculture were taken as one of the prime indicators of development apart from development of internal roads, livelihood creation, health and education.

The Company has helped in conservation of 90,50,90,000 litres of agriculture water and built 5 Water tanks with total water storage capacity of 1,35,000 litres per day.

(ii) Health, hygiene and nutrition :

Cancer screening camp and awareness sessions were organized for more than 3,000 women from 26 villages from Taluka Koregaon & Ambegaon at District Satara & Pune, respectively, in association with NGO – Samvedana.

(iii) Skill Development Projects :

The Company has partnered with the Government to establish an ITI, Khed and started machining trade to generate employability of rural youth. Also partnered with ITI, Bhore & ITI, Malegaon for its infrastructural development and for quality training under Public-Private Partnership.

(iv) Community Development – Women empowerment :

The Company has set up 3 community development centers and is imparting various vocational and skill training to 900 women from communities to learn and earn. The 3 Self Help groups have been formed and they are the vendors to our company and have also developed their website and have become vendors for many companies.

**(b) Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

The Company has a separate CSR cell to execute CSR Function. The Company has appointed CSR head who is responsible for timely completion of all the CSR projects undertaken. The committee has also appointed 4 social workers team to carry out the necessary field work. The Chairman & Managing Director of the Company personally visits and observes the progress of the CSR projects in the villages.

**(c) Have you done any impact assessment of your initiative?**

Yes, we have undertaken the impact assessment for most of our projects. The Company has positive feedback of its efforts from the community and environment.

(i) Impact Communication document was prepared by outside professional agency for Village Development project.

(ii) Water harvesting projects of the Company have received completion certificates from the government officials after assessment of our work. The water projects were also recognized by CII at national level by including them in their compendium.

(iii) The Company has received the best industry partner award from Director of Vocational Education Training for our efforts and good work for developments of ITIS. Our ITI, Khed has been awarded as the best ITI.

(iv) The Company has received the Golden Peacock National Award, 2019 for CSR.

**(d) What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken**

During the year, the Company has spent ₹ 254.50 Million towards various CSR activities. The project wise details are provided in Annexure - G of Annual Report on CSR activities.

**(e) Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

The Company ensures that the CSR initiatives are successfully adopted by the community. We conduct periodic assessment of the projects to ensure that targeted deliverables are achieved with maximum benefits to the community.

(i) Village development and water harvesting projects have made a positive impact on the quality of life of rural community and increased their family incomes. With livelihood/entrepreneurship opportunities being created for

local youth and farming opportunities for villagers who could not cultivate their land, reverse migration has taken place in several thinly populated villages.

- (ii) Cancer screening of more than 3,000 women from communities had helped in early detection of health risk
- (iii) The tree plantation and waste management have helped in sustenance of environment
- (iv) The holistic performance of the children undergoing our various educational programmes have increased

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

**(a) What percentage of customer complaints/consumer cases are pending as on the end of financial year?**

- Forged parts** : 17 Complaints were received & closed during the year. As per the policy of the company, after the corrective actions are implemented, the company monitor the supplies for minimum period of four months.
- Machined parts** : 65 complaints are received. Corrective actions are implemented for all complaints and are effectively closed.

**(b) Does the company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)**

Since Company's products are OEM specific and as per OEM requirements, the Company displays product requirements on packaging as per requirements of OEM and consistent with applicable laws.

Typical information displayed on product includes, details of manufacturer, heat code, process no., dispatch no., part no. etc.

**(c) Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.**

No.

**(d) Did your company carry out any consumer Survey / consumer satisfaction trends?**

Customer response and customer satisfaction are one of the most important factor of any business. The Company engages with its customers at various platforms to understand their expectations.

The Company obtains customer feedback directly or referring to customer portal on monthly basis and compile the "Voice of Customer report" to identify the areas of concern reported. Accordingly, corrective measures have been planned and implemented. Customer satisfaction trends are compiled, monitored and reviewed by top management at defined intervals for getting the directives for improvement.

# Independent Auditor's Report

## To the Members of Bharat Forge Limited Report on the Audit of the Standalone Ind AS Financial Statements

### Opinion

We have audited the accompanying standalone Ind AS financial statements of Bharat Forge Limited (“the Company”), which comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

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

### Emphasis of Matter

We draw attention to note 44 of the Standalone Ind AS financial Statement which describes the management’s evaluation of impact of uncertainties related to COVID-19 and its consequential effects on the carrying value of its assets as at March 31, 2020 and the operations of the Company.

Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

## Independent Auditor's Report (Contd.)

Key audit matters	How our audit addressed the key audit matter
<p><b>Completeness of revenue in relation to determination of point of time when revenue should be recognized</b> (as described in Note 2.2(e) (Summary of significant accounting policies) and note 24 of notes forming part of the standalone Ind AS financial statements)</p> <p>The Company has revenue from sale of products which includes finished goods and tooling income and sale of services in the form of job work charges. The Company manufactures highly specialized forged and machined finished goods as per specification provided by the customers and based on the schedules from the customers.</p> <p>The Company recognizes revenue from sale of finished goods at a point in time based on the terms of the contract with customers which varies for each customer. Determination of point in time includes assessment of timing of transfer of significant risk and rewards of ownership, establishing the present right to receive payment for the products, delivery specifications including inco terms, timing of transfer of legal title of the asset and determination of the point of acceptance of goods by customer. Further, the pricing of the products is dependent on metal indices and foreign exchange fluctuation making the price volatile including variable considerations.</p> <p>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.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We focused on our understanding of the Company's sales process, including design and implementation of controls and tested the operating effectiveness of these controls.</li> <li>• We evaluated the Company's accounting policies pertaining to revenue recognition and assessed compliance with Ind AS 115 - Revenue from Contracts with Customers.</li> <li>• We obtained and read the terms of customer contracts on sample basis to assess various performance obligations in the contract, the point in time of transfer of control and pricing terms.</li> <li>• We tested on a sample basis sales invoices for identification of point in time for transfer of control and terms of contract with customers.</li> <li>• We performed cut off testing for revenue at/near the reporting date including considerations due to closure of operations on account of COVID-19 and tested whether the revenue was recognized in the appropriate period by testing shipping records, good inwards receipt of customers, sales invoices etc for sample transactions and testing the management assessment involved in this process, wherever applicable.</li> <li>• We assessed if the disclosure is in accordance with applicable accounting standards.</li> <li>• We also performed various analytical procedures to identify any unusual sales trends for further testing.</li> </ul>

## Independent Auditor's Report (Contd.)

Key audit matters	How our audit addressed the key audit matter
<p><b>Significant estimate and judgement in Hedge accounting including valuations thereof</b> (as described in Note 2.2(r) (Summary of significant accounting policies) and note 19(a) and 50 of notes forming part of the standalone Ind AS financial statements)</p> <p>The Company enters into derivative financial instruments which are mainly plain vanilla forward contracts and range forward contracts to manage its exposure of foreign currency risk of highly probable forecasted transactions which arise during the normal course of its business. These contracts are measured at fair values leading to derivative financial liabilities of INR 733.39 million as at March 31, 2020. The net movement of cashflow hedge reserve for the year is INR (1,676.12) 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.</p> <p>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.</p> <p>Due to 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.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We obtained understanding of the Company's overall hedge accounting strategy, forward contract valuation and hedge accounting process from initiation to settlement of derivative financial instruments including assessment of the design and implementation of controls, and tested the operating effectiveness of these controls.</li> <li>• We assessed Company's accounting policy for hedge accounting in accordance with Ind AS.</li> <li>• We tested the existence of hedging contracts by tracing to the confirmations obtained from respective banks.</li> <li>• We tested management's hedge documentation and contracts, on a sample basis.</li> <li>• We tested on a sample basis the fair values of derivative financial instruments recorded by the Company with the independent balance confirmations obtained from banks.</li> <li>• We involved our valuation specialists to assist in re-performing the year-end fair valuations of derivative financial instruments on a sample basis and compared these valuations with those recorded by the Company including assessing the valuation methodology and key assumptions used therein.</li> <li>• We involved our valuation specialists to assist in evaluating the hedge effectiveness basis revised management estimates due to outbreak of COVID 19</li> <li>• We assessed if the disclosure of hedge transactions is in accordance with applicable accounting standards.</li> </ul>



## Independent Auditor's Report (Contd.)

Key audit matters	How our audit addressed the key audit matter
<p><b>Significant judgement relating to impairment assessment of investments in subsidiaries, associates and joint ventures</b> (as described in Note 2.2(n) (Summary of significant accounting policies) and note 6 of notes forming part of the standalone Ind AS financial statements)</p> <p>The Company has investments in subsidiaries, associates and joint ventures as at March 31, 2020. Management assesses, at least annually, the existence of impairment indicators of each shareholdings in such subsidiaries, associates and joint ventures.</p> <p>The processes and methodologies for assessing and determining the recoverable amount of each investments are based on complex assumptions, that by their nature imply the use of the management's judgment, in particular with reference to identification of impairment indicators, forecast of future cash flows relating to the period covered by the Company's strategic business plan, normalized cash flows assumed as a basis for terminal value, as well as the long-term growth rates and discount rates applied to such forecasted cash flows.</p> <p>Further considering the outbreak of COVID 19 and uncertainties around forecast of future cash flows, management involved specialists in understanding and evaluating net cash flows to evaluate impairment for specific cases where there are impairment indicators. Considering the judgment required for estimating the cash flows and the complexity of the assumptions used, this is considered as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We obtained understanding of the Company's policy on assessment of impairment of investment in subsidiaries, associates and joint ventures and assumptions used by the management including design and implementation of controls. We have tested the operating effectiveness of these controls.</li> <li>• We assessed the methodology used by management to estimate the recoverable value of each investment and consistency with accounting standards.</li> <li>• We compared the carrying values of the Company's investment in these subsidiaries, associates and joint ventures with their respective net worth as per audited financial statements.</li> <li>• We have seen valuation reports provided by the management experts on investments where investment amount is material and indicators of impairment exists. We assessed the objectivity and independence of Company's specialists involved in the process.</li> <li>• We involved our valuation specialists to evaluate methodology, assumptions and estimates used in the calculations. We discussed changes in key drivers as compared to previous year / actual performance with management to evaluate whether the inputs and assumptions used in the cash flow forecasts were suitable. We also evaluated the assumptions around the key drivers of the cash flow forecasts including estimated revenue, discount rates, expected growth rates and terminal growth rates used considering the outbreak of COVID 19.</li> <li>• We also assessed the changes in recoverable value by performing sensitivity testing of key assumptions used.</li> <li>• We analyzed and examined the business plans approved along with assumptions and estimates used by management, including the effect of COVID-19 on the projections.</li> <li>• We evaluated the accounting and disclosure of impairment of investment in the financial statements of the Company.</li> <li>• We tested the arithmetical accuracy of the models.</li> </ul>

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

# Independent Auditor's Report (Contd.)

## Other Information

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

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

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

## Responsibilities of Management and Those Charged with Governance for the Standalone Ind AS Financial Statements

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

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

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

## Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that

## Independent Auditor's Report (Contd.)

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

## **Independent Auditor's Report (Contd.)**

- (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) The matter described in Emphasis of Matter paragraph above, in our opinion, may not have an adverse effect on the functioning of the Company;
- (f) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (h) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the 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:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 38 to the standalone Ind AS financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 20 to the standalone Ind AS financial statements;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

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

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevlal Khandelwal**

Partner

Membership Number: 501160

UDIN: 20501160AAAABU9045

Place of Signature: Pune

Date: June 29, 2020

# Independent Auditor's Report (Contd.)

## Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date.

Re: Bharat Forge Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company except two immovable properties aggregating gross block of INR 0.01 million and net block of INR 0.01 million as at March 31, 2020 for which title deeds were not available with the Company and hence we are unable to comment on the same.
- (ii) Pursuant to outbreak of Coronavirus (COVID-19) and resultant nationwide lock-down in India (since March 24, 2020), the management has conducted physical verification of inventory subsequent to the year-end (post partial relief from lock-down) and has performed roll back procedures from the stock count dates to the year-end date. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2020 and no material discrepancies were noticed in respect of such confirmations.
- (iii) (a) The Company has granted loans to four companies covered in the register maintained under section 189 of the Act. In our opinion and according to the information and explanations given to us, the terms and conditions of the loans are not prejudicial to the Company's interest.
- (b) In respect of loans granted to companies covered in the register maintained under section 189 of the Act, repayment of the principal amount is as stipulated and payment of interest has been regular except for loans granted by the Company to two of its subsidiaries, wherein loans are repayable on demand. The Company has not demanded the repayment of such loans and payment of interest has not been regular.
- (c) The Company has a sum of INR 10.93 million which is overdue for more than ninety days from a Company covered in the register maintained under section 189 of the Act and in our opinion and according to the information and explanations given by the management, the Company has taken reasonable steps for recovery of this overdue interest.

Details of overdue cases mentioned below:

Name of Company	Interest Overdue
BF Elbit Advanced Systems Private Limited*	10.68
Bharat Forge Global Holdings GmbH#	0.25

\* Amount has been converted to loan as on March 31, 2020 as per understanding with subsidiary.

# Amount recovered subsequently.

- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Act in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not

## Independent Auditor's Report (Contd.)

applicable. However, according to the information and explanations given to us, in respect of deposits accepted earlier under relevant provisions of the erstwhile Companies Act, 1956, and the rules framed thereunder, there are certain unclaimed deposit amounting to INR 0.04 million including interest thereon which are subject to litigation.

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

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, duty of excise, goods and service tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been slight delay in few cases.

(b) According to the information and explanations given to us, undisputed dues in respect of provident fund, employees' state insurance, income-tax, duty of custom, duty of excise, goods and service tax, cess and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:

Statement of arrears of statutory dues outstanding for more than six months

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

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (INR in million)#	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Non deduction of withholding taxes u/s 195 (net of INR 54.92 million paid under protest)	-	AY 2014-15	ITAT
Property tax#	Demand received for various cases (net of INR 162.37 million paid under protest)	180.58	AY 2005-06 to 2019-2020	High Court
Central Excise Act, 1944	Demand received for various cases (net of INR 5.50 million paid under protest)	38.31	AY 2003-04 to 2013-14	CESTAT
Customs Act, 1962	Demand received for wrong availment of duty drawback (net of INR 157.40 million paid under protest)	-	AY 2012-13 and 2013-14	Principal Commissioner (RA) and Ex-Officio Additional Secretary to the Government of India

# Excludes interest and penalty

## Independent Auditor's Report (Contd.)

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders. The Company did not have any outstanding dues in respect of a financial institution and debenture holders.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised. The Company does not have any unutilised money out of initial public offer / further public offer.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no material fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, hence not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company and hence not commented upon.

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

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevlal Khandelwal**

Partner

Membership Number: 501160

UDIN: 20501160AAAABU9045

Place of Signature: Pune

Date: June 29, 2020

# Independent Auditor's Report (Contd.)

**Annexure 2 referred to in paragraph 2(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”)**

We have audited the internal financial controls over financial reporting of Bharat Forge Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date

## **Management's Responsibility for Internal Financial Controls**

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

## **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting with reference to these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects

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

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

## **Meaning of Internal Financial Controls over Financial Reporting with Reference to these standalone Ind AS Financial Statements**

A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements



## Independent Auditor's Report (Contd.)

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 standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting with reference to these Standalone Ind AS Financial Statements

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

### Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevlal Khandelwal**

Partner

Membership Number: 501160

UDIN: 20501160AAAABU9045

Place of Signature: Pune

Date: June 29, 2020

# Balance Sheet

as at March 31, 2020

	Notes	As at March 31, 2020	In ₹ Million As at March 31, 2019
<b>ASSETS</b>			
<b>I. Non-current assets</b>			
(a) Property, plant and equipment	3	27,441.64	26,104.46
(b) Capital work-in-progress		8,945.25	7,126.19
(c) Investment property	4	2.89	2.89
(d) Intangible assets	5	187.88	234.34
(e) Right-of-use asset	35	448.17	-
(f) Investment in subsidiaries, joint ventures and associates	6	8,600.72	7,738.69
<b>(g) Financial assets</b>			
(i) Investments	7	4,300.32	8,777.30
(ii) Loans	8	552.80	214.93
(iii) Derivative instruments	9	145.50	1,175.97
(iv) Other financial assets	10	1,255.42	1,354.61
(h) Income tax assets (net)		448.90	55.69
(i) Other assets	14	2,216.15	2,532.17
		<b>54,545.64</b>	<b>55,317.24</b>
<b>II. Current assets</b>			
(a) Inventories	11	7,575.97	7,604.20
<b>(b) Financial assets</b>			
(i) Investments	7	10,625.00	5,403.02
(ii) Loans	8	177.36	27.72
(iii) Trade receivables	12	16,549.08	22,583.59
(iv) Derivative instruments	9	-	806.97
(v) Cash and cash equivalent	13	2,236.34	1,960.56
(vi) Other bank balances	13	2,205.67	1,737.82
(vii) Other financial assets	10	1,331.36	1,215.57
(c) Income tax assets		94.14	-
(d) Other assets	14	1,833.82	2,733.93
		<b>42,628.74</b>	<b>44,073.38</b>
<b>Total assets</b>		<b>97,174.38</b>	<b>99,390.62</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	15	931.27	931.27
(b) Other equity	16	52,619.36	53,050.94
<b>Total equity</b>		<b>53,550.63</b>	<b>53,982.21</b>
<b>Liabilities</b>			
<b>I. Non-current liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Borrowings	18	15,625.58	14,181.59
(ii) Lease liabilities	35	328.61	-
(iii) Derivative instruments	19(a)	157.19	-
(iv) Other financial liabilities	19	2.09	1.10
(b) Provisions	20	486.54	250.98
(c) Deferred tax liabilities (net)	21	1,310.63	2,702.05
		<b>17,910.64</b>	<b>17,135.72</b>
<b>II. Current liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Borrowings	18	14,083.51	16,219.85
(ii) Trade payables	22		
Dues to micro enterprises and small enterprises		20.17	58.17
Dues to other than micro enterprises and small enterprises		6,092.33	8,060.57
(iii) Lease liabilities	35	54.92	-
(iv) Derivative instruments	19(a)	576.20	-
(v) Other financial liabilities	19	3,251.17	2,416.22
(b) Provisions	20	447.64	441.25
(c) Other liabilities	23	761.96	725.56
(d) Current tax liabilities (net)		425.21	351.07
		<b>25,713.11</b>	<b>28,272.69</b>
<b>Total liabilities</b>		<b>43,623.75</b>	<b>45,408.41</b>
<b>Total equity and liabilities</b>		<b>97,174.38</b>	<b>99,390.62</b>

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 **Tridevial Khandelwal**

Partner

Membership Number: 501160

For and on behalf of the Board of Directors of  
**Bharat Forge Limited****B. N. Kalyani**

Chairman and Managing Director

DIN : 00089380

**Kishore Saleator**

Executive Director &amp; CFO

DIN : 01705850

**G. K. Agarwal**

Deputy Managing Director

DIN : 00037678

**Tejaswini Chaudhari**

Company Secretary

Membership Number: 18907

Place: Pune  
Date: June 29, 2020Place: Pune  
Date: June 29, 2020

# Statement of Profit and Loss

for the year ended March 31, 2020

		In ₹ Million	
	Notes	Year ended March 31, 2020	Year ended March 31, 2019
<b>Income</b>			
Revenue from operations	24	45,638.84	65,199.90
Other income	25	1,608.88	1,660.17
<b>Total income [i]</b>		<b>47,247.72</b>	<b>66,860.07</b>
<b>Expenses</b>			
Cost of raw materials and components consumed	26	17,675.47	25,568.84
(Increase) in inventories of finished goods, work-in-progress, dies and scrap	27	(186.38)	(1,212.07)
Employee benefits expense	28	4,823.60	4,862.86
Depreciation and amortisation expense	29	3,448.71	3,466.31
Finance costs	30	1,450.28	1,024.05
Other expenses	31	13,170.99	16,919.30
<b>Total expenses [ii]</b>		<b>40,382.67</b>	<b>50,629.29</b>
<b>Profit before exceptional items and tax [i - ii]</b>		<b>6,865.05</b>	<b>16,230.78</b>
Exceptional items (loss)	32	(939.14)	-
<b>Profit before tax</b>		<b>5,925.91</b>	<b>16,230.78</b>
<b>Income tax expense</b>	21		
Current tax		1,779.29	5,350.68
Deferred tax		(588.54)	167.29
<b>Income tax expense</b>		<b>1,190.75</b>	<b>5,517.97</b>
<b>Profit for the year</b>		<b>4,735.16</b>	<b>10,712.81</b>
<b>Other comprehensive income</b>			
<b>Other Comprehensive (Loss) / Income not to be reclassified to profit and loss in subsequent period (net of tax)</b>			
- Re-measurement (losses) of defined benefit plans	33	(214.84)	(79.45)
- (Loss) on FVTOCI equity securities	33	(0.33)	(69.56)
		<b>(215.17)</b>	<b>(149.01)</b>
Income tax effect		54.07	27.76
	<b>[a]</b>	<b>(161.10)</b>	<b>(121.25)</b>
<b>Other Comprehensive (Loss) / Income to be reclassified to profit and loss in subsequent period (net of tax)</b>			
- Movement on cash flow hedges	33	(2,424.93)	51.17
- Foreign Currency Monetary Items Translation Difference Account	33	5.82	21.02
		<b>(2,419.11)</b>	<b>72.19</b>
Income tax effect		748.81	(17.88)
	<b>[b]</b>	<b>(1,670.30)</b>	<b>54.31</b>
<b>Other comprehensive (loss) / income for the year (net of tax)</b>	<b>[a+b]</b>	<b>(1,831.40)</b>	<b>(66.94)</b>
<b>Total comprehensive income for the year (net of tax)</b>		<b>2,903.76</b>	<b>10,645.87</b>
<b>Earning per equity share [nominal value per share ₹ 2/- (March 31, 2019: ₹ 2/- )]</b>			
Basic	34	10.17	23.00
Diluted		10.17	23.00

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 **Tridevjal Khandelwal**  
Partner  
Membership Number: 501160

Place: Pune  
Date: June 29, 2020

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

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

**Kishore Saletore**  
Executive Director & CFO  
DIN : 01705850

Place: Pune  
Date: June 29, 2020

**G. K. Agarwal**  
Deputy Managing Director  
DIN : 00037678

**Tejaswini Chaudhari**  
Company Secretary  
Membership Number: 18907

# Statement of changes in equity

for the year ended March 31, 2020

## A. Equity Share Capital:

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

	No.	In ₹ Million
As at April 1, 2018	465,588,632	931.27
As at March 31, 2019	465,588,632	931.27
<b>As at March 31, 2020</b>	<b>465,588,632</b>	<b>931.27</b>

## B. Other Equity

	Reserves and Surplus [Refer note 16]				Items of OCI [Refer note 16]			Total
	Security premium	Capital reserves	General reserve	Retained earnings	Equity Instruments through Other Comprehensive Income	Cash flow hedge reserve	Foreign Currency Monetary Item Translation Difference Account (FCMITDA)	
<b>Balance as at April 1, 2018</b>	<b>6,930.89</b>	<b>15.50</b>	<b>3,130.48</b>	<b>33,796.61</b>	<b>286.60</b>	<b>1,096.37</b>	<b>(44.92)</b>	<b>45,211.53</b>
- Profit for the year	-	-	-	10,712.81	-	-	-	10,712.81
- Other Comprehensive Income	-	-	-	(51.69)	(69.56)	33.29	21.02	(66.94)
<b>Total comprehensive income</b>	-	-	-	<b>10,661.12</b>	<b>(69.56)</b>	<b>33.29</b>	<b>21.02</b>	<b>10,645.87</b>
Transfer from retained earnings	-	-	100.00	-	-	-	-	100.00
Transfer to general reserve	-	-	-	(100.00)	-	-	-	(100.00)
<b>Transaction with owners in their capacity as owners</b>								
- Equity dividend	-	-	-	(1,163.97)	-	-	-	(1,163.97)
- Tax on equity dividend	-	-	-	(239.26)	-	-	-	(239.26)
- Interim equity dividend	-	-	-	(1,163.97)	-	-	-	(1,163.97)
- Tax on interim equity dividend	-	-	-	(239.26)	-	-	-	(239.26)
<b>Balance as at March 31, 2019</b>	<b>6,930.89</b>	<b>15.50</b>	<b>3,230.48</b>	<b>41,551.27</b>	<b>217.04</b>	<b>1,129.66</b>	<b>(23.90)</b>	<b>53,050.94</b>
<b>Balance as at April 1, 2019</b>	<b>6,930.89</b>	<b>15.50</b>	<b>3,230.48</b>	<b>41,551.27</b>	<b>217.04</b>	<b>1,129.66</b>	<b>(23.90)</b>	<b>53,050.94</b>
- Profit for the year	-	-	-	4,735.16	-	-	-	4,735.16
- Other Comprehensive Income	-	-	-	(160.77)	(0.33)	(1,676.12)	5.82	(1,831.40)
<b>Total comprehensive income</b>	-	-	-	<b>4,574.39</b>	<b>(0.33)</b>	<b>(1,676.12)</b>	<b>5.82</b>	<b>2,903.76</b>
<b>Transaction with owners in their capacity as owners</b>								
- Equity dividend	-	-	-	(1,163.97)	-	-	-	(1,163.97)
- Tax on equity dividend	-	-	-	(224.60)	-	-	-	(224.60)
- Interim equity dividend	-	-	-	(1,629.56)	-	-	-	(1,629.56)
- Tax on interim equity dividend	-	-	-	(317.21)	-	-	-	(317.21)
<b>Balance as at March 31, 2020</b>	<b>6,930.89</b>	<b>15.50</b>	<b>3,230.48</b>	<b>42,790.32</b>	<b>216.71</b>	<b>(546.46)</b>	<b>(18.08)</b>	<b>52,619.36</b>

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 **Tridevial Khandelwal**  
 Partner  
 Membership Number: 501160

Place: Pune  
 Date: June 29, 2020

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

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

**Kishore Saletore**  
 Executive Director & CFO  
 DIN : 01705850

Place: Pune  
 Date: June 29, 2020

**G. K. Agarwal**  
 Deputy Managing Director  
 DIN : 00037678

**Tejaswini Chaudhari**  
 Company Secretary  
 Membership Number: 18907

# Cash Flow Statement

for the year ended March 31, 2020

In ₹ Million

Particulars	March 31, 2020	March 31, 2019
<b>Operating activities</b>		
<b>Profit before tax</b>	<b>5,925.91</b>	<b>16,230.78</b>
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	3,448.71	3,466.31
Unrealised foreign exchange loss/(gain)/MTM (net)	1,198.28	(139.01)
Interest income on fixed deposit and others	(121.63)	(179.47)
Interest income on loan to subsidiaries	(33.19)	(13.02)
Liabilities/provisions no longer required written back	(58.84)	(30.13)
Provision for doubtful debts and advances (includes expected credit loss) (net)	50.00	54.82
Bad debts/advances written off	27.16	62.37
Finance costs	1,450.28	1,024.05
(Gain) on sale of property, plant and equipment (net)	(16.17)	(134.01)
Dividend income from investments	(2.64)	(1.47)
Dividend income from subsidiary company	(157.67)	(79.36)
Net (gain) on sale of financial investments	(380.66)	(125.64)
Net (gain) on fair valuation of financial instruments (FVTPL)	(576.33)	(714.75)
Exceptional items	919.16	-
<b>Operating profit before working capital changes</b>	<b>11,672.37</b>	<b>19,421.47</b>
<b>Working capital adjustments :</b>		
Decrease/(increase) in trade receivables	6,530.70	(4,528.91)
Decrease/(increase) in inventories	28.23	(2,223.66)
Decrease/(increase) in other financial assets	(9.15)	(245.14)
Decrease/(increase) in other assets	1,061.37	104.25
(Decrease)/increase in provisions	2.98	(178.97)
(Decrease)/increase in trade payables	(3,363.94)	1,296.28
(Decrease)/increase in other financial liabilities	0.15	(2.27)
(Decrease)/increase in other liabilities	36.40	(393.56)
<b>Cash generated from operations</b>	<b>15,959.11</b>	<b>13,249.49</b>
Income taxes paid (net of refunds)	(2,192.50)	(5,283.66)
<b>Net cash flow from operating activities (A)</b>	<b>13,766.61</b>	<b>7,965.83</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress and capital advances)	(5,164.27)	(8,846.56)
Proceeds from sale of property, plant and equipment and intangible assets	35.48	390.86
Investment in subsidiaries/joint ventures/associates	(1,752.03)	(1,976.78)
Loan/amount recoverable from subsidiaries	(469.77)	(9.71)
Proceeds from loan given to subsidiaries	0.73	6.66
Loan given to employees	(67.66)	(48.58)
Proceeds from loan given to employees	53.86	39.96
Investment in financial instruments including fixed deposits	(53,846.79)	(38,098.74)
Proceeds from sale of financial instruments including fixed deposits	53,602.02	38,317.53
Interest received	154.77	126.22
Dividends received	160.31	80.83
<b>Net cash flows (used in) investing activities (B)</b>	<b>(7,293.35)</b>	<b>(10,018.31)</b>

# Cash Flow Statement

for the year ended March 31, 2020 (Contd.):

Particulars	In ₹ Million	
	March 31, 2020	March 31, 2019
<b>Financing activities</b>		
Dividend paid on equity shares	(2,793.54)	(2,327.94)
Tax on equity dividend paid	(541.81)	(478.52)
Interest paid	(1,117.37)	(797.12)
Payment of principal portion of lease liabilities	(31.87)	-
Proceeds from borrowings including bill discounting	59,119.88	56,788.62
Repayment of borrowings including bill discounting	(60,832.71)	(50,197.70)
<b>Net cash flows (used in)/from financing activities (C)</b>	<b>(6,197.42)</b>	<b>2,987.34</b>
<b>Net (decrease)/increase in cash and cash equivalents (A + B + C)</b>	<b>275.84</b>	<b>934.87</b>
<b>Cash and cash equivalents at the beginning of the year*</b>	<b>1,960.50</b>	<b>1,025.63</b>
<b>Cash and cash equivalents at the end of the year*</b>	<b>2,236.34</b>	<b>1,960.50</b>

\*Excluding earmarked balances (on unclaimed dividend accounts)

## Cash and Cash equivalents for the purpose of cash flow statement

	In ₹ Million	
	March 31, 2020	March 31, 2019
<b>Balances with banks (Note 13):</b>		
In cash credit and current accounts	1,536.53	1,434.90
Deposits with original maturity of less than three months	698.99	525.00
Cash on hand	0.82	0.66
<b>Total</b>	<b>2,236.34</b>	<b>1,960.56</b>
Less : cash credit	-	0.06
	<b>2,236.34</b>	<b>1,960.50</b>

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 **Tridevlal Khandelwal**

Partner

Membership Number: 501160

For and on behalf of the Board of Directors of

**Bharat Forge Limited**

**B. N. Kalyani**

Chairman and Managing Director

DIN : 00089380

**Kishore Saletore**

Executive Director & CFO

DIN : 01705850

**G. K. Agarwal**

Deputy Managing Director

DIN : 00037678

**Tejaswini Chaudhari**

Company Secretary

Membership Number: 18907

Place: Pune

Date: June 29, 2020

Place: Pune

Date: June 29, 2020

# Notes to Standalone Financial Statements

for the year ended March 31, 2020

## 1. Corporate Information

Bharat Forge Limited (“the Company”) is a public Company domiciled in India and incorporated under the provisions of Companies Act, 1956. The Company’s shares are listed on two stock exchanges in India. The Company is engaged in the manufacturing and selling of forged and machined components including aluminium castings for auto and industrial sector. The Company caters to both domestic and international markets. The registered office of the Company is located at Mundhwa, Pune. The Company has manufacturing facilities at Mundhwa, Baramati, Chakan, Satara and Nellore locations. The Company’s CIN is L25209PN1961PLC012046. The financial statements were authorized for issue in accordance with a resolution of the Board of Directors on June 29, 2020.

## 2. Significant Accounting Policies

### 2.1 Basis of preparation

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

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

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

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

### 2.2 Summary of significant accounting policies

#### a. Current Versus Non-Current Classification

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

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised 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

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 2.2 Summary of significant accounting policies (Contd.) :

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

The Company classifies all other liabilities as non-current.

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

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

#### b. Foreign Currencies

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

##### Transactions and balances

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

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

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

##### Exchange differences

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

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



## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 2.2 Summary of significant accounting policies (Contd.):

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

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

#### c. Investment in Subsidiaries, Joint Ventures and Associates

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

#### d. Fair value measurement

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

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

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

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

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

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

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

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

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

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

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 2.2 Summary of significant accounting policies (Contd.) :

#### d. Fair value measurement (Contd.)

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

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

This note 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 49)
- Quantitative disclosures of fair value measurement hierarchy (note 47)
- Investment in unquoted equity shares (note 6 and 7)
- Investment properties (note 4)
- Financial instruments (including those carried at amortised cost) (note 48)

#### e. Revenue from Contracts with Customers

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

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 49.

#### Sale of goods

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

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

#### Export incentives

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

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 2.2 Summary of significant accounting policies (Contd.):

#### e. Revenue from Contracts with Customers (Contd.):

##### Tooling income

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

##### Interest income

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

##### Dividends

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

##### Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 2.2-q Financial instruments – initial recognition and subsequent measurement.

##### Contract liabilities

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

#### f. Government grants

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

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 2.2 Summary of significant accounting policies (Contd.) :

#### f. Government grants (Contd.) :

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

#### g. Taxes

##### Current income tax

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

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

##### Deferred tax

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

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

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

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

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

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

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 2.2 Summary of significant accounting policies (Contd.):

#### g. Taxes (Contd.):

##### Deferred tax (contd.):

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.

#### h. Property, Plant and Equipment

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

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

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

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 2.2 Summary of significant accounting policies (Contd.) :

#### h. Property, Plant and Equipment (Contd.) :

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

Type of asset	Schedule II life (years)	Useful lives estimated by the management (years)
Building - Factory	30	30
Buildings - Others (including roads)	5 to 60	5 to 60
Plant and machinery (including dies)	15	1 to 23
Plant and machinery - Windmill	25	19
Plant and machinery – Computers	3	3
Office equipment	5	5
Railway sidings	15	10
Electrical installation	10	10
Factory equipments	10	10
Furniture and fixtures	10	10
Vehicles	8	8
Aircrafts	20	6 to 18

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

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

Freehold land is carried at cost.

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

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

#### i. Investment Properties

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

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

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 2.2 Summary of significant accounting policies (Contd.):

#### i. Investment Properties (Contd.):

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

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

#### j. Intangible Assets

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

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

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

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

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

#### Research and development costs

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

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

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 2.2 Summary of significant accounting policies (Contd.) :

#### j. Intangible Assets (Contd.) :

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

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

#### k. Borrowing costs

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

#### l. Leases

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

##### Company as a lessee

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

#### i) Right-of-use assets

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

- Buildings                      2 to 16 years
- Leasehold land                99 years

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

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



## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 2.2 Summary of significant accounting policies (Contd.) :

#### i. Leases (Contd.) :

##### ii) Lease liabilities

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

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

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

For details of lease liabilities please see Note 35.

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

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

##### Company as a lessor

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

#### m. Inventories

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

Raw materials and components, stores and spares and loose tools are valued at lower of cost and net 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.

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 2.2 Summary of significant accounting policies (Contd.) :

#### m. Inventories (Contd.) :

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

Scrap is valued at net realisable value.

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

Net 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.

#### n. Impairment of Non-Financial Assets

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

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

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

Intangible assets under development are tested for impairment annually.

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

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

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 2.2 Summary of significant accounting policies (Contd.) :

#### o. Provisions and Contingent Liabilities

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

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

#### p. Post-Employment and Other Employee Benefits

##### Provident fund

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

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

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

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

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

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 2.2 Summary of significant accounting policies (Contd.) :

#### p. Post-Employment and Other Employee Benefits (Contd.) :

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

#### Gratuity

The Company operates two defined benefits plan for its employee's viz. gratuity and special gratuity scheme. Payment for present liability of future payment of gratuity is being made to 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, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet as asset / liability with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

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

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

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

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

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

#### Superannuation

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

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 2.2 Summary of significant accounting policies (Contd.) :

#### p. Post-Employment and Other Employee Benefits (Contd.) :

##### Privilege leave benefits

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

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

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

##### Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of these benefits; and (b) when the entity 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.

#### q. Financial Instruments

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

##### Financial assets

###### *Initial recognition and measurement*

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

###### **Subsequent measurement**

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

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

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 2.2 Summary of significant accounting policies (Contd.) :

#### q. Financial Instruments (Contd.) :

##### Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

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

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

##### Debt instruments at FVTOCI

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

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

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company 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 recognised in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

##### Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as at FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or as at FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

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

##### Equity investments

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

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 2.2 Summary of significant accounting policies (Contd.) :

#### q. Financial Instruments (Contd.) :

##### Equity investments (Contd.) :

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

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

##### Derecognition

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

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

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

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

##### Impairment of financial assets

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

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

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

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 2.2 Summary of significant accounting policies (Contd.) :

#### q. Financial Instruments (Contd.) :

##### Impairment of financial assets (Contd.) :

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

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

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

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

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

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

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

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

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables:  
ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Debt instruments measured at FVTOCI:

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



## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 2.2 Summary of significant accounting policies (Contd.) :

#### q. Financial Instruments (Contd.) :

##### Impairment of financial assets (Contd.) :

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

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

##### Financial liabilities

##### Initial recognition and measurement

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

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

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

##### Subsequent measurement

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

##### Financial liabilities at fair value through profit or loss

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

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

##### Loans and borrowings

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

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

This category generally applies to borrowings. For more information refer Note 18.

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 2.2 Summary of significant accounting policies (Contd.) :

#### q. Financial Instruments (Contd.) :

##### Financial guarantee contracts

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

##### Derecognition

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

##### Embedded derivatives

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

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

##### Offsetting of financial instruments

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

#### r. Derivative financial instruments and hedge accounting

##### Initial recognition and subsequent measurement

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

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 2.2 Summary of significant accounting policies (Contd.) :

#### r. Derivative financial instruments and hedge accounting (Contd.) :

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

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

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

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

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

#### Fair value hedges

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

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

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

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

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 2.2 Summary of significant accounting policies (Contd.) :

#### r. Derivative financial instruments and hedge accounting (Contd.) :

##### Cash flow hedges

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

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

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

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

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

#### s. Cash and cash equivalents

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

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

#### t. Dividend to equity holders of the Company

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

#### u. Segment reporting

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

#### v. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 2.2 Summary of significant accounting policies (Contd.):

#### v. Earnings per share (Contd.):

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.

### 2.3 Changes in accounting policies and disclosure

#### New and amended standards

The Company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments apply for the first time for the year ending 31 March 2020, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, amendments that have been issued but are not yet effective/notified.

#### Ind AS 116 Leases

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

The Company adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application on April 1, 2019. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 April 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

#### Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately.
- The assumptions an entity makes about the examination of tax treatments by taxation authorities.

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 2.3 Changes in accounting policies and disclosure (Contd.) :

#### Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment (Contd.) :

- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
- How an entity considers changes in facts and circumstances.

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Company applies significant judgment in identifying uncertainties over income tax treatments. Since the Company operates in a complex multinational environment, it assessed whether the Appendix had an impact on its financial statements.

Upon adoption of the Appendix C to Ind AS 12, the Company has identified that there are no uncertain tax positions and accordingly, no impact.

#### Amendments to Ind AS 109: Prepayment Features with Negative Compensation

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the financial statements of the Company.

#### Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no impact on the financial statements of the Company as it did not have any plan amendments, curtailments, or settlements during the period.

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 3. Property, Plant and Equipment

	Freehold land	Leasehold land	Buildings (notes a, b)	Plant and machinery (note d)	Office equipments	Railway sidings	Electrical installations	Factory equipments	Furniture and fixtures	Vehicles and aircraft	Power line	Total
<b>Cost</b>												
at April 1, 2018	173.39	70.82	4,200.25	26,192.82	64.82	0.02	178.81	525.18	154.12	2,553.34	6.17	34,119.74
Additions	233.75	-	264.34	3,417.48	24.11	-	1.70	248.10	39.55	16.53	-	4,245.56
Disposals	-	-	-	(141.22)	(4.17)	-	-	-	(13.59)	(0.05)	-	(159.03)
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-
- Borrowing costs	-	-	-	2.36	-	-	-	0.03	-	-	-	2.39
- Exchange differences	-	-	19.85	132.51	-	-	-	2.18	-	9.87	-	164.41
<b>at March 31, 2019</b>	<b>407.14</b>	<b>70.82</b>	<b>4,484.44</b>	<b>29,603.95</b>	<b>84.76</b>	<b>0.02</b>	<b>180.51</b>	<b>775.49</b>	<b>180.08</b>	<b>2,579.69</b>	<b>6.17</b>	<b>38,373.07</b>
Additions	3.78	-	1,054.67	2,899.84	16.50	-	-	16.28	89.93	529.94	-	4,610.94
Disposals	-	-	-	(74.61)	-	-	-	-	(0.24)	(44.37)	-	(119.22)
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-
- Borrowing costs(Refer note c)	-	-	-	51.57	-	-	-	-	-	-	-	51.57
- Exchange differences	-	-	17.23	113.11	-	-	-	1.87	-	-	-	132.21
- Reclassified on account of adoption of Ind AS 116 on lessor	-	(70.82)	-	-	-	-	-	-	-	-	-	(70.82)
<b>at March 31, 2020</b>	<b>410.92</b>	<b>-</b>	<b>5,556.34</b>	<b>32,593.86</b>	<b>101.26</b>	<b>0.02</b>	<b>180.51</b>	<b>793.64</b>	<b>269.77</b>	<b>3,065.26</b>	<b>6.17</b>	<b>42,977.75</b>
<b>Depreciation and impairment</b>												
at April 1, 2018	-	2.38	392.73	7,720.42	23.05	-	88.42	133.10	45.20	562.20	6.17	8,973.67
Charge for the year	-	0.79	145.59	2,943.83	12.71	-	21.83	55.49	16.36	191.53	-	3,388.13
Disposals	-	-	-	(81.41)	(3.63)	-	-	-	(8.14)	(0.01)	-	(93.19)
<b>at March 31, 2019</b>	<b>-</b>	<b>3.17</b>	<b>538.32</b>	<b>10,582.84</b>	<b>32.13</b>	<b>-</b>	<b>110.25</b>	<b>188.59</b>	<b>53.42</b>	<b>753.72</b>	<b>6.17</b>	<b>12,268.61</b>
Charge for the year	-	-	151.28	2,812.44	16.19	-	19.33	69.33	20.50	233.19	-	3,322.26
Disposals	-	-	-	(36.18)	-	-	-	-	(0.14)	(15.27)	-	(51.59)
Reclassified on account of adoption of Ind AS 116 on lessor	-	(3.17)	-	-	-	-	-	-	-	-	-	(3.17)
<b>at March 31, 2020</b>	<b>-</b>	<b>-</b>	<b>689.60</b>	<b>13,359.10</b>	<b>48.32</b>	<b>-</b>	<b>129.58</b>	<b>257.92</b>	<b>73.78</b>	<b>971.64</b>	<b>6.17</b>	<b>15,536.11</b>
<b>Net block</b>												
at March 31, 2019	407.14	67.65	3,946.12	19,021.11	52.63	0.02	70.26	586.90	126.66	1,825.97	-	26,104.46
at March 31, 2020	410.92	-	4,866.74	19,234.76	52.94	0.02	50.93	535.72	195.99	2,093.62	-	27,441.64

(a) Buildings include cost of hangar jointly owned with other companies ₹ 0.12 million (March 31, 2019: ₹ 0.12 million).

(b) Documents for the ownership of Hangar at Lohegaon; Pune and flat at Lullanagar, Pune are not available with the Company.

(c) Capitalised borrowing costs:

The Company capitalises these borrowing costs in the capital work-in-progress (CWIP) first. The amount of borrowing costs capitalised as other adjustments in the above note reflects the amount of borrowing cost transferred from Capital work-in-progress (CWIP) balances. The borrowing costs capitalised during the year ended March 31, 2020 was ₹ 246.01 million (March 31, 2019: ₹ Nil).

(d) Assets include assets lying with third party amounting to ₹ 275.83 Million (March 31, 2019: ₹ 162.29 Million)

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 4. Investment Property

	In ₹ Million
	<b>Freehold land</b>
<b>Cost</b>	
<b>at April 1, 2018</b>	<b>2.89</b>
Additions	-
Disposals	-
<b>at March 31, 2019</b>	<b>2.89</b>
Additions	-
Disposals	-
<b>at March 31, 2020</b>	<b>2.89</b>
<b>Depreciation and impairment</b>	
<b>at April 1, 2018</b>	-
Depreciation for the year	-
<b>at March 31, 2019</b>	-
Depreciation for the year	-
<b>at March 31, 2020</b>	-
<b>Net block</b>	
<b>at March 31, 2019</b>	<b>2.89</b>
<b>at March 31, 2020</b>	<b>2.89</b>

Information regarding income and expenditure of investment property

	In ₹ Million	
	March 31, 2020	March 31, 2019
Rental income derived from investment properties (included in Rent in note 25)	2.95	2.69
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)	1.07	1.40
<b>Profit arising from investment properties before depreciation and indirect expenses</b>	<b>1.88</b>	<b>1.29</b>
Less : Depreciation	-	-
<b>Profit arising from investment properties before indirect expenses</b>	<b>1.88</b>	<b>1.29</b>

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

As at March 31, 2020 and March 31, 2019, the fair values of the properties are ₹ 2,426.11 million, ₹ 2,445.00 million respectively. The Company obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties, where such information is not available, the Company considers ready reckoner rates. The fair values of investment properties have been determined by an independent valuer. The main input used is the ready reckoner rate. All resulting fair value estimates for investment properties are included in Level 2.



## Notes to Standalone Financial Statements

for the year ended March 31, 2020

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

### Reconciliation of fair value

In ₹ Million

Investment properties	Free hold land
at April 1, 2018	2,425.21
Fair value difference	19.79
Purchases	-
at March 31, 2019	2,445.00
Fair value difference	(18.89)
Purchases	-
at March 31, 2020	2,426.11

## 5. Intangible assets

In ₹ Million

	Computer software	Technology Licence	Total
<b>Cost</b>			
<b>at April 1, 2018</b>	<b>209.92</b>	<b>37.12</b>	<b>247.04</b>
Purchase	61.85	120.40	182.25
Internal development	-	-	-
Exchange differences	0.13	-	0.13
<b>at March 31, 2019</b>	<b>271.90</b>	<b>157.52</b>	<b>429.42</b>
Purchase	15.60	36.20	51.80
Internal development	-	-	-
Exchange differences	0.12	-	0.12
<b>at March 31, 2020</b>	<b>287.62</b>	<b>193.72</b>	<b>481.34</b>
<b>Amortisation and impairment</b>			
<b>at April 1, 2018</b>	<b>115.07</b>	<b>1.83</b>	<b>116.90</b>
Amortisation	58.42	19.76	78.18
<b>at March 31, 2019</b>	<b>173.49</b>	<b>21.59</b>	<b>195.08</b>
Amortisation	59.97	38.41	98.38
<b>at March 31, 2020</b>	<b>233.46</b>	<b>60.00</b>	<b>293.46</b>
<b>Net block</b>			
<b>at April 1, 2018</b>	<b>94.85</b>	<b>35.29</b>	<b>130.14</b>
<b>at March 31, 2019</b>	<b>98.41</b>	<b>135.93</b>	<b>234.34</b>
<b>at March 31, 2020</b>	<b>54.16</b>	<b>133.72</b>	<b>187.88</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 6. Investment in Subsidiaries, Joint Ventures and Associates

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
<b>At Cost</b>		
<b>Unquoted equity instruments</b>		
<b>- Investment in wholly owned subsidiaries</b>		
Bharat Forge Global Holding GmbH		
Subscription to the equity share capital [EUR 5,000,000 (March 31, 2019 : EUR 5,000,000)]	287.98	287.98
Capital contribution credited in favour of Bharat Forge Limited <b>[Refer note 6(a)]</b> [EUR 76,464,428 (March 31, 2019 : EUR 73,464,428)]	5,199.69	4,962.84
	5,487.67	5,250.82
60 (March 31, 2019 : 60) Common stock of 1 cent each fully paid up in Bharat Forge America Inc. USD 33,396,597 (March 31, 2019 : USD 33,396,597)	831.91	831.91
64,000 (March 31, 2019 : 64,000) equity shares of £ 1/- each fully paid up in Bharat Forge International Limited	304.78	304.78
197,709,734 (March 31, 2019 : 124,983,334) equity shares of ₹ 10/- each fully paid up in BF Infrastructure Limited <b>[Refer note 6(b)]</b>	1,597.10	869.84
Less : Provision for impairment in value of investments	1,355.60	869.84
	241.50	-
18,489,670 (March 31, 2019 : 18,489,670) equity shares of ₹ 10/- each fully paid up in Analogic Controls India Limited	20.15	20.15
Less : Provision for impairment in value of investments	16.55	16.55
	3.60	3.60
20,010,000 (March 31, 2019 : Nil) equity shares of ₹ 10/- each fully paid up in Kalyani Centre For Precision Technology Limited <b>[Refer note 6(c)]</b>	200.10	-
<b>- Other subsidiaries where Company holds 51% or more of the equity share capital</b>		
1,010,000 (March 31, 2019 : 1,010,000) equity shares of ₹ 10/- each fully paid up in BF Elbit Advanced Systems Private Limited	10.10	10.10
18,417,678 (March 31, 2019 : 18,417,678) equity shares of ₹ 10/- each fully paid up in Kalyani Strategic Systems Limited	184.17	184.17
6,139,324 (March 31, 2019 : Nil) equity shares of ₹ 10/- each partly paid up in Kalyani Strategic Systems Limited <b>[Refer note 6(d)]</b>	30.70	-
83,226 (March 31, 2019 : Nil) equity shares of ₹ 10/- each fully paid up in Eternus Performance Materials Private Limited <b>[Refer note 6(e)]</b>	3.75	-
carried over	7,298.28	6,585.38

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 6. Investment in Subsidiaries, Joint Ventures and Associate (Contd.):

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
brought over	7,298.28	6,585.38
<b>- Investments in joint ventures</b>		
7,128,219 (March 31, 2019 : 7,128,219) equity shares of ₹ 10/- each fully paid up in	33.64	33.64
BF NTPC Energy Systems Limited <b>[Refer note 6(f)]</b>		
Less : Provision for impairment in value of investments	33.64	33.64
	-	-
12,500 (March 31, 2019 : Nil) shares of EURO 1/-		
REFU Drive GmbH <b>[Refer note 6(g)]</b>	919.14	-
<b>- Investments in associates</b>		
14,208 (March 31, 2019 : 12,313) equity shares of ₹ 10/- each in	300.37	260.38
Tork Motors Private Limited <b>[Refer note 6(h)(i)]</b>		
777,840 (March 31, 2019 : 777,840) ordinary shares of £ 0.00001 each in Tevva Motors (Jersey) Limited	892.93	892.93
[GBP 9,910,000 (March 31, 2019 : 9,910,000)] <b>[Refer note 6(i)]</b>		
Less : Provision for impairment in value of investments <b>[Refer note 32(b)]</b>	890.00	-
	2.93	892.93
78,000 (March 31, 2019 : Nil) equity shares of ₹ 10/- each in		
Aeron Systems Private Limited <b>[Refer note 6(j)]</b>	80.00	-
<b>Unquoted Preference shares (fully paid)</b>		
- Investments in associates		
Nil (March 31, 2019 : Nil) compulsorily convertible preference shares of ₹ 10/- each in		
Tork Motors Private Limited <b>[Refer note 6(h)(ii)]</b>	-	59.98
Less : Converted into equity shares	-	59.98
	-	-
<b>Total</b>	<b>8,600.72</b>	<b>7,738.69</b>

#### (a) Bharat Forge Global Holding GmbH (BFGH)

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

During the current year, the Company has made further capital contribution to BFGH of ₹ 236.85 million (March 31, 2019 : ₹ 983.86 million).

#### (b) BF Infrastructure Limited (BFIL, India)

During the current year, the Company had made further investment in BFIL, India of ₹ 727.26 million (March 31, 2019 : ₹ 294.56 million) by converting and acquiring 72,726,400 (March 31, 2019 : 29,455,640) equity shares of ₹ 10/- each.

In the previous year itself, the Company had impaired ₹ 485.76 million when the advances were granted to BFIL, India.

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 6. Investment in Subsidiaries, Joint Ventures and Associate (Contd.):

#### (c) Kalyani Centre For Precision Technology Limited (KCPTL)

During the current year, the Company has made investment in KCPTL of ₹ 200.10 million by acquiring 20,010,000 equity shares of ₹10/- each. KCPTL to undertake various manufacturing and machining activities by using advanced technology solutions.

#### (d) Kalyani Strategic Systems Limited (KSSL)

During the current year, the Company has made further investment in KSSL of ₹ 30.70 million by acquiring 6,139,324 equity shares on right basis of ₹ 10/- each by partly paying ₹ 5/- per share.

#### (e) Eternus Performance Materials Private Limited (EPMPL)

During the current year, the Company entered into a Share Subscription Agreement with Eternus Performance Materials Private Limited, India (Eternus). Pursuant to the said Agreement, the Company has made investment in EPMPL of ₹ 3.75 million by acquiring 83,226 equity shares of ₹ 10/- each at premium of ₹ 35/- per share.

#### (f) BF NTPC Energy Systems Limited (BFNTPCESL)

During the previous 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) REFU Drive GmbH [REFU]

During the current year, the Company 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. Accordingly, the Company has made capital contribution to REFU of ₹ 892.34 million and balance portion pertains to transaction costs that are directly attributable to the investment.

#### (h) Tork Motors Private Limited (TMPL)

- (i) During the current year, the Company has made an additional investment in TMPL of ₹ 39.99 million (March 31, 2019 : ₹ 99.99 million) by acquiring 1,895 (March 31, 2019 : 4,736) equity shares of ₹ 10/- each.
- (ii) In the previous year 2,841 compulsorily convertible preference shares of ₹ 10/- each were converted into 2,841 equity shares of ₹ 10/- each in accordance with the terms of issue, at fair value of ₹ 59.98 million as on conversion date.

#### (i) Tevva Motors (Jersey) Limited (TMJL)

During the previous year, the Company had made investment in TMJL ₹ 892.93 million by acquiring 777,840 ordinary shares of £ 0.00001 each.

#### (j) Aeron Systems Private Limited [ASPL]

During the current year, the Company entered into a Share Subscription Agreement with Aeron Systems Private Limited (Aeron). Pursuant to the said Agreement, the Company has made investment in ASPL ₹ 80.00 million by acquiring 78,000 equity shares of ₹ 10/- each.

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 7. Investments

In ₹ Million

	As at March 31, 2020	As at March 31, 2019
<b>Non-current investments</b>		
<b>(a) Investments designated at fair value through OCI (FVTOCI)</b>		
<b>Equity instruments (unquoted) (fully paid)</b>		
<b>- Investments in others (Company holds 5% or more of the share capital)</b>		
38,384,202 (March 31, 2019 : 38,384,202) equity shares of ₹ 10/- each fully paid up in Khed Economic Infrastructure Private Limited	641.78	583.06
<b>- Investments in other (unquoted) (fully paid)</b>		
1,089 (March 31, 2019 : Nil) equity shares of ₹ 10/- each in Avaada Sataramh Private Limited [Refer note 7(e)]	0.01	-
<b>Equity instruments (quoted) (fully paid)</b>		
<b>- Investments in others</b>		
613,000 (March 31, 2019 : 613,000) equity shares of ₹ 2/- each fully paid up in Birlasoft Limited (erstwhile KPIT Technologies Limited) [Refer note 7(b)]	37.39	60.47
613,000 (March 31, 2019 : 613,000) equity shares of ₹ 10/- each fully paid up in KPIT Technologies Limited (erstwhile KPIT Engineering Limited) [Refer note 7(b)]	21.61	57.58
<b>Total FVTOCI investments (a)</b>	<b>700.79</b>	<b>701.11</b>
<b>(b) Investments designated at fair value through profit or loss (FVTPL)</b>		
<b>Equity instruments (unquoted) (fully paid)</b>		
<b>- Investments in others (Company holds 5% or more of the share capital)</b>		
504,432 (March 31, 2019 : 504,432) equity shares of ₹ 10/- each in Gupta Energy Private Limited [Refer note 7(a)]	-	-
<b>Bonds (quoted)</b>		
250 (March 31, 2019: 250) Secured redeemable non-convertible debentures of ₹ 1,000,000/- each in Series 237 (Option I) issued by Bajaj Finance Limited	318.87	268.67
<b>- Investments in private equity fund (unquoted funds)</b>		
1,776,969.68 (March 31, 2019: 1,179,546.87) Units of ₹ 100/- each of Paragon Partners Growth Fund - I	211.46	171.60
	530.33	440.27
<b>- Investments in mutual funds (quoted funds)</b>		
Nil (March 31, 2019: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series OE (1153 days) - Direct Plan-Growth	-	23.13
Nil (March 31, 2019: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series OG (1146 days) - Direct Plan-Growth	-	23.10
Nil (March 31, 2019: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series OH (1120 days) - Direct Plan-Growth	-	23.19
Nil (March 31, 2019: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series OI (1120 days) - Direct Plan-Growth	-	23.14
Nil (March 31, 2019: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series OK (1135 days) - Direct Plan-Growth	-	23.06
3,000,000 (March 31, 2019: 3,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series OZ (1187 days) - Direct Plan-Growth	35.69	32.74
carried over	35.69	148.36
carried over	530.33	440.27

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 7. Investments (Contd.):

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
brought over	530.33	440.27
brought over	35.69	148.36
<b>- Investments in mutual funds (quoted funds) (Contd.):</b>		
2,000,000 (March 31, 2019: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series PA (1177 days) - Direct Plan-Growth	23.84	21.87
2,000,000 (March 31, 2019: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series PB (1190 days) - Direct Plan-Growth	23.77	21.81
3,000,000 (March 31, 2019: 3,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series PE (1159 days) - Direct Plan-Growth	35.52	32.59
3,000,000 (March 31, 2019: 3,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series PG (1148 days) - Direct Plan-Growth	35.54	32.57
2,000,000 (March 31, 2019: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series PH (1143 days) - Direct Plan-Growth	23.66	21.68
2,000,000 (March 31, 2019: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series QG (1100 days) - Direct Plan-Growth	23.48	21.57
2,000,000 (March 31, 2019: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series SJ (1135 days) - Direct Plan-Growth	22.19	20.18
2,000,000 (March 31, 2019: 2,000,000) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series SL (1120 days) - Direct Plan-Growth	22.06	20.06
Nil (March 31, 2019: 2,000,000) Units of ₹ 10 each of DSP FMP - Series 204 - 37M - Direct Plan - Growth	-	23.07
2,000,000 (March 31, 2019: 2,000,000) Units of ₹ 10 each of DSP FMP - Series 217 - 40M - Direct Plan - Growth	23.82	21.86
2,000,000 (March 31, 2019: 2,000,000) Units of ₹ 10 each of DSP FMP - Series 219 - 40M - Direct Plan - Growth	23.72	21.82
2,000,000 (March 31, 2019: 2,000,000) Units of ₹ 10 each of DSP FMP - Series 223 - 39M - Direct Plan - Growth	23.68	21.70
3,000,000 (March 31, 2019: 3,000,000) Units of ₹ 10 each of Franklin India Fixed Maturity Plan - Series 2 - Plan A - Direct Plan - Growth	35.65	32.70
2,000,000 (March 31, 2019: 2,000,000) Units of ₹ 10 each of Franklin India Fixed Maturity Plan - Series 2 - Plan B - Direct Plan - Growth	23.82	21.85
Nil (March 31, 2019: 5,000,000) Units of ₹ 10 each of HDFC FMP 1169D February 2017 (1) Series 37 - Direct Option - Growth Option	-	57.73
Nil (March 31, 2019: 3,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 80 - 1187 Days Plan G - Direct Plan - Cumulative Option	-	34.68
Nil (March 31, 2019: 3,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 80 - 1194 Days Plan F - Direct Plan - Cumulative Option	-	34.76
Nil (March 31, 2019: 3,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 80 - 1253 Days Plan J - Direct Plan - Cumulative Option	-	34.80
5,000,000 (March 31, 2019: 5,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 82 - 1225 Days Plan B - Direct Plan - Cumulative Option	59.77	54.86
2,000,000 (March 31, 2019: 2,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 82 - 1217 Days Plan C - Direct Plan - Cumulative Option	23.88	21.92
2,000,000 (March 31, 2019: 2,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 82 - 1223 Days Plan G - Direct Plan - Cumulative Option	23.82	21.86
carried over	483.91	744.30
carried over	530.33	440.27

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 7. Investments (Contd.):

In ₹ Million

	As at March 31, 2020	As at March 31, 2019
brought over	530.33	440.27
brought over	483.91	744.30
<b>- Investments in mutual funds (quoted funds) (Contd.):</b>		
2,000,000 (March 31, 2019: 2,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 82 - 1203 Days Plan K - Direct Plan - Cumulative Option	23.80	21.82
2,000,000 (March 31, 2019: 2,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 85 - 1129 Days Plan P - Direct Plan - Cumulative Option	21.98	20.01
2,000,000 (March 31, 2019: 2,000,000) Units of ₹ 10 each of IDFC Fixed Term Plan Series 140 (1145 Days)- Direct Plan - Growth	23.64	21.67
2,000,000 (March 31, 2019: 2,000,000) Units of ₹ 10 each of IDFC Fixed Term Plan Series 144 (1141 Days)- Direct Plan - Growth	23.51	21.55
Nil (March 31, 2019: 2,000,000) Units of ₹ 10 each of Kotak FMP Series 200 - Direct - Growth	-	23.10
2,000,000 (March 31, 2019: 2,000,000) Units of ₹ 10 each of Kotak FMP Series 214 - Direct - Growth	23.88	21.89
2,000,000 (March 31, 2019: 2,000,000) Units of ₹ 10 each of Kotak FMP Series 219 - Direct - Growth	23.69	21.73
2,000,000 (March 31, 2019: 2,000,000) Units of ₹ 10 each of Kotak FMP Series 252 - Direct - Growth	23.00	20.88
2,000,000 (March 31, 2019: 2,000,000) Units of ₹ 10 each of Kotak FMP Series 267 - Direct - Growth	22.05	20.00
Nil (March 31, 2019: 3,000,000) Units of ₹ 10 each of Nippon India Fixed Horizon Fund XXXII- Series 8 - Direct Growth Plan (erstwhile Reliance Fixed Horizon Fund XXXII- Series 8)	-	34.69
Nil (March 31, 2019: 2,000,000) Units of ₹ 10 each of Nippon India Fixed Horizon Fund XXXIII- Series 1 - Direct Growth Plan (erstwhile Reliance Fixed Horizon Fund XXXIII- Series 1)	-	23.22
Nil (March 31, 2019: 2,000,000) Units of ₹ 10 each of Nippon India Fixed Horizon Fund XXXIII- Series 3 - Direct Growth Plan (erstwhile Reliance Fixed Horizon Fund XXXIII- Series 3)	-	23.17
Nil (March 31, 2019: 2,000,000) Units of ₹ 10 each of Nippon India Fixed Horizon Fund XXXIII- Series 4 - Direct Growth Plan (erstwhile Reliance Fixed Horizon Fund XXXIII- Series 4)	-	23.17
2,000,000 (March 31, 2019: 2,000,000) Units of ₹ 10 each of Nippon India Fixed Horizon Fund XXXV- Series 12 - Direct Growth Plan (erstwhile Reliance Fixed Horizon Fund XXXV- Series 12)	23.90	21.90
2,000,000 (March 31, 2019: 2,000,000) Units of ₹ 10 each of Nippon India Fixed Horizon Fund XXXVI- Series 1 - Direct Growth Plan (erstwhile Reliance Fixed Horizon Fund XXXVI- Series 1)	23.78	21.77
2,000,000 (March 31, 2019: 2,000,000) Units of ₹ 10 each of Nippon India Fixed Horizon Fund XXXVI- Series 7 - Direct Growth Plan (erstwhile Reliance Fixed Horizon Fund XXXVI- Series 7)	23.63	21.65
2,000,000 (March 31, 2019: 2,000,000) Units of ₹ 10 each of Nippon India Fixed Horizon Fund XXXVIII- Series 1 - Direct Growth Plan (erstwhile Reliance Fixed Horizon Fund XXXVIII- Series 1)	23.54	21.55
Nil (March 31, 2019: 20,000) Units of ₹ 1,000 each of PGIM India Fixed Duration Fund - Series AE - Direct Plan - Growth Option (erstwhile DHFL Pramerica Fixed Duration Fund - Series AE)	-	23.16
Nil (March 31, 2019: 20,000) Units of ₹ 1,000 each of PGIM India Fixed Duration Fund- Series AH-Direct Plan Growth Option (erstwhile DHFL Pramerica Fixed Duration Fund - Series AH)	-	22.32
3,000,000 (March 31, 2019: 3,000,000) Units of ₹ 10 each of SBI Debt Fund Series C - 7 (1190 Days) - Direct Growth	35.53	32.65
carried over	799.84	1,206.20
carried over	530.33	440.27

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 7. Investments (Contd.):

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
brought over	530.33	440.27
brought over	799.84	1,206.20
<b>- Investments in mutual funds (quoted funds) (Contd.):</b>		
2,000,000 (March 31, 2019: 2,000,000) Units of ₹ 10 each of SBI Debt Fund Series C - 8 (1175 Days) - Direct Growth	23.73	21.78
4,000,000 (March 31, 2019: 4,000,000) Units of ₹ 10 each of SBI Debt Fund Series C - 9 (1150 Days) - Direct Growth	47.37	43.46
3,000,000 (March 31, 2019: 3,000,000) Units of ₹ 10 each of SBI Debt Fund Series C - 10 (1150 Days) - Direct Growth	35.53	32.59
2,000,000 (March 31, 2019: 2,000,000) Units of ₹ 10 each of SBI Debt Fund Series C - 12 (1122 Days) - Direct Growth	23.14	21.54
2,000,000 (March 31, 2019: 2,000,000) Units of ₹ 10 each of SBI Debt Fund Series C - 48 (1177 Days) - Direct Growth	22.10	20.12
2,000,000 (March 31, 2019: 2,000,000) Units of ₹ 10 each of SBI Debt Fund Series C - 50 (1177 Days) - Direct Growth	21.99	20.00
Nil (March 31, 2019: 2,000,000) Units of ₹ 10 each of UTI Fixed Term Income Fund Series XXVI-VI (1146 Days)- Direct Growth Plan	-	23.09
2,000,000 (March 31, 2019: 2,000,000) Units of ₹ 10 each of UTI Fixed Term Income Fund Series XXVIII-VI (1190 Days)- Direct Growth Plan	23.78	21.81
2,000,000 (March 31, 2019: 2,000,000) Units of ₹ 10 each of UTI Fixed Term Income Fund Series XXVIII-IX (1168 Days)- Direct Growth Plan	23.74	21.76
2,000,000 (March 31, 2019: 2,000,000) Units of ₹ 10 each of UTI Fixed Term Income Fund Series XXVIII-XII (1154 Days)- Direct Growth Plan	23.61	21.64
<b>Total</b>	<b>1,044.83</b>	<b>1,453.99</b>
<b>- Investments in mutual funds (unquoted funds)</b>		
Nil (March 31, 2019: 236,778.737) Units of ₹ 1,000 each of Axis Liquid Fund - Growth	-	488.97
131,237.171 (March 31, 2019: Nil) Units of ₹ 1,000 each of Axis Banking & PSU Debt Fund - Regular Plan - Growth	250.84	-
Nil (March 31, 2019: 10,397.238) Units of ₹ 1,000 each of Baroda Liquid Fund - Plan A Growth	-	22.24
560,606.412 (March 31, 2019: Nil) Units of ₹ 100 each of Aditya Birla Sun Life Money Manager Fund- Regular- Growth	150.89	-
Nil (March 31, 2019: 1,523,751.157) Units of ₹ 100 each of Aditya Birla Sun Life Savings Fund - Growth - Regular Plan	-	562.47
Nil (March 31, 2019: 11,406,860.077) Units of ₹ 10 each of DSP Low Duration Fund - Regular Plan - Growth	-	155.06
55,938.953 (March 31, 2019: 141,714.320) Units of ₹ 1,000 each of DSP Liquidity Fund - Regular Plan - Growth	157.87	376.76
6,586,226.882 (March 31, 2019: Nil) Units of ₹ 10 each of HDFC Corporate Bond Fund - Regular Plan - Growth	150.91	-
Nil (March 31, 2019: 33,604.190) Units of ₹ 1000 each of HDFC Liquid Fund - Regular Plan - Growth	-	123.00
Nil (March 31, 2019: 22,206,252.778) Units of ₹ 10 each of HDFC Floating Rate Debt Fund - Wholesale Option Regular Plan Growth Option	-	721.78
13,466,320.732 (March 31, 2019: Nil) Units of ₹ 10 each of HDFC Ultra Short Term Fund - Regular Plan - Growth	150.90	-
Nil (March 31, 2019: 10,387,261.324) Units of ₹ 10 each of ICICI Prudential Corporate Bond Fund - Growth	-	198.40
carried over	861.41	2,648.68
carried over	1,044.83	1,453.99
carried over	530.33	440.27



## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 7. Investments (Contd.):

In ₹ Million

	As at March 31, 2020	As at March 31, 2019
brought over	530.33	440.27
brought over	1,044.83	1,453.99
brought over	861.41	2,648.68
<b>- Investments in mutual funds (unquoted funds) (Contd.):</b>		
Nil (March 31, 2019: 1,072,105.216) Units of ₹ 100 each of ICICI Prudential Savings Fund - Growth	-	384.60
Nil (March 31, 2019: 480,066.719) Units of ₹ 100 each of ICICI Prudential Liquid Fund - Growth	-	132.22
14,158,530.231 (March 31, 2019: Nil) Units of ₹ 10 each of IDFC Banking & PSU Debt Fund - Regular Plan - Growth	251.22	-
Nil (March 31, 2019: 91,128.217) Units of ₹ 1,000 each of IDFC Cash Fund - Growth - (Regular Plan)	-	205.72
Nil (March 31, 2019: 7,724,376.960) Units of ₹ 10 each of IDFC Low Duration Fund - Growth - (Regular Plan)	-	204.68
55,952.940 (March 31, 2019: Nil) Units of ₹ 1,000 each of Kotak Corporate Bond Fund Standard Growth - Regular Plan	150.57	-
Nil (March 31, 2019: 9,527,430.568) Units of ₹ 10 each of Kotak Savings Fund - Growth (Regular Plan)	-	285.55
Nil (March 31, 2019: 118,258.886) Units of ₹ 1,000 each of L&T Liquid Fund Regular - Growth	-	301.99
Nil (March 31, 2019: 35,516.374) Units of ₹ 1,000 each of LIC MF Liquid Fund-Regular Plan-Growth	-	119.59
Nil (March 31, 2019: 14,224,483.194) Units of ₹ 10 each of Nippon India Floating Rate Fund - Growth Plan (erstwhile Reliance Floating Rate Fund)	-	415.81
Nil (March 31, 2019: 2,103.546) Units of ₹ 1,000 each of Nippon India Money Market Fund - Growth Plan-Growth Option (erstwhile Reliance Money Market Fund)	-	5.94
Nil (March 31, 2019: 14,945,083.484) Units of ₹ 10 each of Nippon India Banking & PSU Debt Fund - Growth Plan (erstwhile Reliance Banking & PSU Debt Fund)	-	201.29
Nil (March 31, 2019: 77,649.317) Units of ₹ 1,000 each of Invesco India Liquid Fund - Growth	-	198.91
Nil (March 31, 2019: 125,142.393) Units of ₹ 1,000 each of SBI Magnum Low Duration Fund-Regular Plan - Growth	-	302.68
4,862,835.617 (March 31, 2019: Nil) Units of ₹ 10 each of SBI Savings Fund - Regular Plan - Growth	150.73	-
Nil (March 31, 2019: 5,108,954.240) Units of ₹ 10 each of Sundaram Money Fund - Regular Growth	-	200.41
Nil (March 31, 2019: 42,289.555) Units of ₹ 1,000 each of Tata Treasury Advantage Fund Regular Plan - Growth	-	120.13
40,591.648 (March 31, 2019: Nil) Units of ₹ 1,000 each of Tata Liquid Fund-Regular Plan - Growth	126.38	-
149,519.028 (March 31, 2019: 20,209.652) Units of ₹ 1,000 each of UTI Liquid Cash Plan - Regular - Growth Plan	484.06	61.63
Nil (March 31, 2019: 152,078.521) Units of ₹ 1,000 each of UTI Treasury Advantage Fund Institutional Plan - Growth	-	392.10
	<b>2,024.37</b>	<b>6,181.93</b>
<b>Total FVTPL investments (Non-current)</b>	<b>(b) 3,599.53</b>	<b>8,076.19</b>
	<b>Total [(a) + (b)]</b>	<b>4,300.32 8,777.30</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 7. Investments (Contd.):

	As at March 31, 2020	As at March 31, 2019
In ₹ Million		
<b>Current investments</b>		
<b>Investments at fair value through profit or loss (FVTPL)</b>		
<b>- Investments in mutual funds (quoted funds)</b>		
2,000,000 (March 31, 2019: Nil) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series OE (1153 days) - Direct Plan-Growth	24.85	-
2,000,000 (March 31, 2019: Nil) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series OG (1146 days) - Direct Plan-Growth	24.81	-
2,000,000 (March 31, 2019: Nil) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series OH (1120 days) - Direct Plan-Growth	24.89	-
2,000,000 (March 31, 2019: Nil) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series OI (1120 days) - Direct Plan-Growth	24.87	-
2,000,000 (March 31, 2019: Nil) Units of ₹ 10 each of Aditya Birla Sun Life Fixed Term Plan - Series OK (1135 days) - Direct Plan-Growth	24.83	-
2,000,000 (March 31, 2019: Nil) Units of ₹ 10 each of DSP FMP - Series 204 - 37M - Direct Plan - Growth	24.78	-
Nil (March 31, 2019: 5,000,000) Units of ₹ 10 each of HDFC FMP 1107D March 2016 (1) Series 36 - Direct Option - Growth Option	-	62.98
Nil (March 31, 2019: 5,000,000) Units of ₹ 10 each of HDFC FMP 1114D March 2016 (1) Series 35 - Direct Option - Growth Option	-	63.25
5,000,000 (March 31, 2019: Nil) Units of ₹ 10 each of HDFC FMP 1169D February 2017 (1) Series 37 - Direct Option - Growth Option	61.81	-
Nil (March 31, 2019: 5,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 78 - 1115 Days Plan X Direct Plan Cumulative Option	-	63.21
Nil (March 31, 2019: 2,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 78 - 1130 Days Plan T Direct Plan Cumulative Option	-	25.29
Nil (March 31, 2019: 2,000,000) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 78 - 1135 Days Plan W Direct Plan Cumulative Option	-	25.26
3,000,000 (March 31, 2019: Nil) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 80 - 1187 Days Plan G - Direct Plan - Cumulative Option	37.21	-
3,000,000 (March 31, 2019: Nil) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 80 - 1194 Days Plan F - Direct Plan - Cumulative Option	37.29	-
3,000,000 (March 31, 2019: Nil) Units of ₹ 10 each of ICICI Prudential Fixed Maturity Plan - Series 80 - 1253 Days Plan J - Direct Plan - Cumulative Option	37.43	-
Nil (March 31, 2019: 2,000,000) Units of ₹ 10 each of Kotak FMP Series 191 - Direct-Growth	-	25.28
2,000,000 (March 31, 2019: Nil) Units of ₹ 10 each of Kotak FMP Series 200 - Direct - Growth	24.83	-
20,000 (March 31, 2019: Nil) Units of ₹ 1,000 each of PGIM India Fixed Duration Fund - Series AE - Direct Plan - Growth Option (erstwhile DHFL Pramerica Fixed Duration Fund - Series AE)	24.91	-
20,000 (March 31, 2019: Nil) Units of ₹ 1,000 each of PGIM India Fixed Duration Fund- Series AH-Direct Plan Growth Option (erstwhile DHFL Pramerica Fixed Duration Fund - Series AH)	24.15	-
3,000,000 (March 31, 2019: Nil) Units of ₹ 10 each of Nippon India Fixed Horizon Fund XXXII-Series 8 - Direct Growth Plan (erstwhile Reliance Fixed Horizon Fund XXXII- Series 8)	37.51	-
2,000,000 (March 31, 2019: Nil) Units of ₹ 10 each of Nippon India Fixed Horizon Fund XXXIII- Series 1 - Direct Growth Plan (erstwhile Reliance Fixed Horizon Fund XXXIII- Series 1)	25.07	-
2,000,000 (March 31, 2019: Nil) Units of ₹ 10 each of Nippon India Fixed Horizon Fund XXXIII- Series 3 - Direct Growth Plan (erstwhile Reliance Fixed Horizon Fund XXXIII- Series 3)	25.03	-
2,000,000 (March 31, 2019: Nil) Units of ₹ 10 each of Nippon India Fixed Horizon Fund XXXIII- Series 4 - Direct Growth Plan (erstwhile Reliance Fixed Horizon Fund XXXIII- Series 4)	25.04	-
carried over	509.31	265.27

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 7. Investments (Contd.):

In ₹ Million

	As at March 31, 2020	As at March 31, 2019
brought over	509.31	265.27
<b>- Investments in mutual funds (quoted funds) (Contd.):</b>		
Nil (March 31, 2019: 5,000,000) Units of ₹ 10 each of Reliance Fixed Horizon Fund XXX- Series 13 -Direct Growth Plan	-	63.47
Nil (March 31, 2019: 5,000,000) Units of ₹ 10 each of Reliance Fixed Horizon Fund XXX- Series 17 -Direct Growth Plan	-	63.18
Nil (March 31, 2019: 2,000,000) Units of ₹ 10 each of SBI Debt Fund Series B - 35 (1131 Days) - Direct Growth	-	25.26
Nil (March 31, 2019: 5,000,000) Units of ₹ 10 each of SBI Debt Fund Series B - 36 (1131 Days) - Direct Growth	-	62.78
Nil (March 31, 2019: 2,000,000) Units of ₹ 10 each of UTI Fixed Term Income Fund Series XXIV-VIII (1184 Days) Direct Growth Plan	-	25.38
2,000,000 (March 31, 2019: Nil) Units of ₹ 10 each of UTI Fixed Term Income Fund Series XXVI-VI (1146 Days)- Direct Growth Plan	24.84	-
<b>Total</b>	<b>534.15</b>	<b>505.34</b>
<b>- Investments in mutual funds (unquoted funds)</b>		
1,031,808.171 (March 31, 2019: 1,533,235.563) Units of ₹ 100 each of Aditya Birla Sun Life Liquid Fund - Growth - Regular Plan	327.85	458.44
1,865,798.957 (March 31, 2019: 342,047.800) Units of ₹ 100 each of Aditya Birla Sun Life Savings Fund - Growth - Regular Plan	741.69	126.26
236,778.737 (March 31, 2019: Nil) Units of ₹ 1,000 each of Axis Liquid Fund - Growth	519.54	-
10,397.238 (March 31, 2019: Nil) Units of ₹ 1,000 each of Baroda Liquid Fund - Plan A - Growth	23.64	-
141,714.32 (March 31, 2019: Nil) Units of ₹ 1,000 each of DSP Liquidity Fund - Regular Plan - Growth	399.94	-
84,206.812 (March 31, 2019: 53,877.569) Units of ₹ 1,000 each of Franklin India Liquid Fund - Super Institutional Plan - Growth	250.13	150.22
4,079,800.906 (March 31, 2019: Nil) Units of ₹ 10 each of Franklin India Savings Fund-Retail Option- Growth	150.96	-
178,606.137 (March 31, 2019: 242,865.282) Units of ₹ 10 each of HDFC Liquid Fund - Regular Plan - Growth	693.64	888.96
1.596 (March 31, 2019: Nil) Units of ₹ 10 each of HDFC Overnight Fund - Growth Option	0.00	-
26,053,398.004 (March 31, 2019: 3,847,145.226) Units of ₹ 10 each of HDFC Floating Rate Debt Fund - Wholesale Option - Growth Option	914.80	125.04
10,387,261.324 (March 31, 2019: Nil) Units of ₹ 10 each of ICICI Prudential Corporate Bond Fund - Growth	216.32	-
2,677,365.304 (March 31, 2019: 2,432,148.573) Units of ₹ 100 each of ICICI Prudential Liquid Fund - Growth	783.13	669.86
55.301 (March 31, 2019: Nil) Units of ₹ 100 each of ICICI Prudential Overnight Fund - Growth	0.00	-
1,422,546.019 (March 31, 2019: 350,440.803) Units of ₹ 100 each of ICICI Prudential Savings Fund - Growth	551.02	125.71
91,128.217 (March 31, 2019: Nil) Units of ₹ 1,000 each of IDFC Cash Fund - Growth - (Regular Plan)	217.88	-
7,724,376.96 (March 31, 2019: Nil) Units of ₹ 10 each of IDFC Low Duration Fund - Growth - (Regular Plan)	220.66	-
77,649.317 (March 31, 2019: Nil) Units of ₹ 1,000 each of Invesco India Liquid Fund - Growth	210.81	-
carried over	6,222.01	2,544.49
carried over	534.15	505.34

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 7. Investments (Contd.):

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
brought over	534.15	505.34
brought over	6,222.01	2,544.49
<b>- Investments in mutual funds (unquoted funds) (Contd.):</b>		
Nil (March 31, 2019: 119,462.058) Units of ₹ 1,000 each of Kotak Liquid Regular Plan - Growth	-	450.69
9,527,430.568 (March 31, 2019: Nil) Units of ₹ 10 each of Kotak Savings Fund - Growth (Regular Plan)	305.77	-
118,258.886 (March 31, 2019: Nil) Units of ₹ 1,000 each of L&T Liquid Fund Regular - Growth	320.57	-
35,516.374 (March 31, 2019: Nil) Units of ₹ 1,000 each of LIC MF Liquid Fund-Regular Plan-Growth	127.01	-
24,236,087.005 (March 31, 2019: 9,291,003.521) Units of ₹ 10 each of Nippon India Banking and PSU Debt Fund - Growth Plan (erstwhile Reliance Banking & PSU Debt Fund)	360.55	125.14
14,224,483.194 (March 31, 2019: Nil) Units of ₹ 10 each of Nippon India Floating Rate Fund -Growth Plan (erstwhile Reliance Floating Rate Fund)	452.00	-
111,959.671 (March 31, 2019: 109,856.125) Units of ₹ 1,000 each of Nippon India Money Market Fund-Growth Plan (erstwhile Reliance Money Market Fund)	339.50	310.15
877.878 (March 31, 2019: 10,971.803) Units of ₹ 1,000 each of Nippon India Liquid Fund -Growth Plan (erstwhile Reliance Liquid Fund)	4.23	50.05
336,765.208 (March 31, 2019: 276,801.604) Units of ₹ 1,000 each of SBI Liquid Fund - Regular Plan - Growth	1,041.82	807.24
150,819.939 (March 31, 2019: 25,677.546) Units of ₹ 1,000 each of SBI Magnum Low Duration Fund-Regular Plan - Growth	392.56	62.10
Nil (March 31, 2019: 36,188.722) Units of ₹ 1,000 each of SBI Magnum Ultra Short Duration Fund - Regular Plan - Growth	-	150.06
6.273 (March 31, 2019: Nil) Units of ₹ 1,000 each of SBI Overnight Fund-Regular Plan - Growth	0.02	-
5,108,954.240 (March 31, 2019: Nil) Units of ₹ 10 each of Sundaram Money Fund - Regular Growth	212.75	-
16,155.823 (March 31, 2019: Nil) Units of ₹ 1,000 each of Tata Liquid Fund-Regular Plan - Growth	50.30	-
80,850.584 (March 31, 2019: 109,881.737) Units of ₹ 1,000 each of UTI Liquid Cash Plan - Regular - Growth Plan	261.76	335.13
Nil (March 31, 2019: 24,285.753) Units of ₹ 1,000 each of UTI Treasury Advantage Fund Regular Plan - Growth	-	62.63
<b>Total</b>	<b>10,090.85</b>	<b>4,897.68</b>
<b>Total FVTPL investments (Current)</b>	<b>10,625.00</b>	<b>5,403.02</b>
<b>Non-current</b>		
<b>Aggregate book value of quoted investments</b>	<b>1,244.53</b>	<b>1,631.07</b>
<b>Aggregate market value of quoted investments</b>	<b>1,422.70</b>	<b>1,840.71</b>
<b>Aggregate value of unquoted investments</b>	<b>2,877.62</b>	<b>6,936.59</b>
<b>Current</b>		
<b>Aggregate book value of quoted investments</b>	<b>430.00</b>	<b>400.00</b>
<b>Aggregate market value of quoted investments</b>	<b>534.15</b>	<b>505.34</b>
<b>Aggregate value of unquoted investments</b>	<b>10,090.85</b>	<b>4,897.68</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 7. Investments (Contd.):

#### (a) Gupta Energy Private Limited (GEPL)

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

#### (b) Birlasoft Limited and KPIT Technologies Limited

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

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

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

(c) Investments at fair value through OCI (fully paid) reflect investment in quoted and unquoted equity securities and quoted debt securities. Refer note 47 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 47 for determination of their fair values.

#### (e) Avaada SataraMH Private Limited [AVSPL]

During the current year, the Company has made investment in Avaada SataraMH Private Limited (ASPL) of ₹ 0.01 million by acquiring 1,089 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 through proposed solar plant of ASPL.

### 8. Loans

In ₹ Million

	As at March 31, 2020	As at March 31, 2019
<b>Non-current (Unsecured, considered good)</b>		
<b>Loans to related parties</b>		
Loans to subsidiaries	199.76	179.92
Loan to an associate	303.87	-
<b>Other loans</b>		
Loans to employees	49.17	35.01
<b>Total</b>	<b>552.80</b>	<b>214.93</b>
<b>Current (Unsecured, considered good)</b>		
<b>Loans to related parties</b>		
Loan to a subsidiary	150.00	-
<b>Other loans</b>		
Loans to employees	27.36	27.72
<b>Total</b>	<b>177.36</b>	<b>27.72</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 8. Loans (Contd.):

No loans are due from directors or other officers of the Company, firms in which a director is a partner or private companies in which director is a director or a member either severally or jointly with any other person, except for loan to BF Elbit Advanced Systems Private Limited and Kalyani Strategic Systems Limited. Refer notes 39 and 42 for further details.

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 party.

### 9. Derivative Instruments

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>		
<b>Cash flow hedges (FVTOCI)</b>		
Foreign currency forward contracts	-	1,097.84
<b>Fair value hedges (FVTPL)</b>		
Cross currency swap	145.50	78.13
<b>Total</b>	<b>145.50</b>	<b>1,175.97</b>
<b>Current</b>		
<b>Cash flow hedges (FVTOCI)</b>		
Foreign currency forward contracts	-	650.59
<b>Fair value hedges (FVTPL)</b>		
Foreign currency forward contracts	-	156.38
<b>Total</b>	<b>-</b>	<b>806.97</b>

Derivative instruments at fair value through profit and loss and fair value through OCI reflect the positive 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).

### 10. Other Financial Assets

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>		
Government grants*	907.46	966.91
Security deposits	329.13	387.67
Deposits with original maturity for more than twelve months #	0.03	0.03
Interest accrued on fixed deposits, loans to various parties, etc.	18.80	-
<b>Total</b>	<b>1,255.42</b>	<b>1,354.61</b>
<b>Current</b>		
Government grants*	1,089.80	961.14
Energy credit receivable - windmills	8.26	6.33
Interest accrued on fixed deposits, loans to various parties, etc.	65.67	84.42
Receivable for sale of property, plant and equipment	48.32	-
Recoverable from subsidiaries [Refer note 39]	119.31	163.68
<b>Total</b>	<b>1,331.36</b>	<b>1,215.57</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 10. Other Financial Assets (Contd.):

\* 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.

# ₹ 0.03 million (March 31, 2019 : ₹ 0.03 million) in non-current portion pledged with the sales tax department.

### 11. Inventories

In ₹ Million

	As at March 31, 2020	As at March 31, 2019
Raw materials and components [includes items lying with third parties and items in transit]	1,987.91	2,185.20
Work-in-progress [includes items lying with third parties]	3,567.18	3,232.55
Finished goods [includes items in transit]	675.94	892.76
Stores, spares and loose tools	1,045.23	1,062.55
Dies and dies under fabrication	241.16	151.93
Scrap	58.55	79.21
<b>Total</b>	<b>7,575.97</b>	<b>7,604.20</b>

During the year ended March 31, 2020: ₹ 26.15 million (March 31, 2019: ₹ 33.11 million) was recognised as an expense for inventories carried at net realisable value.

### 12. Trade Receivables

In ₹ Million

	As at March 31, 2020	As at March 31, 2019
<b>Current</b>		
<b>Secured</b>		
Considered good	50.55	68.49
	<b>50.55</b>	<b>68.49</b>
<b>Unsecured</b>		
Considered good (including related party receivables)	16,628.18	22,598.87
Significant increase in credit risk	-	-
Credit impaired	76.65	87.61
	<b>16,704.83</b>	<b>22,686.48</b>
Less :		
<b>Impairment allowance (allowance for bad and doubtful debts including expected credit loss)</b>		
Credit impaired	76.65	87.61
Unsecured (Considered good)	129.65	83.77
	<b>206.30</b>	<b>171.38</b>
<b>Total</b>	<b>16,549.08</b>	<b>22,583.59</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 12. Trade Receivables (Contd.):

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

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

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 39.

The carrying amount of trade receivables includes receivables which are discounted with banks. The Company has transferred the relevant receivables to the discounting bank in exchange for cash. However, the Company has retained the late payment and credit risk. Accordingly, the Company continues to recognise the transferred assets in full in its balance sheet.

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

Particulars	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Transferred receivables	10,661.33	13,834.10
Associated secured borrowing [bank loans - refer note 18]	10,662.62	13,835.20

### 13. Cash and Bank Balances

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
<b>Cash and cash equivalent</b>		
Balances with banks:		
In cash credit and current accounts	1,536.53	1,434.90
Deposits with original maturity of less than three months	698.99	525.00
Cash on hand	0.82	0.66
<b>Total</b>	<b>2,236.34</b>	<b>1,960.56</b>
<b>Other bank balances</b>		
Earmarked balances (on unclaimed dividend accounts)	49.24	37.82
Deposits with original maturity of less than twelve months	2,156.43	1,700.00
<b>Total</b>	<b>2,205.67</b>	<b>1,737.82</b>

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.



## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 14. Other assets

In ₹ Million

Particulars	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
<b>Non-current (Unsecured, considered good)</b>		
Capital advances	510.17	2,001.88
Balances with government authorities	355.98	377.85
Advance to suppliers #	1,350.00	-
Other advances ***	-	152.44
<b>Total</b>	<b>2,216.15</b>	<b>2,532.17</b>
<b>Current (Unsecured, considered good)</b>		
Balances with government authorities	1,038.99	1,766.47
Advance to suppliers	446.63	452.46
Other advances ***	348.20	515.00
<b>Total</b>	<b>1,833.82</b>	<b>2,733.93</b>

\*\*\* Includes amount recoverable from BFIL, India amounting to ₹ Nil (March 31, 2019: ₹ 152.44 million) which is converted in to equity shares subsequent to right issue issued by BFIL, India. Other advances - Current includes prepaid expenses, sundry debit balances, etc.

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

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

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

In ₹ Million

Particulars	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
<b>Break up of financial assets carried at amortised cost</b>		
Loans [Refer note 8]	730.16	242.65
Other financial assets [Refer note 10]	2,586.78	2,570.18
Trade receivables [Refer note 12]	16,549.08	22,583.59
Cash and cash equivalents [Refer note 13]	2,236.34	1,960.56
Other bank balances [Refer note 13]	2,205.67	1,737.82
<b>Total</b>	<b>24,308.03</b>	<b>29,094.80</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 14. Other assets (Contd.):

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
<b>Break up of financial assets carried at fair value through OCI</b>		
Investments [Refer note 7]	700.79	701.11
Derivative instruments [Refer note 9]	-	1,748.43
<b>Total</b>	<b>700.79</b>	<b>2,449.54</b>

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
<b>Break up of financial assets carried at fair value through profit and loss</b>		
Investments [Refer note 7]	14,224.53	13,479.21
Derivative instruments [Refer note 9]	145.50	234.51
<b>Total</b>	<b>14,370.03</b>	<b>13,713.72</b>

### 15. Equity Share Capital

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
<b>Authorized shares (No.)</b>		
975,000,000 (March 31, 2019 : 975,000,000) equity shares of ₹ 2/- each	1,950.00	1,950.00
43,000,000 (March 31, 2019 : 43,000,000) cumulative non convertible preference shares of ₹ 10/- each	430.00	430.00
2,000,000 (March 31, 2019 : 2,000,000) unclassified shares of ₹ 10/- each	20.00	20.00
<b>Issued (No.)</b>		
465,768,492 (March 31, 2019 : 465,768,492) equity shares of ₹ 2/- each	931.54	931.54
<b>Subscribed and fully paid-up (No.)</b>		
465,588,632 (March 31, 2019 : 465,588,632) equity shares of ₹ 2/- each	931.18	931.18
<b>Add:</b>		
172,840 (March 31, 2019 : 172,840) forfeited equity shares comprising of 15,010 equity shares (March 31, 2019: 15,010) of ₹ 2/- each (amount partly paid ₹ 1/- each) and 157,830 equity shares (March 31, 2019 : 157,830) of ₹ 2/- each (amount partly paid ₹ 0.50 each)	0.09	0.09
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>931.27</b>	<b>931.27</b>

#### (a) Terms / rights attached to equity shares

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

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 15. Equity Share Capital (Contd.):

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

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

Equity shares	As at March 31, 2020		As at March 31, 2019	
	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

#### (c) 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.

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

	Year ended	Year ended
	March 31, 2020	March 31, 2019
	No.	No.
Equity shares allotted as fully paid bonus shares by capitalisation of capital redemption reserve and securities premium during the year ended March 31, 2018	232,794,316	232,794,316

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

Name of Shareholder *	As at March 31, 2020		As at March 31, 2019	
	No.	% of Holding	No.	% of Holding
Equity shares of ₹ 2/- each fully paid				
Kalyani Investment Company Limited	63,312,190	13.60	63,312,190	13.60
Sundaram Trading and Investment Private Limited	55,240,174	11.87	55,240,174	11.87
KSL Holdings Private Limited	46,285,740	9.94	46,285,740	9.94

\* The shareholding information has been extracted from the records of the Company including register of shareholders/members and is based on legal ownership of shares.

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 15. Equity Share Capital (Contd.):

#### (f) Shares reserved for issue under option

	As at March 31, 2020	As at March 31, 2019
	No.	No.
4,680 (March 31, 2019 : 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, 2019 : 234) detachable warrants entitled to subscription of 2,340 (March 31, 2019 : 2,340) equity shares of ₹ 2/- each, have been kept in abeyance and reserve for issue pending adjudication of title to the pre right holding.	7,020	7,020

#### (g) 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 18,400 (March 31, 2019 : 18,400). 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 GDRs.

### 16. Other Equity

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
<b>Capital reserves</b>		
<b>Special capital incentive [Refer note 16(a)]</b>		
Balance as per the last financial statements	2.50	2.50
<b>Closing balance</b>	<b>2.50</b>	<b>2.50</b>
<b>Warrants subscription money [Refer note 16(b)]</b>		
Balance as per the last financial statements	13.00	13.00
<b>Closing balance</b>	<b>13.00</b>	<b>13.00</b>
<b>Closing balance</b>	<b>15.50</b>	<b>15.50</b>
<b>Securities premium [Refer note 16(c)]</b>		
Balance as per the last financial statements	6,930.89	6,930.89
<b>Closing balance</b>	<b>6,930.89</b>	<b>6,930.89</b>
<b>Foreign Currency Monetary Item Translation Difference Account (FCMITDA) [Refer note 2.2(b)]</b>		
Balance as per the last financial statements	(23.90)	(44.92)
Add: Arising during the year (loss)	(36.27)	(197.19)
Less: Adjusted during the year	(42.09)	(218.21)
<b>Closing balance</b>	<b>(18.08)</b>	<b>(23.90)</b>
	c/f	6,922.49

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 16. Other Equity (Contd.):

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
b/f	6,928.31	6,922.49
<b>Hedge reserve [Refer note 2.2(r)]</b>		
Balance as per the last financial statements	1,129.66	1,096.37
Add: Arising during the year	(1,193.53)	827.37
Less: Adjusted during the year	482.59	794.08
<b>Closing balance</b>	<b>(546.46)</b>	<b>1,129.66</b>
<b>General reserve</b>		
Balance as per the last financial statements	3,230.48	3,130.48
Add: Amount transferred from surplus balance in the statement of profit and loss	-	100.00
<b>Closing balance</b>	<b>3,230.48</b>	<b>3,230.48</b>
<b>Surplus in the statement of profit and loss</b>		
Balance as per the last financial statements	41,768.31	34,083.21
<b>Add:</b>		
- Net profit for the year	4,735.16	10,712.81
- Items of OCI :		
(1) Re-measurement of defined benefit obligations	(160.77)	(51.69)
(2) Equity Instruments through Other Comprehensive Income	(0.33)	(69.56)
	<b>4,574.06</b>	<b>10,591.56</b>
<b>Less:</b>		
- Final equity dividend of previous year	1,163.97	1,163.97
- Tax on final equity dividend of previous year	224.60	239.26
- Interim equity dividend	1,629.56	1,163.97
- Tax on interim equity dividend	317.21	239.26
- Transfer to general reserve	-	100.00
	3,335.34	2,906.46
<b>Closing balance</b>	<b>43,007.03</b>	<b>41,768.31</b>
<b>Total</b>	<b>52,619.36</b>	<b>53,050.94</b>

#### (a) Special capital incentive:

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

#### (b) Warrants subscription money:

The Company had issued and allotted to Qualified Institutional Buyers, 10,000,000 equity shares of ₹ 2/- each at a price of ₹ 272/- per share aggregating to ₹ 2,720 million on April 28, 2010, simultaneous with the issue of 1,760, 10.75% Non Convertible Debentures (NCD) of a face value of ₹ 1,000,000/- at par, together with 6,500,000 warrants at a price of ₹ 2/- each entitling the holder of each warrant to subscribe for 1 equity share of ₹ 2/- each at a price of ₹ 272/- at any time within 3 years from the date of allotment. Following 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.

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 16. Other Equity (Contd.):

#### (c) Securities premium :

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

### 17. Distribution Made and Proposed to be Made

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
<b>Cash dividends on equity shares declared and paid :</b>		
<b>Final dividend</b>		
For the year ended on March 31, 2019 : ₹ 2.50 per share (March 31, 2018 : ₹ 2.50 per share)	1,163.97	1,163.97
DDT on final dividend *	224.60	239.26
<b>Interim dividend</b>		
For the year ended on March 31, 2020 : ₹ 3.50 per share (March 31, 2019 : ₹ 2.50 per share)	1,629.56	1,163.97
DDT on interim dividend	317.21	239.26
<b>Proposed dividend on equity shares :</b>		
<b>Final dividend</b>		
For the year ended on March 31, 2020 : Nil (March 31, 2019 : ₹ 2.50 per share)	-	1,163.97
DDT on proposed dividend	-	239.26

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including DDT thereon) as at March 31.

\* DDT tax for FY 2019-20 paid after deduction of applicable tax credit.

### 18. Borrowings

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
<b>Non-current borrowings</b>		
<b>- Term loans from banks</b>		
<b>Foreign currency term loans (unsecured)</b>		
On syndication basis [Refer note 18(a)]	2,272.80	3,472.35
On bilateral basis [Refer note 18(a)]	13,346.08	10,706.56
<b>- Other loans (secured)</b>		
GITA R&D project loan [Refer note 18(b)]	6.70	2.68
<b>Total</b>	<b>15,625.58</b>	<b>14,181.59</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 18. Borrowings (Contd.):

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
<b>Current borrowings</b>		
- Current maturity of term loans from banks		
<b>Foreign currency term loans (unsecured)</b>		
On syndication basis [Refer note 18(a)]	1,515.20	1,023.05
On bilateral basis [Refer note 18(a)]	1,146.61	465.91
- Current maturity of other loans (secured)		
GITA R&D project loan [Refer note 18(b)]	-	0.67
- From banks		
<b>Foreign currency loans</b>		
Preshipment packing credit (secured) [Refer note 18(c)]	3,075.11	361.68
Preshipment packing credit (unsecured) [Refer note 18(c)]	345.78	97.51
Bill discounting with banks (secured) [Refer note 18(d)]	8,691.13	3,269.85
Bill discounting with banks (unsecured) [Refer note 18(d)]	1,281.55	4,598.68
<b>Rupee loans</b>		
Cash credit (secured) [Refer note 18(e)]	-	0.06
Preshipment packing credit (secured) [Refer note 18(c)]	-	1,475.40
Preshipment packing credit (unsecured) [Refer note 18(c)]	-	450.00
Bill discounting with banks (secured) [Refer note 18(d)]	645.05	1,657.81
Bill discounting with banks (unsecured) [Refer note 18(d)]	44.89	4,308.86
<b>Total</b>	<b>16,745.32</b>	<b>17,709.48</b>
<b>Less: Amount disclosed in other current financial liabilities [Refer note 19]</b>	<b>2,661.81</b>	<b>1,489.63</b>
<b>Total</b>	<b>14,083.51</b>	<b>16,219.85</b>
<b>Total secured loans</b>	<b>12,417.99</b>	<b>6,768.15</b>
<b>Total unsecured loans</b>	<b>19,952.91</b>	<b>25,122.92</b>
	<b>32,370.90</b>	<b>31,891.07</b>

	In ₹ Million	
	Current borrowings	Non-current borrowings
<b>Changes in liabilities arising from financing activities *</b>		
<b>Balance as on April 1, 2018</b>	<b>15,999.44</b>	<b>9,098.02</b>
Net cash flows	(124.63)	6,399.40
Foreign exchange differences	332.67	206.26
Regroup from non-current to current	1,503.98	(1,503.98)
Others	(1.98)	(18.11)
<b>Balance as on March 31, 2019</b>	<b>17,709.48</b>	<b>14,181.59</b>
Net cash flows	(4,565.15)	2,852.85
Foreign exchange differences	926.08	1,279.69
Regroup from non-current to current	2,667.00	(2,667.00)
Others	8.49	(21.55)
<b>Balance as on March 31, 2020</b>	<b>16,745.90</b>	<b>15,625.58</b>

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

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 18. Borrowings (Contd.):

#### (a) Foreign currency term loans

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

Repayable in half yearly / yearly instalments along with interest ranging from LIBOR + 65 bps to LIBOR + 100 bps p.a. and EURIBOR + 60 bps to EURIBOR + 95 bps p.a.

Date of repayment	Repayment schedule			
	As at March 31, 2020		As at March 31, 2019	
	USD in Million	In ₹ Million	USD in Million	In ₹ Million
From				
- March 2019 (Yearly installment over 3 years)	20.00	1,515.20	35.00	2,420.60
- August 2021 (Yearly installment over 3 years)	30.00	2,272.80	30.00	2,074.80
- October 2021 (Yearly installment over 3 years)	50.00	3,788.00	50.00	3,458.00
- December 2022 (18 months installment over 4.5 years)	40.00	3,030.40	-	-
	EUR in Million	In ₹ Million	EUR in Million	In ₹ Million
- August 2020 (Yearly installment over 3 years)	20.00	1,646.40	20.00	1,553.04
- May 2022 (Yearly installment over 3 years)	40.00	3,292.80	40.00	3,106.08
- February 2020 (Yearly installment over 5 years)	34.00	2,798.88	40.00	3,106.08

#### (b) GITA R&D project loan (Secured)

The loan is secured by bank guarantee executed by the Company in favour of Global Innovation & Technology Alliance (GITA) which is repayable in 5 yearly instalments from March 2020, along with interest @ 12.00% p.a. only on 67% of the principal amount and balance amount is interest free.

#### (c) Preshipment packing credit

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

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 + 110 bps p.a. and EURIBOR + 45 bps to EURIBOR + 70 bps p.a. respectively.

#### (d) Bill discounting with banks

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

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 + 110 bps p.a. and EURIBOR + 45 bps to EURIBOR + 70 bps p.a. respectively.



## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 18. Borrowings (Contd.):

#### (e) Cash credits (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% p.a.

#### (f) Working Capital Demand Loan (Secured)

The 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.

### 19. Other Financial Liabilities

In ₹ Million

	As at March 31, 2020	As at March 31, 2019
<b>Other non-current financial liabilities</b>		
Voluntary retirement scheme compensation (at amortised cost)	2.09	1.10
<b>Total</b>	<b>2.09</b>	<b>1.10</b>
<b>Other current financial liabilities at amortised cost</b>		
Interest accrued but not due on borrowings	32.31	40.65
Payables for capital goods	387.19	755.81
Security deposits	84.09	85.28
Directors commission	6.50	6.45
Current maturities of long term loans [Refer note 18]	2,661.81	1,489.63
Investor Education and Protection Fund (as and when due) #		
- Unpaid dividend	48.89	37.48
- Unpaid matured deposits	0.04	0.04
Voluntary retirement scheme compensation (at amortised cost)	30.34	0.88
<b>Total</b>	<b>3,251.17</b>	<b>2,416.22</b>

# Includes unpaid due to litigation

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 19(a). Derivative instruments

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>		
<b>Cash flow hedges (FVTOCI)</b>		
Foreign currency forward contracts	157.19	-
<b>Total</b>	<b>157.19</b>	<b>-</b>
<b>Current</b>		
<b>Cash flow hedges (FVTOCI)</b>		
Foreign currency forward contracts	571.65	-
<b>Fair value hedges (FVTPL)</b>		
Foreign currency forward contracts	4.55	-
<b>Total</b>	<b>576.20</b>	<b>-</b>

Derivative instruments at fair value through profit and loss and fair value through OCI reflect the positive 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).

### 20. Provisions

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>		
Provision for gratuity [Refer note 37(a)]	184.72	115.09
Provision for special gratuity [Refer note 37(b)]	132.79	104.03
Provision for employees' provident fund [Refer note 37(c)]	169.03	31.86
<b>Total</b>	<b>486.54</b>	<b>250.98</b>
<b>Current</b>		
Provision for gratuity [Refer note 37(a)]	100.00	99.50
Provision for special gratuity [Refer note 37(b)]	9.23	9.42
Provision for leave benefits	338.41	301.42
Provision for expected losses	-	30.91
<b>Total</b>	<b>447.64</b>	<b>441.25</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 21. Income and Deferred Taxes

The major components of income tax expense for the year ended March 31, 2020 and March 31, 2019 are :

Statement of profit and loss :

	In ₹ Million	
<b>Profit and loss section</b>	<b>Year ended March 31, 2020</b>	<b>Year ended March 31, 2019</b>
<b>Current income tax :</b>		
Current income tax charge	1,779.29	5,350.68
<b>Deferred tax</b>		
Relating to origination and reversal of temporary differences	(588.54)	167.29
<b>Income tax expense reported in the statement of profit and loss</b>	<b>1,190.75</b>	<b>5,517.97</b>

	In ₹ Million	
<b>OCI section</b>	<b>Year ended March 31, 2020</b>	<b>Year ended March 31, 2019</b>
<b>Deferred tax related to items recognised in OCI:</b>		
Net loss/(gain) on revaluation of cash flow hedges	(748.81)	17.88
Net (gain)/loss on re-measurement of defined benefit plans	(54.07)	(27.76)
<b>Income tax charged to OCI</b>	<b>(802.88)</b>	<b>(9.88)</b>

	In ₹ Million	
<b>Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate for year ended March 31, 2020 and March 31, 2019</b>	<b>Year ended March 31, 2020</b>	<b>Year ended March 31, 2019</b>
Accounting profit before tax from operations	5,925.91	16,230.78
Applicable income tax rate of 25.168% (March 31, 2019: 34.944%)	1,491.43	5,671.68
Tax allowances	-	(122.90)
Exceptional items	224.00	-
Difference due to change in applicable statutory tax rate	(586.18)	-
Other disallowances	61.50	(30.81)
<b>At the effective income tax rate of 20.09% (March 31, 2019: 34.00%)</b>	<b>1,190.75</b>	<b>5,517.97</b>
<b>Income tax expense reported in the statement of profit and loss</b>	<b>1,190.75</b>	<b>5,517.97</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 21. Income and Deferred Taxes (Contd.):

Major components of deferred tax as at March 31, 2020 and March 31, 2019:

In ₹ Million

Deferred tax liability (net)	Balance Sheet	
	As at March 31, 2020	As at March 31, 2019
<b>Deferred tax relates to the following:</b>		
Accelerated depreciation	1,923.38	2,720.71
Fair valuation of cash flow hedges	(173.28)	606.78
Other deductible temporary differences	(439.47)	(625.44)
<b>Net deferred tax liabilities</b>	<b>1,310.63</b>	<b>2,702.05</b>

Major components of deferred tax for the year ended March 31, 2020 and March 31, 2019:

In ₹ Million

Deferred tax expense/(income)	Statement of Profit and Loss	
	Year ended March 31, 2020	Year ended March 31, 2019
<b>Deferred tax relates to the following:</b>		
Accelerated depreciation for tax purposes	(797.33)	164.41
Other deductible temporary differences	208.79	2.87
<b>Deferred tax expense</b>	<b>(588.54)</b>	<b>167.28</b>

In ₹ Million

Reflected in the balance sheet as follows	As at	As at
	March 31, 2020	March 31, 2019
Deferred tax assets	(885.16)	(635.61)
Deferred tax liabilities	2,195.79	3,337.66
<b>Deferred tax liabilities (net)</b>	<b>1,310.63</b>	<b>2,702.05</b>

In ₹ Million

Reconciliation of deferred tax liabilities (net)	Year ended	Year ended
	March 31, 2020	March 31, 2019
<b>Opening balance</b>	<b>2,702.05</b>	<b>2,544.64</b>
Tax income during the period recognised in profit or loss	(588.54)	167.29
Tax (expense) during the period recognised in OCI	(802.88)	(9.88)
<b>Closing balance</b>	<b>1,310.63</b>	<b>2,702.05</b>

- (a) The Company offsets tax assets and tax 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) During the year ended March 31, 2020 and March 31, 2019, the Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence, DDT paid is charged to equity.

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 21. Income and Deferred Taxes (Contd.):

- (c) The Company has tax losses which arose due to capital loss of ₹ Nil (March 31, 2019: ₹ 199.60 million) that are available for offsetting for eight years against future taxable profits of the companies in which the losses arose. These losses will expire in eight years from the end of the respective year to which they pertain.
- (d) 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 loss on sale of investment and there are no other evidences of recoverability in the near future. If the Company were able to recognise all unrecognised deferred tax assets, the profit would increase by Nil (March 31, 2019 : ₹ 69.75 million).
- (e) The Government of India introduced Taxation Laws (Amendment) Ordinance, 2019 (The "Ordinance") on September 20, 2019. Tax expenses for the year ended March 31, 2020 reflect changes made vide the Ordinance, as applicable to the Company.

### 22. Trade Payables

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
<b>Trade payables</b>		
Dues to micro enterprises and small enterprises [Refer note 43]	20.17	58.17
Dues to other than micro enterprises and small enterprises (including related parties payables)	6,092.33	8,060.57
<b>Total</b>	<b>6,112.50</b>	<b>8,118.74</b>

#### Terms and conditions of the above financial liabilities:

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

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 ₹ 720.00 million (March 31, 2019 : ₹ 2,070 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.

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 23. Other Liabilities

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
<b>Current</b>		
Contract liabilities (Advance from customers) \$	455.05	380.44
Employee contributions and recoveries payable	112.43	74.53
Statutory dues payable including tax deducted at source #	165.62	255.11
Others*	28.86	15.48
<b>Total</b>	<b>761.96</b>	<b>725.56</b>

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

# Includes payable with respect to GST, LBT, Gram Panchayat Tax, With holding taxes, provident fund etc.

\* Others includes rent received in advance, rent equalisation reserve and miscellaneous liabilities

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
<b>Break up of the financial liabilities at amortized cost</b>		
Borrowings (Non-current) [Refer note 18]	15,625.58	14,181.59
Borrowings (Current) [Refer note 18]	14,083.51	16,219.85
Other non-current financial liabilities [Refer note 19]	2.09	1.10
Other current financial liabilities [Refer note 19]	3,251.17	2,416.22
Trade payables [Refer note 22]	6,112.50	8,118.74
<b>Total financial liabilities carried at amortised cost</b>	<b>39,074.85</b>	<b>40,937.50</b>

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
<b>Break up of financial liabilities carried at fair value through OCI</b>		
Derivative liabilities [Refer note 19(a)]	728.84	-

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
<b>Break up of the financial liabilities at fair value through profit and loss</b>		
Derivative liabilities [Refer note 19(a)]	4.55	-

For the Company's credit risk management processes, refer note 51.

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 24. Revenue from Operations

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
<b>Sale of products</b>		
- Sale of goods	42,132.22	60,502.75
- Tooling income	164.06	131.70
<b>Total sale of products</b>	<b>42,296.28</b>	<b>60,634.45</b>
<b>Sale of services</b>		
- Job work charges	201.84	313.84
<b>Other operating revenues</b>		
- Manufacturing scrap	1,746.52	2,529.15
- Government grants - export incentives [Refer note 10]	1,318.80	1,673.77
- Sale of electricity/REC - Windmills	75.40	48.69
	<b>3,140.72</b>	<b>4,251.61</b>
<b>Total</b>	<b>45,638.84</b>	<b>65,199.90</b>
<b>Geographical Markets</b>		
- Within India	19,137.05	27,941.46
- Outside India	26,501.79	37,258.44
<b>Total Revenue from operations</b>	<b>45,638.84</b>	<b>65,199.90</b>

Sale of goods includes F.O.B. value of export of ₹ 26,258.69 million (March 31, 2019 : ₹ 36,848.84 million).

Set out below is the amount of revenue recognised from

	In ₹ Million	
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Amounts included in contract liabilities at the beginning of the year	224.07	611.74
Performance obligations satisfied in previous year	-	-

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

	In ₹ Million	
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Revenue from operations</b>	45,638.84	65,199.90
Less: Adjustments		
- Government grants - export incentives	1,318.80	1,673.77
	<b>44,320.04</b>	<b>63,526.13</b>
Add: Adjustments		
- Miscellaneous income	101.65	-
- Sale of property, plant and equipment	83.80	153.93
<b>Revenue from contract with customers</b>	<b>44,505.49</b>	<b>63,680.06</b>
Less: Adjustments (sales returns, discounts, etc.)	79.92	459.10
<b>Revenue as per contracted price</b>	<b>44,425.57</b>	<b>63,220.96</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 25. Other Income

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Dividend income from investments	2.64	1.47
Dividend income from subsidiary company	157.67	79.36
Net gain on fair valuation of financial instruments (FVTPL)	576.33	714.75
Net gain on sale of financial instruments	380.66	125.64
Government grants *	85.42	97.51
Liabilities / provisions no longer required written back	58.84	30.13
Interest income on		
- Fixed deposits and others**	121.62	179.47
- Loans to subsidiaries/associates	33.20	13.02
Rent (Refer note 35(b))	7.33	8.64
Gain on sale/discard of property, plant and equipments (net)	16.17	134.01
Miscellaneous income ***	169.00	276.17
<b>Total</b>	<b>1,608.88</b>	<b>1,660.17</b>

\* Includes Government grants received as part of the Packaged Scheme of Incentives for the purpose of capital investment in designated areas, government grant on pre shipment credit and bill discounting where the Company has availed the benefit of interest equalisation scheme of the Reserve Bank of India. Interest on borrowings is accounted for on gross basis in note 30. There are no unfulfilled conditions or contingencies attached to these grants.

\*\* Includes interest on account of unwinding of security deposits.

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

### 26. Cost of Raw Materials and Components Consumed

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Inventory at the beginning of the year [Refer note 11]	2,185.20	1,329.02
Add: Purchases	17,478.18	26,425.02
Less: Inventory as at end of the year [Refer note 11]	1,987.91	2,185.20
<b>Cost of raw materials and components consumed</b>	<b>Total</b>	<b>25,568.84</b>



## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 27. (Increase) In Inventories of Finished Goods, Work-In-Progress, Dies and Scrap

In ₹ Million

	Year ended March 31, 2020	Year ended March 31, 2019
<b>Inventories at the end of the year [Refer note 11]</b>		
Work-in-progress [includes items lying with third parties]	3,567.18	3,232.55
Finished goods [includes items in transit]	675.94	892.76
Dies and dies under fabrication	241.16	151.93
Scrap	58.55	79.21
	<b>4,542.83</b>	<b>4,356.45</b>
<b>Inventories at the beginning of the year [Refer note 11]</b>		
Work-in-progress [includes items lying with third parties]	3,232.55	2,471.29
Finished goods [includes items in transit]	892.76	524.97
Dies and dies under fabrication	151.93	114.08
Scrap	79.21	34.04
	<b>4,356.45</b>	<b>3,144.38</b>
<b>Total</b>	<b>(186.38)</b>	<b>(1,212.07)</b>

### 28. Employee Benefits Expense

In ₹ Million

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus (including managing and whole time director's remuneration)	4,164.59	4,149.49
Contributions to provident and other funds / scheme #	208.29	188.51
Gratuity expense [Refer note 37(a)]	71.74	65.46
Special gratuity expense [Refer note 37(b)]	12.95	4.85
Employee voluntary retirement scheme compensation	2.76	-
Staff welfare expenses	363.27	454.55
<b>Total</b>	<b>4,823.60</b>	<b>4,862.86</b>

# Other funds / scheme includes contribution towards early retirement scheme and ESI scheme

### 29. Depreciation and Amortisation Expense

In ₹ Million

	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation on property, plant and equipment [Refer note 3]	3,322.26	3,388.13
Amortisation on intangible assets [Refer note 5]	98.38	78.18
Depreciation on right-of-use assets [Refer note 35]	28.07	-
<b>Total</b>	<b>3,448.71</b>	<b>3,466.31</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 30. Finance Costs

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest on bank facilities *	860.25	766.17
Exchange differences regarded as an adjustment to borrowing costs **	527.47	224.31
Interest on lease liabilities [Refer note 35]	35.66	-
Others #	26.90	33.57
<b>Total</b>	<b>1,450.28</b>	<b>1,024.05</b>

\* 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 interest on advance from customers, net interest expense on defined benefit plans [Refer note 37] etc.

### 31. Other Expenses

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Consumption of stores, spares and tools	2,441.71	3,298.04
Machining / subcontracting charges	1,215.55	2,306.87
Power, fuel and water	3,657.12	4,710.87
Less: Credit for energy generated	95.30	82.38
	3,561.82	4,628.49
Repairs and maintenance		
- Building repairs and road maintenance	117.85	121.00
- Plant and machinery	494.56	553.85
Rent (Refer note 35)	29.64	53.62
Rates and taxes	34.67	31.17
Insurance	99.68	86.99
CSR expenditure (Refer note 45)	254.50	107.63
Legal and professional fees	658.00	753.55
Commission	28.24	49.79
Donations	112.43	166.73
Packing material	817.66	1,039.95
Freight forwarding charges	656.23	1,061.71
Directors' fees and travelling expenses	3.96	3.50
Commission to directors other than managing and whole time directors	6.50	6.45
Provision for doubtful debts and advances (includes expected credit loss)	50.00	54.82
c/f	10,583.00	14,324.16

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 31. Other Expenses (Contd.):

In ₹ Million

	Year ended March 31, 2020	Year ended March 31, 2019
b/f	10,583.00	14,324.16
Bad debts / advances written off	27.16	62.37
Exchange difference (net) *	243.94	(300.12)
Payment to auditors (Refer note 31(a))	18.61	17.77
Miscellaneous expenses **	2,298.28	2,815.12
<b>Total</b>	<b>13,170.99</b>	<b>16,919.30</b>

\* Includes MTM (gain)/loss on derivatives amounting to ₹ (67.18) million (March 31, 2019 : ₹ (230.00) million) and foreign exchange (gain)/loss amounting to ₹ 429.22 million (March 31, 2019 : ₹ 61.08 million) on account of differential reinstatement of foreign exchange loans.

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

In ₹ Million

(a) Payment to auditors	Year ended March 31, 2020	Year ended March 31, 2019
<b>As auditor:</b>		
- Audit fee	11.23	10.83
- Limited review	5.60	3.50
- Others (including certification fees)	0.88	2.92
Reimbursement of expenses	0.90	0.52
<b>Total</b>	<b>18.61</b>	<b>17.77</b>

### (b) Capitalisation of expenditure

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

In ₹ Million

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest	246.01	-
Salaries, wages and bonus	23.88	24.94
Consumption of stores and spares	3.23	4.61
Others	7.61	4.69
<b>Total</b>	<b>280.73</b>	<b>34.24</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 32. Exceptional Items

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Voluntary retirement scheme compensation (Refer note 32(a))	(49.14)	-
Provision for impairment in the value of the investment in Tevva Motors (Jersey) Ltd. (Refer note 32(b))	(890.00)	-
<b>Total</b>	<b>(939.14)</b>	<b>-</b>

#### (a) Voluntary retirement scheme compensation

The Company has on March 12, 2020 announced a Voluntary Retirement Scheme (VRS) for its eligible employees who have completed 10 years of service with the Company. The amount of expenditure under said scheme is shown as exceptional item.

#### (b) Provision for impairment in the value of the investment in Tevva Motors (Jersey) Ltd.

The Company has provided an amount of ₹ 890.00 million towards impairment of its investment in Tevva Motors (Jersey) Ltd., an associate, which is a start-up company for modular electrification systems for medium duty commercial vehicles. Like several other start-ups, Tevva too has been severely affected due to COVID crisis. While Tevva's technology platform is evolving, its financing and commercial outlook remains uncertain now. Consequently, as a matter of prudence, the Company has provided ₹ 890.00 million.

### 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, 2020	Cash flow hedge reserve	FVTOCI reserve	Foreign currency monetary items translation difference account	Retained earnings	Income tax / Deferred tax effect	Total
Foreign exchange revaluation differences	-	-	5.82	-	-	5.82
Currency forward contracts	(1,780.03)	-	-	-	617.75	(1,162.28)
Reclassified to statement of profit or loss	(644.90)	-	-	-	162.31	(482.59)
Effect of deferred tax of hedge reserve	-	-	-	-	(31.25)	(31.25)
Gain / (Loss) on FVTOCI financial assets	-	(0.33)	-	-	-	(0.33)
Re-measurement gains / (losses) on defined benefit plans	-	-	-	(214.84)	54.07	(160.77)
<b>Total</b>	<b>(2,424.93)</b>	<b>(0.33)</b>	<b>5.82</b>	<b>(214.84)</b>	<b>802.88</b>	<b>(1,831.40)</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 33. Components of Other Comprehensive Income (OCI) (Contd.):

In ₹ Million

During the year ended March 31, 2019	Cash flow hedge reserve	FVTOCI reserve	Foreign currency monetary items translation difference account	Retained earnings	Income tax / Deferred tax effect	Total
Foreign exchange revaluation differences	-	-	21.02	-	-	21.02
Currency forward contracts	1,271.78	-	-	-	(444.41)	827.37
Reclassified to statement of profit or loss	(1,220.61)	-	-	-	426.53	(794.08)
Gain / (Loss) on FVTOCI financial assets	-	(69.56)	-	-	-	(69.56)
Re-measurement gains / (losses) on defined benefit plans	-	-	-	(79.45)	27.76	(51.69)
<b>Total</b>	<b>51.17</b>	<b>(69.56)</b>	<b>21.02</b>	<b>(79.45)</b>	<b>9.88</b>	<b>(66.94)</b>

### 34. Earnings Per Equity Share (EPS)

In ₹ Million

		Year ended March 31, 2020	Year ended March 31, 2019
<b>Numerator for basic and diluted EPS</b>			
Net profit after tax attributable to shareholders (in ₹ million)	(A)	4,735.16	10,712.81
<b>Denominator for basic EPS</b>			
Weighted average number of equity shares for basic EPS	(B)	465,588,632	465,588,632
<b>Denominator for diluted EPS</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)	10.17	23.00
Diluted earnings per share of face value of ₹ 2/- each (in ₹)	(A/C)	10.17	23.00

### 35. Leases

#### (a) Company as lessee

The Company has lease contracts for various items of warehouses, flats, guesthouse, land, etc. used in its operations. These leases generally have lease terms between 2 and 10 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further mentioned below:

The Company also has certain lease agreements related to flats with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

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

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 35. Leases (Contd.):

	In ₹ Million		
	Leasehold land	Buildings	Total
<b>At April 1, 2019</b>	-	408.59	408.59
Transferred from property, plant and equipment (Refer note 3)	67.65	-	67.65
Additions	-	-	-
Depreciation	(0.79)	(27.28)	(28.07)
<b>At March 31, 2020</b>	<b>66.86</b>	<b>381.31</b>	<b>448.17</b>

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

	In ₹ Million
	Year ended March 31, 2020
At April 1, 2019	379.74
Additions	-
Accretion of Interest	35.66
Payments	(31.87)
<b>At March 31, 2020</b>	<b>383.53</b>
Current	54.92
Non-current	328.61

The maturity analysis of lease liabilities are disclosed in Note 51.

The effective interest rate for lease liabilities is between 8.40% to 9.35%.

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

	In ₹ Million
	Year ended March 31, 2020
Depreciation expense of right-of-use assets	28.07
Interest expense on lease liabilities	35.66
Expense relating to short-term leases (included in other expenses)	29.24
<b>Total amount recognised in profit or loss</b>	<b>92.97</b>

The Company had total cash outflows for leases of ₹ 31.87 million (March 31, 2019: NIL). The Company also had non-cash additions to right-of-use assets and lease liabilities of Nil (March 31, 2019: NIL) and Nil (March 31, 2019: NIL) respectively.

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised. (Refer note 49)

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 35. Leases (Contd.):

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
<b>Financial year 2019-20</b>			
Extension options expected not to be exercised	2.56	-	2.56
Termination options expected to be exercised	-	-	-
Obligations under leases not yet commenced *	761.43	1,730.52	2,491.95

\* Refer note 7(e) for further details.

#### (b) Company as lessor

The Company has entered into agreements / arrangement in the nature of lease / sub-lease agreement with different lessees for the purpose of land and building. These are generally in the nature of operating lease. Period of agreements / arrangement 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 operating leases are as follows:**

In ₹ Million

	Year ended March 31, 2020	Year ended March 31, 2019
Within one year	2.90	2.90
After one year but not more than five years	3.19	6.09
More than five years	-	-
<b>Total</b>	<b>6.09</b>	<b>8.99</b>

### 36. Segment Information

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

### 37. Gratuity and Other Post-Employment Benefit Plans

#### (a) Gratuity plan

##### Funded scheme

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

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 37. Gratuity and Other Post-Employment Benefit Plans (Contd.):

#### Risk exposure and asset-liability matching

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

#### 1) Liability risks

##### a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements.

##### b) Discount rate risk

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

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

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

#### 2) Asset risks

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

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



## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 37. Gratuity and Other Post-Employment Benefit Plans (Contd.):

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

	As at March 31, 2020	As at March 31, 2019
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	6.20%	7.70%
Expected rate of return on plan assets	7.70%	7.70%
Rate of increase in compensation levels	7.00%	7.00%
(Expected average remaining working lives (in years	11.72	12.22
(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, 2020	As at March 31, 2019
Present value of obligation as at the beginning of the period	961.00	855.00
Interest expense	72.86	64.84
Current service cost	71.74	65.46
Benefits (paid)	(29.60)	(25.76)
Remeasurements on obligation [actuarial (Gain) / Loss]	75.42	1.46
<b>Closing defined benefit obligation</b>	<b>1,151.42</b>	<b>961.00</b>

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

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Opening fair value of plan assets	746.03	617.05
Interest income	59.83	50.38
Contributions	91.50	99.50
Benefits paid	(29.60)	(25.76)

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 37. Gratuity and Other Post-Employment Benefit Plans (Contd.):

#### (a) Gratuity plan (Contd.):

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Remeasurements	-	-
Return on plan assets, excluding amount recognised in Interest Income-(loss)/Gain	(1.06)	4.86
<b>Closing fair value of plan assets</b>	<b>866.70</b>	<b>746.03</b>
Actual return on plan assets	57.54	55.25

#### Net Interest (Income)/Expense

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest Expense – Obligation	72.86	64.84
Interest (Income) – Plan assets	(59.83)	(50.38)
<b>Net Interest Expense for the period</b>	<b>13.03</b>	<b>14.46</b>

#### Remeasurement for the period [actuarial (Gain)/loss]

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Experience (Gain) / Loss on plan liabilities	(3.82)	17.01
Demographic (Gain) on plan liabilities	-	(15.55)
Financial Loss on plan liabilities	78.01	-
Experience Loss / (Gain) on plan assets	2.29	(1.59)
Financial (Gain) on plan assets	-	(3.27)

#### Amount recognised in statement of Other Comprehensive Income (OCI)

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Remeasurement for the period-Obligation Loss	75.42	1.46
Remeasurement for the period-Plan assets loss / (Gain)	1.06	(4.86)
<b>Total remeasurement cost/(credit) for the period recognised in OCI</b>	<b>76.48</b>	<b>(3.40)</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 37. 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, 2020	As at March 31, 2019
Present value of obligation	(1,151.42)	(961.00)
Fair value of plan assets	866.70	746.03
<b>Net asset / (liability) to be recognised in the balance sheet</b>	<b>(284.72)</b>	<b>(214.97)</b>

#### Expense recognised in the statement of profit and loss

In ₹ Million

	Year ended March 31, 2020	Year ended March 31, 2019
Current service cost	71.74	65.46
Net Interest (Income) / Expense (Refer note 30)	13.03	14.46
<b>Net periodic benefit cost recognised in the statement of profit and loss</b>	<b>84.77</b>	<b>79.92</b>

#### Reconciliation of net asset/(liability) recognised:

In ₹ Million

	As at March 31, 2020	As at March 31, 2019
Net asset (liability) recognised at the beginning of the period	(214.97)	(237.95)
Company's contributions	91.50	99.50
Expense recognised for the year	(84.77)	(79.92)
Amount recognised in OCI	(76.48)	3.40
<b>Net asset / (liability) recognised at the end of the period</b>	<b>(284.72)</b>	<b>(214.97)</b>

The Company expects to contribute ₹ 100.00 million to gratuity fund in the next year (March 31, 2019 : ₹ 99.50 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, 2020	As at March 31, 2019
Funds managed by insurer	100.00%	100.00%

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 37. 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, 2020	As at March 31, 2019
Decrease by 1%	1,248.57	1,042.46
Increase by 1%	1,060.65	889.87

#### 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, 2020	As at March 31, 2019
Decrease by 1%	1,069.22	896.49
Increase by 1%	1,236.62	1,033.26

#### 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, 2020	As at March 31, 2019
Decrease by 1%	1,154.99	962.95
Increase by 1%	1,142.16	959.49

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, 2020	As at March 31, 2019
Within one year	177.25	136.01
After one year but not more than five years	320.22	313.75
After five years but not more than ten years	576.74	507.58

Weighted average duration of the defined benefit plan obligation (based on discounted cash flows using mortality, withdrawal and interest rate) is 11.02 years (March 31, 2019 : 6.88 years).

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 37. Gratuity and Other Post-Employment Benefit Plans (Contd.):

#### (b) Special gratuity

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

#### 1) Liability risks

##### a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralise valuation swings caused by interest rate movements.

##### b) Discount rate risk

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

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

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

#### 2) Unfunded plan risk

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

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

	Year ended March 31, 2020	Year ended March 31, 2019
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	6.90%	7.70%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)	12.17	12.43
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	5.00%	5.00%
Age 31 - 44 years	5.00%	5.00%
Age 45 - 50 years	5.00%	5.00%
Age above 50 years	5.00%	5.00%

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 37. 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, 2020	As at March 31, 2019
Present value of obligation as at the beginning of the period	113.45	61.64
Interest expense	8.65	4.61
Current service cost	12.95	4.85
Benefits (paid)	(2.33)	(3.57)
Remeasurements on obligation [Actuarial (Gain) / Loss]	9.30	45.92
<b>Closing Defined Benefit Obligation</b>	<b>142.02</b>	<b>113.45</b>

#### Net Interest (Income)/Expense

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest Expense – Obligation	8.65	4.61
Interest (Income) / Expense – Plan assets	-	-
<b>Net Interest Expense for the period</b>	<b>8.65</b>	<b>4.61</b>

#### Remeasurement for the period [Actuarial (Gain)/loss]

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Experience (Gain) / Loss on plan liabilities	(1.39)	43.93
Demographic Loss on plan liabilities	-	1.99
Financial Loss on plan liabilities	10.69	-
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, 2020	Year ended March 31, 2019
Remeasurement for the period-Obligation (Gain)/Loss	9.30	45.92
Remeasurement for the period-Plan assets (Gain)/Loss	-	-
<b>Total Remeasurement cost for the period recognised in OCI</b>	<b>9.30</b>	<b>45.92</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 37. Gratuity and Other Post-Employment Benefit Plans (Contd.):

The amounts to be recognised in the Balance Sheet

In ₹ Million

	As at March 31, 2020	As at March 31, 2019
Present value of obligation as at the end of the period	(142.02)	(113.45)
Fair value of plan assets as at the end of the period	-	-
<b>Net Asset / (liability) to be recognised in the balance sheet</b>	<b>(142.02)</b>	<b>(113.45)</b>

Expense recognised in the statement of profit and loss

In ₹ Million

	Year ended March 31, 2020	Year ended March 31, 2019
Current service cost (Refer note 28)	12.95	4.85
Net Interest (Income) / Expense (Refer note 30)	8.65	4.61
<b>Net periodic benefit cost recognised in the statement of profit and loss</b>	<b>21.60</b>	<b>9.46</b>

(b) Special gratuity (Contd.):

Reconciliation of Net Asset/(Liability) recognised:

In ₹ Million

	As at March 31, 2020	As at March 31, 2019
Net asset / (liability) recognised at the beginning of the period	(113.45)	(61.64)
Company's contributions	-	-
Benefits directly paid by Company	2.33	3.57
Expense recognised for the year	(21.60)	(9.46)
Amount recognised in OCI	(9.30)	(45.92)
<b>Net asset / (liability) recognised at the end of the period</b>	<b>(142.02)</b>	<b>(113.45)</b>

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

In ₹ Million

	As at March 31, 2020	As at March 31, 2019
Within one year	9.23	9.42
After one year but not more than five years	32.56	23.87
After five years but not more than ten years	66.50	50.63

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 10.73 years (March 31, 2019 : 10.73 years).

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 37. Gratuity and Other Post-Employment Benefit Plans (Contd.):

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, 2020	Year ended March 31, 2019
Decrease by 1%	159.09	126.43
Increase by 1%	127.61	102.46

#### 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, 2020	Year ended March 31, 2019
Decrease by 1%	128.69	103.25
Increase by 1%	157.44	125.24

#### 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, 2020	Year ended March 31, 2019
Decrease by 1%	142.54	113.49
Increase by 1%	141.52	113.41

#### (c) Provident fund

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

Under the defined contribution plan, provident fund is contributed to the government administered provident fund. The Company has no obligation, other than the contribution payable to the provident fund.

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



## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 37. Gratuity and Other Post-Employment Benefit Plans (Contd.):

#### (c) Provident fund (Contd.):

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

#### 1) Liability risks:

##### a) Asset-liability mismatch risk

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

##### b) Discount rate risk

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

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

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

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

	Year ended March 31, 2020	Year ended March 31, 2019
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	6.80%	7.70%
Interest rate declared by Employees' Provident Fund Organisation for the year	8.55%	8.65%
Yield spread	0.50%	0.50%
Expected average remaining working lives of employees (in years)	12.35*	12.85*
Withdrawal rate		
Age upto 30 years	5.00%	5.00%
Age 31 - 44 years	5.00%	5.00%
Age 45 - 50 years	5.00%	5.00%
Age above 50 years	5.00%	5.00%

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

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 37. Gratuity and Other Post-Employment Benefit Plans (Contd.):

#### (c) Provident fund (Contd.):

Table showing changes in present value of expected interest rate shortfall:

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Present value of expected Interest rate shortfall as at the beginning of the period	52.84	17.14
Interest cost	4.07	1.32
Current service cost	5.66	1.84
Actuarial (Gain) / Loss on obligations	106.46	32.54
<b>Present value of expected interest rate shortfall as at the end of the period</b>	<b>169.03</b>	<b>52.84</b>

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

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Fair value of plan assets as at the beginning of the period (Surplus Account)	20.98	23.55
Interest income	1.61	1.82
Amount transferred to cover shortfall	-	-
Actuarial Gain on plan assets	(22.59)	(4.39)
<b>Fair value of plan assets as at the end of the period (Surplus Account)</b>	<b>-</b>	<b>20.98</b>

Net Interest (Income)/Expense

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest Expense – Obligation	4.07	1.32
Interest (Income) – Plan assets	(1.61)	(1.82)
<b>Net Interest Expense / (Income) for the period</b>	<b>2.46</b>	<b>(0.50)</b>

Actuarial (gain) / loss recognised

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Actuarial Loss for the period – Obligation	106.46	32.54
Actuarial Loss for the period – Plan assets	22.59	4.39
<b>Total Loss for the year</b>	<b>129.05</b>	<b>36.93</b>
<b>Actuarial Loss recognised in the year</b>	<b>129.05</b>	<b>36.93</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 37. Gratuity and Other Post-Employment Benefit Plans (Contd.):

The amounts to be recognised in the balance sheet:

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Present value of expected interest rate shortfall as at the end of the period	169.03	52.84
Fair value of the plan assets as at the end of the period (Surplus Account)	-	20.98
<b>(Deficit)</b>	<b>(169.03)</b>	<b>(31.86)</b>
Net (liability) recognised in the balance sheet	(169.03)	(31.86)

Amount recognised in Statement of Other comprehensive Income (OCI):

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Remeasurement for the period-Obligation Loss	106.46	32.54
Remeasurement for the period-Plan assets Loss	22.59	4.39
<b>Total Remeasurement cost for the period recognised in OCI</b>	<b>129.05</b>	<b>36.93</b>

Expense recognised in the statement of profit and loss:

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Current service cost (Refer note 28)	5.66	1.84
Net Interest (Income) / Expense (Refer note 25/30)	2.46	(0.50)
<b>Net periodic benefit cost recognised in the statement of profit and loss</b>	<b>8.12</b>	<b>1.34</b>

Sensitivity analysis

A) Impact of change in discount rate when base assumption is decreased/increased by 50 basis point

	In ₹ Million	
<b>Discount rate</b>	<b>Year ended March 31, 2020</b>	<b>Year ended March 31, 2019</b>
Decrease by 0.50%	227.79	99.10
Increase by 0.50%	113.71	9.26

B) Impact of change in expected future interest rate on PF when base assumption is decreased/increased by 50 basis point

	In ₹ Million	
<b>PF interest rate</b>	<b>Year ended March 31, 2020</b>	<b>Year ended March 31, 2019</b>
Decrease by 0.50%	116.85	8.91
Increase by 0.50%	221.20	96.76

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 38. Contingent Liabilities

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Guarantees given by the Company on behalf of other companies (Refer note 38(a))		
Balance outstanding	1,784.80	1,674.38
(Maximum amount)	(1,784.80)	(1,674.38)
Claims against the Company not acknowledged as Debts - to the extent ascertained (Refer note 38(b))	258.26	237.14
Excise/Service tax demands - matters under dispute (Refer note 38(c))	260.21	275.68
Customs demands - matters under dispute (Refer note 38(d))	50.97	73.93
Sales tax demands - matters under dispute (Refer note 38(e))	21.34	17.09
Income tax demands - matter under dispute (Refer note 38(f))	54.92	54.92

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

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

(c) Includes amount pertaining to incentive received under Government scheme, etc.

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

(e) Includes amount pertaining to duty demand for non-receipt of various statutory forms, etc.

(f) Includes amount pertaining to matter relating to applicability of TDS.

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

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

#### Deferred payment liabilities

Sales tax deferral incentives attached to the erstwhile windmill division, which was demerged to BF Utilities Limited (BFUL) under section 392 and 394 of the erstwhile Companies Act, 1956 sanctioned by the High Court of the Judicature at Mumbai, have been passed on thereafter from year to year by the Company to the latter, under an arrangement, with all liabilities and obligations attached thereto taken over completely by BFUL. The net liability outstanding of BFUL after such pass on amounts to ₹ 97.41 million (March 31, 2019: ₹ 174.97 million).

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 39. Related Party Disclosures

#### (i) Names of the related parties and related party relationship

Related parties where control exists	
<b>Subsidiaries</b>	Bharat Forge Global Holding GmbH
	Bharat Forge America Inc.
	BF Infrastructure Limited
	Kalyani Strategic Systems Limited
	Bharat Forge International Limited
	BF Elbit Advanced Systems Private Limited
	Analogic Controls India Limited
	Indigenous IL Limited
	Kalyani Centre For Precision Technology Limited (w.e.f. December 25, 2019)
	Eternus Performance Materials Private Limited (w.e.f. April 8, 2019)
<b>Step down subsidiaries</b>	Bharat Forge CDP GmbH
	Bharat Forge CDP Trading
	Bharat Forge Holding GmbH
	Bharat Forge Tennessee Inc.
	Bharat Forge PMT Technologie LLC
	Bharat Forge Aluminiumtechnik GmbH
	Bharat Forge Kilsta AB
	Bharat Forge Hong Kong Limited
	Bharat Forge Daun GmbH
	Kalyani Rafael Advanced Systems Private Limited
	Mecanique Generale Langroise
	Bharat Forge Aluminium USA, Inc. (w.e.f. September 27, 2019)
	Kalyani Precision Machining Inc. (w.e.f. September 27, 2019)

#### Related parties with whom transactions have taken place during the period

<b>Joint venture</b>	BF NTPC Energy Systems Limited
	REFU Drive GmbH (w.e.f. September 19, 2019)
<b>Joint venture of a subsidiary</b>	BF Premier Energy Systems Private Limited
<b>Subsidiary of a Joint venture</b>	Refu Drive India Private Limited (w.e.f. September 19, 2019)
<b>Associates and subsidiaries of associates</b>	Tork Motors Private Limited
	Tevva Motors (Jersey) Limited (w.e.f. June 11, 2018)
	Tevva Motors Limited (w.e.f. June 11, 2018)
	Hospet Bellary Highways Private Limited
	Tork Motors (UK) Limited
	Lycan Electric Private Limited
	Talbahn GmbH
	Aeron Systems Private Limited (w.e.f. May 21, 2019)

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 39. Related Party Disclosures (Contd.):

Other related parties	Kalyani Steels Limited
(Enterprises owned or significantly influenced by key management personnel or their relatives)	BF Utilities Limited
	Khed Economic Infrastructure Private Limited
	Kalyani Maxion Wheels Private Limited
	Automotive Axles Limited
	Institute for Prostrate Cancer
	United Metachem Private Limited
	Harmony Electoral Trust
	Saarloha Advanced Materials Private Limited (w.e.f. April 1, 2019)
	Nandi Economic Corridor Enterprises (w.e.f. April 1, 2019)
	Baramati Speciality Steels Limited (w.e.f. April 1, 2019)
	Kalyani Technoforge Limited (w.e.f. April 1, 2019)
	Elbit Systems Land and C4I Limited (w.e.f. April 1, 2019)
	Kalyani Transmission Technologies Private Limited (w.e.f. April 1, 2019)
	Kalyani Technologies Limited (w.e.f. April 1, 2019)
	KGEPL Engineering Solutions Private Limited (w.e.f. April 1, 2019)
	Kalyani Technoweld Private Limited (w.e.f. April 1, 2019)
	KTMS Properties Company Private Limited (w.e.f. April 1, 2019)
	Govalkonda Trading Company Private Limited (w.e.f. April 1, 2019)
	Purandhar Trading Company Private Limited (w.e.f. April 1, 2019)
	Rayagad Trading Company Private Limited (w.e.f. April 1, 2019)
Vishalgad Trading Company Private Limited (w.e.f. April 1, 2019)	
Akutai Kalyani Charitable Trust (w.e.f. April 1, 2019)	
Radium Merchandise Private Limited (w.e.f. April 1, 2019)	
Key management personnel	Mr. B. N. Kalyani (Chairman and Managing Director)
	Mr. A. B. Kalyani (Executive 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)
	Mrs. L. D. Gupte (Independent Director)
	Mr. P. H. Ravikumar (Independent Director)
	Mr. P. C. Bhalerao (Independent Director)
	Mr. N. K. Narad (Independent Director) (up to March 31, 2019)
	Dr. T. Mukherjee (Independent Director) (up to March 31, 2019)
	Mr. V. R. Bhandari (Independent Director)
	Mr. Dipak Mane (Independent Director) (w.e.f. June 21, 2019)
Mr. Murali Sivaraman (Independent Director) (w.e.f. June 21, 2019)	

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 39. Related Party Disclosures (Contd.):

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
Post employment benefit trusts	Bharat Forge Company Limited Staff Provident Fund
	Bharat Forge Company Limited Employees Group Gratuity Fund
	Bharat Forge Company Limited Officer's Group Gratuity Fund
	Bharat Forge Company Limited Officer's Superannuation Scheme

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

#### (ii) Related party transactions

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	Year ended	
			March 31, 2020	March 31, 2019
1	Purchase of raw materials, components, stores, spares \$	<b>Step down subsidiaries</b>		
		Bharat Forge Kilsta AB	0.78	100.43
		Bharat Forge PMT Technologies LLC	-	3.46
		Bharat Forge Daun GmbH	0.28	0.30
			<b>1.06</b>	<b>104.19</b>
		<b>Associates and subsidiaries of associates</b>		
		Tevva Motors Limited	9.30	-
			<b>9.30</b>	<b>-</b>
		<b>Other related parties</b>		
		Kalyani Steels Limited	4,162.65	6,812.96
		Saarloha Advance Material Private Limited	8,058.00	-
		Others	357.98	0.66
			<b>12,578.63</b>	<b>6,813.62</b>
			<b>12,588.99</b>	<b>6,917.81</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 39. Related Party Disclosures (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	Year ended	
			March 31, 2020	March 31, 2019
2	Staff welfare expenses	<b>Other related parties</b>		
		Institute for Prostrate Cancer	0.38	1.09
			<b>0.38</b>	<b>1.09</b>
3	Other expenses - Machining / subcontracting charges	<b>Subsidiaries</b>		
		Analogic Controls India Limited	53.54	294.63
			<b>53.54</b>	<b>294.63</b>
		<b>Other related parties</b>		
		Kalyani Technoforge Limited	124.01	-
	Others	3.11	-	
		<b>127.12</b>	<b>-</b>	
	- Power, fuel and water	<b>Other related parties</b>		
		BF Utilities Limited	154.51	148.99
			<b>154.51</b>	<b>148.99</b>
	- Rent	<b>Other related parties</b>		
		United Metachem Private Limited	6.42	3.97
		KTMS Properties Company Private Limited	16.59	-
		Others	3.57	-
			<b>26.58</b>	<b>3.97</b>
<b>Relatives of key management personnel</b>				
Mrs. S. S. Tandale	0.18	0.18		
	<b>0.18</b>	<b>0.18</b>		
- Legal and professional fees	<b>Subsidiaries</b>			
	Bharat Forge Global Holding GmbH	42.66	43.43	
	Bharat Forge America Inc.	66.97	103.37	
	Bharat Forge International Limited	41.93	55.34	
		<b>151.56</b>	<b>202.14</b>	
	<b>Step down subsidiaries</b>			
	Bharat Forge Kilsta AB	13.85	20.85	
	Bharat Forge CDP GmbH	-	0.67	
	Mecanique Generale Langroise	-	0.95	
		<b>13.85</b>	<b>22.47</b>	
	<b>Other related parties</b>			
	Kalyani Technologies Limited	80.00	-	
	<b>80.00</b>	<b>-</b>		
- Donations	<b>Other related parties</b>			
	Harmony Electoral Trust	100.00	150.50	
	Akutai Kalyani Charitable Trust	4.50	-	
	<b>104.50</b>	<b>150.50</b>		



## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 39. Related Party Disclosures (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	Year ended	
			March 31, 2020	March 31, 2019
	<b>- Directors' fees and travelling expenses</b>	<b>Key management personnel</b>		
		Mr. P. G. Pawar	0.65	0.63
		Mr. S. M. Thakore	0.83	0.59
		Mrs. L. D. Gupte	0.44	0.23
		Mr. P. H. Ravikumar	0.68	0.50
		Mr. P. C. Bhalerao	0.60	0.63
		Mr. N. K. Narad	-	0.15
		Dr. T. Mukherjee	-	0.43
		Mr. V. R. Bhandari	0.42	0.34
		Mr. Dipak Mane	0.16	-
		Mr. Murali Sivaraman	0.18	-
			<b>3.96</b>	<b>3.50</b>
	<b>- Commission to directors other than managing and whole time directors</b>	<b>Key management personnel</b>		
		Mr. P. G. Pawar	1.30	1.30
		Mr. S. M. Thakore	1.30	1.10
		Mrs. L. D. Gupte	0.55	0.45
		Mr. P. H. Ravikumar	1.00	1.00
		Mr. P. C. Bhalerao	1.20	1.30
		Mr. N. K. Narad	-	0.30
		Dr. T. Mukherjee	-	0.40
		Mr. V. R. Bhandari	0.55	0.60
		Mr. Dipak Mane	0.30	-
		Mr. Murali Sivaraman	0.30	-
			<b>6.50</b>	<b>6.45</b>
	<b>- Finance costs : Others</b>	<b>Subsidiaries</b>		
		Bharat Forge International Limited	-	4.79
			-	<b>4.79</b>
	<b>- Miscellaneous expenses</b>	<b>Other related parties</b>		
		Kalyani Technologies Limited	64.08	-
			<b>64.08</b>	-
	<b>- Repairs and maintenance</b>	<b>Other related parties</b>		
		Kalyani Technoforge Limited	16.27	-
			<b>16.27</b>	-
			<b>802.65</b>	<b>837.62</b>
4	<b>Sale of goods, raw materials, stores and spares, manufacturing scrap and tooling income (net of returns, rebate etc.)</b>	<b>Subsidiaries</b>		
		Bharat Forge International Limited	17,709.92	22,435.26
		Analogic Controls India Limited	0.05	2.76
		BF Elbit Advanced Systems Private Limited	76.09	72.28
		Kalyani Strategic Systems Limited	-	3.81
			<b>17,786.06</b>	<b>22,514.11</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 39. Related Party Disclosures (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	Year ended	
			March 31, 2020	March 31, 2019
		<b>Associates and subsidiaries of associates</b>		
		Tork Motors Private Limited	1.50	-
			<b>1.50</b>	<b>-</b>
		<b>Other related parties</b>		
		Automotive Axles Limited	158.73	420.07
		Saarloha Advanced Materials Private Limited	1,645.67	-
		Others	22.42	22.23
			<b>1,826.82</b>	<b>442.30</b>
			<b>19,614.38</b>	<b>22,956.41</b>
5	Sale of Services	<b>Other related parties</b>		
		Automotive Axles Limited	89.32	210.98
		Saarloha Advanced Materials Private Limited	51.91	-
		Others	3.67	-
			<b>144.90</b>	<b>210.98</b>
6	Other income	<b>Subsidiaries</b>		
	- Dividend income	Bharat Forge International Limited	157.67	79.36
			<b>157.67</b>	<b>79.36</b>
	- Rent *	<b>Subsidiaries</b>		
		BF Elbit Advanced Systems Private Limited	0.48	0.48
			<b>0.48</b>	<b>0.48</b>
		<b>Other related parties</b>		
		Kalyani Maxion Wheels Private Limited	0.05	0.10
		Nandi Economic Corridor Enterprises	2.61	-
		Baramati Speciality Steels Limited	2.90	-
			<b>5.56</b>	<b>0.10</b>
	- Miscellaneous income	<b>Subsidiaries</b>		
		Bharat Forge America Inc.	1.52	1.38
		BF Elbit Advanced Systems Private Limited	-	4.00
			<b>1.52</b>	<b>5.38</b>
		<b>Step down subsidiaries</b>		
		Bharat Forge Kilsta AB	7.41	6.99
			<b>7.41</b>	<b>6.99</b>

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

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 39. Related Party Disclosures (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	Year ended	
			March 31, 2020	March 31, 2019
	- Sale / discard of property, plant and equipments	<b>Subsidiaries</b>		
		Kalyani Centre For Precision Technology Limited	11.47	-
			<b>11.47</b>	-
		<b>Other related parties</b>		
		Automotive Axles Limited	-	4.29
			-	4.29
			<b>184.11</b>	<b>96.60</b>
7	Purchase of property, plant and equipments, intangible assets (including CWIP)	<b>Other related parties</b>		
		KGEPL Engineering Solutions Private Limited	687.31	-
		Kalyani Technoforge Limited	147.25	-
		Others	22.17	-
			<b>856.73</b>	-
8	Finance provided: - Investment	<b>Subsidiaries</b>		
		Bharat Forge Global Holding GmbH	236.85	983.86
		BF Infrastructure Limited	727.26	-
		Kalyani Strategic Systems Limited	30.70	-
		Kalyani Centre For Precision Technology Limited	200.10	-
		Eternus Performance Materials Private Limited	3.75	-
			<b>1,198.66</b>	<b>983.86</b>
		<b>Joint ventures</b>		
		REFU Drive GmbH	892.34	-
			<b>892.34</b>	-
		<b>Associates and subsidiaries of associates</b>		
		Tork Motors Private Limited	39.99	99.99
		Tevva Motors (Jersey) Limited	-	892.93
		Aeron Systems Private Limited	80.00	-
			<b>119.99</b>	<b>992.92</b>
		<b>Other related parties</b>		
		Kheda Economic Infrastructure Private Limited (Includes fair valuation impact)	58.72	(54.88)
			<b>58.72</b>	<b>(54.88)</b>
		- Loans	<b>Subsidiaries</b>	
		Bharat Forge Global Holding GmbH [includes exchange (loss)/gain]	4.67	(3.16)
		BF Elbit Advanced Systems Private Limited	15.17	3.05
		Kalyani Strategic Systems Limited	150.00	-
			<b>169.84</b>	<b>(0.11)</b>
		<b>Associates and subsidiaries of associates</b>		
		Tevva Motors (Jersey) Limited	303.87	-
			<b>303.87</b>	-
			<b>2,743.42</b>	<b>1,921.79</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 39. Related Party Disclosures (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	Year ended	
			March 31, 2020	March 31, 2019
9	Advance given	<b>Associates and subsidiaries of associates</b>		
		Tevva Motors Limited	15.51	-
			<b>15.51</b>	-
		<b>Other related parties</b>		
		Saarloha Advanced Materials Private Limited	1,350.00	-
			<b>1,350.00</b>	-
		<b>1,365.51</b>	-	
10	Interest income			
		Bharat Forge Global Holding GmbH	2.86	2.81
		BF Elbit Advanced Systems Private Limited	10.68	10.21
		Kalyani Strategic Systems Limited	0.86	-
			<b>14.40</b>	<b>13.02</b>
		<b>Associates and subsidiaries of associates</b>		
		Tevva Motors (Jersey) Limited	18.80	-
			<b>18.80</b>	-
		<b>33.20</b>	<b>13.02</b>	
11	Managerial remuneration	<b>Key management personnel</b>		
		Mr. B. N. Kalyani	176.42	194.77
		Mr. A. B. Kalyani	46.27	59.94
		Mr. G. K. Agarwal	46.50	59.09
		Mr. S. E. Tandale	38.81	50.32
		Mr. B. P. Kalyani	38.20	47.84
		Mr. K. M. Saletore	29.56	37.97
		Ms. T. R. Chaudhari	2.98	2.83
			<b>378.74</b>	<b>452.76</b>
12	Dividend paid	<b>Key management personnel</b>		
		Mr. B. N. Kalyani	0.47	0.39
		Mr. A. B. Kalyani	4.20	3.50
		Mr. G. K. Agarwal	0.03	0.02
		Mr. B. P. Kalyani	0.04	0.02
		Mr. S. M. Thakore	0.17	0.14
		Mr. P. H. Ravikumar	0.04	0.03
		Mr. K. M. Saletore	0.01	-
			<b>4.96</b>	<b>4.10</b>
		<b>Relatives of key management personnel</b>		
		Mr. G. N. Kalyani	4.14	3.45
		Others	0.99	0.75
	<b>5.13</b>	<b>4.20</b>		
	<b>10.09</b>	<b>8.30</b>		

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 39. Related Party Disclosures (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	Year ended	
			March 31, 2020	March 31, 2019
13	Provision for diminution in value of investment	<b>Subsidiaries</b>		
		BF Infrastructure Limited	485.76	-
			<b>485.76</b>	-
		<b>Associates and subsidiaries of associates</b>		
		Tevva Motors (Jersey) Limited	890.00	-
			<b>890.00</b>	-
		<b>1,375.76</b>	-	
14	Provision for doubtful debts and advances	<b>Subsidiaries</b>		
		BF Infrastructure Limited	-	50.00
			-	<b>50.00</b>
15	Contributions paid *	<b>Post employment benefit trusts</b>		
		<b>Provident fund</b>		
		Bharat Forge Company Limited Staff Provident Fund	229.84	214.27
			<b>229.84</b>	<b>214.27</b>
		<b>Gratuity fund</b>		
		Bharat Forge Company Limited Employees Group		
		Gratuity fund	35.00	37.50
		Bharat Forge Company Limited Officer's Group		
		Gratuity fund	63.86	62.00
			<b>98.86</b>	<b>99.50</b>
		<b>Superannuation fund</b>		
Bharat Forge Company Limited Officer's				
Superannuation scheme	24.03	24.33		
	<b>24.03</b>	<b>24.33</b>		
	<b>352.73</b>	<b>338.10</b>		

\$ Including Goods and Service Tax for previous year.

\* The above disclosure does not include on behalf payment done by any related parties to each other. For closing balances of above employee benefits trusts, refer note no.37.

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 39. Related Party Disclosures (Contd.):

(iii) Balance outstanding as at the year end

In ₹ Million

Sr. No.	Nature of balance	Name of the related party and nature of relationship	As at	
			March 31, 2020	March 31, 2019
1	Trade payables	<b>Subsidiaries</b>		
		Bharat Forge Global Holding GmbH	44.88	57.68
		Bharat Forge International Limited	262.38	126.89
		Analogic Controls India Limited	2.31	52.42
		Bharat Forge America Inc.	21.43	14.06
			<b>331.00</b>	<b>251.05</b>
		<b>Step down subsidiaries</b>		
		Bharat Forge Kilsta AB	34.78	65.03
		Others	4.95	-
			<b>39.73</b>	<b>65.03</b>
		<b>Associates and subsidiaries of associates</b>		
		Tevva Motors Limited	0.22	-
			<b>0.22</b>	<b>-</b>
		<b>Other related parties</b>		
		Kalyani Steels Limited *	469.61	965.60
		Saarloha Advance Material Private Limited **	764.12	-
		Others	218.22	18.71
	<b>1,451.95</b>	<b>984.31</b>		
	<b>1,822.90</b>	<b>1,300.39</b>		
2	Trade receivable	<b>Subsidiaries</b>		
		Bharat Forge International Limited	9,417.81	12,566.33
		Others	67.36	108.36
			<b>9,485.17</b>	<b>12,674.69</b>
		<b>Associates and subsidiaries of associates</b>		
		Tork Motors Private Limited	1.43	-
			<b>1.43</b>	<b>-</b>
		<b>Other related parties</b>		
		Automotive Axles Limited	88.67	114.43
		Saarloha Advanced Materials Private Limited	370.23	-
		Others	7.17	4.09
	<b>466.07</b>	<b>118.52</b>		
	<b>9,952.67</b>	<b>12,793.21</b>		
3	Receivable for sale of property, plant and equipment	<b>Subsidiaries</b>		
		Kalyani Centre For Precision Technology Limited	13.54	-
			<b>13.54</b>	<b>-</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 39. Related Party Disclosures (Contd.):

In ₹ Million

Sr. No.	Nature of balance	Name of the related party and nature of relationship	As at	
			March 31, 2020	March 31, 2019
4	Payables for capital goods	<b>Other related parties</b>		
		Kalyani Technoforge Limited	10.86	-
		Others	0.22	-
			<b>11.08</b>	-
5	Non-current investments	<b>Subsidiaries</b>		
		Bharat Forge Global Holding GmbH	5,487.67	5,250.82
		Bharat Forge America Inc.	831.91	831.91
		BF Infrastructure Limited	1,597.10	869.84
		Others	753.75	519.20
			<b>8,670.43</b>	<b>7,471.77</b>
		<b>Joint ventures</b>		
		BF NTPC Energy Systems Limited	33.64	33.64
		REFU Drive GmbH	892.34	-
			<b>925.98</b>	<b>33.64</b>
		<b>Associates and subsidiaries of associates</b>		
		Tork Motors Private Limited	300.37	260.38
		Tevva Motors (Jersey) Limited	892.93	892.93
		Aeron Systems Private Limited	80.00	-
			<b>1,273.30</b>	<b>1,153.31</b>
		<b>Other related parties (including fair value)</b>		
		Khed Economic Infrastructure Private Limited	641.78	583.06
			<b>641.78</b>	<b>583.06</b>
			<b>11,511.49</b>	<b>9,241.78</b>

\* Net of advance given amounting to ₹ 470.00 million (March 31, 2019 : ₹ 470.00 million) [Refer note 22]

\*\* Net of advance given amounting to ₹ 250.00 million (March 31, 2019 : ₹ Nil) [Refer note 22]

6	Loans given	<b>Subsidiaries</b>		
		Bharat Forge Global Holding GmbH	82.31	77.64
		BF Elbit Advanced Systems Private Limited	117.45	102.28
		Kalyani Strategic Systems Limited	150.00	-
			<b>349.76</b>	<b>179.92</b>
		<b>Associates and subsidiaries of associates</b>		
		Tevva Motors (Jersey) Limited	303.87	-
			<b>303.87</b>	-
			<b>653.63</b>	<b>179.92</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 39. Related Party Disclosures (Contd.):

In ₹ Million

Sr. No.	Nature of balance	Name of the related party and nature of relationship	As at	
			March 31, 2020	March 31, 2019
7	Recoverable from subsidiaries (net of provision)	<b>Subsidiaries</b>		
		Bharat Forge Global Holding GmbH	19.42	-
		Bharat Forge International Limited	45.69	71.19
		Bharat Forge America Inc.	2.59	-
			<b>67.70</b>	<b>71.19</b>
		<b>Step down subsidiaries</b>		
		Bharat Forge Kilsta AB	50.00	83.90
		Kalyani Rafael Advanced Systems Private Limited	-	8.59
		Others	1.61	-
			<b>51.61</b>	<b>92.49</b>
		<b>119.31</b>	<b>163.68</b>	
8	Other advances	<b>Subsidiaries</b>		
		BF Infrastructure Limited	-	152.44
			-	<b>152.44</b>
9	Security deposits given	<b>Other related parties</b>		
		BF Utilities Limited	210.00	210.00
		Kalyani Technologies Limited	89.40	-
		Radium Merchandise Private Limited	25.00	-
		Others	4.71	0.94
			<b>329.11</b>	<b>210.94</b>
		<b>Relatives of key management personnel</b>		
		Mrs. S. S. Tandale	0.15	0.15
			<b>0.15</b>	<b>0.15</b>
			<b>329.26</b>	<b>211.09</b>
10	Advance to suppliers	<b>Subsidiaries</b>		
		Analogic Controls India Limited	-	24.53
			-	<b>24.53</b>
		<b>Associates and subsidiaries of associates</b>		
		Tevva Motors Limited	6.19	-
			<b>6.19</b>	-
		<b>Other related parties</b>		
		Saarloha Advanced Materials Private Limited	1,350.00	-
		KGEPL Engineering Solutions Private Limited	12.70	-
			<b>1,362.70</b>	-
	<b>1,368.89</b>	<b>24.53</b>		



## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 39. Related Party Disclosures (Contd.):

In ₹ Million

Sr. No.	Nature of balance	Name of the related party and nature of relationship	As at	
			March 31, 2020	March 31, 2019
11	Interest accrued	<b>Subsidiaries</b>		
		Bharat Forge Global Holding GmbH	0.98	0.68
		Kalyani Strategic Systems Limited	0.78	-
			<b>1.76</b>	<b>0.68</b>
		<b>Associates and subsidiaries of associates</b>		
		Tevva Motors (Jersey) Limited	18.80	-
			<b>18.80</b>	<b>-</b>
		<b>20.56</b>	<b>0.68</b>	
12	Advance from customers	<b>Other related parties</b>		
		Automotive Axles Limited	4.20	3.48
			<b>4.20</b>	<b>3.48</b>
13	Capital advances	<b>Other related parties</b>		
		Kalyani Technoforge Limited	10.45	-
		KGEPL Engineering Solutions Private Limited	15.10	-
			<b>25.55</b>	<b>-</b>
14	Managerial remuneration payable *	<b>Key management personnel</b>		
		Mr. B. N. Kalyani	60.00	110.00
		Mr. A. B. Kalyani	8.00	24.00
		Mr. G. K. Agarwal	8.00	23.00
		Mr. S. E. Tandale	15.00	28.75
		Mr. B. P. Kalyani	15.00	28.25
		Mr. K. M. Saletore	10.00	21.00
			<b>116.00</b>	<b>235.00</b>
15	Commission to directors other than managing and whole time directors	<b>Other Directors and Relatives</b>		
		Mr. P. G. Pawar	1.30	1.30
		Mr. S. M. Thakore	1.30	1.10
		Mrs. L. D. Gupte	0.55	0.45
		Mr. P. H. Ravikumar	1.00	1.00
		Mr. P. C. Bhalerao	1.20	1.30
		Mr. N. K. Narad	-	0.30
		Dr. T. Mukherjee	-	0.40
		Mr. V. R. Bhandari	0.55	0.60
		Mr. Dipak Mane	0.30	-
		Mr. Murali Sivaraman	0.30	-
			<b>6.50</b>	<b>6.45</b>

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 39. Related Party Disclosures (Contd.):

In ₹ Million

Sr. No.	Nature of balance	Name of the related party and nature of relationship	As at	
			March 31, 2020	March 31, 2019
16	Provision for diminution in value of investment	<b>Subsidiaries</b>		
		BF Infrastructure Limited	1,355.60	869.84
		Analogic Controls India Limited	16.55	16.55
			<b>1,372.15</b>	<b>886.39</b>
		<b>Joint Ventures</b>		
		BF NTPC Energy Systems Limited	33.64	33.64
			<b>33.64</b>	<b>33.64</b>
		<b>Associates and subsidiaries of associates</b>		
		Tevva Motors (Jersey) Limited	890.00	-
			<b>890.00</b>	<b>-</b>
	<b>2,295.79</b>	<b>920.03</b>		
17	Provision for expected losses	<b>Subsidiaries</b>		
		BF Infrastructure Limited	-	30.91
			<b>-</b>	<b>30.91</b>

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

- (1) Outstanding balances at the year end are unsecured with a short term duration and interest free except for loans and settlement occurs in cash. For the year ended March 31, 2020, the Company has not recorded any impairment of receivables relating to amount owed by related parties other than those disclosed separately above. This assessment is undertaken in each financial year through examining the financial position of the related party and the market in which the related party operates.
- (2) All transactions were made on normal commercial terms and conditions and are at market rates.
- (3) For details of guarantees given to related parties refer note 46.
- (4) The Company 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.

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 40. Capital and Other Commitments

In ₹ Million

	As at March 31, 2020	As at March 31, 2019
(a) Guarantees given by Company's Bankers on behalf of the Company, against sanctioned guarantee limit of ₹ 7,250 million (March 31, 2019: ₹ 4,250 million) for contracts undertaken by the Company and other matters are secured by extension of charge by way of joint hypothecation of stock-in-trade, stores and spares, book debts, etc. subject to prior charge in their favour.	2,045.26	2,149.12
(b) Estimated value of contracts remaining to be executed on capital accounts and not provided for, net of advances	1,356.28	3,210.70
(c) Commitments relating to further investment in private equity fund of Paragon Partners Growth Fund - I	5.00	64.78
(d) Commitments relating to further investment in Aeron Systems Private Limited	20.00	-
(e) For commitments relating to lease agreements, please refer note 35		

The Company, for its newly set up plant located at Mambattu, Nellore, Andhra Pradesh for Manufacture of Aluminium Casting, has imported capital Goods under the Export Promotion Capital Goods Scheme of the Government of India, at concessional rates of Duty on an undertaking to fulfill quantified exports against which remaining future obligation aggregates USD 9.82 Million (₹ 743.87 million), 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 fulfillment of such future obligations, in the manner required, if any entails options / rights to the Government to levy penalties under the above referred scheme.

### 41. Deferral/Capitalisation of Exchange Differences

On the date of transition to Ind AS, the Company had availed the option under Ind AS 101 para D13AA for borrowings availed before April 1, 2016, continuing the policy adopted for accounting for exchange differences arising from translation of foreign currency monetary items recognised in financial statements.

Accordingly foreign exchange gain/(loss) is adjusted against:

In ₹ Million

	As at March 31, 2020	As at March 31, 2019
Cost of the assets / capital work in progress	(132.33)	(162.30)
FCMITDA	(36.27)	(197.19)
Amortised in the current year	(42.09)	(218.21)

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 42. Loans and Advances in The Nature of Loans Given to Subsidiaries / Associates and Firms / Companies in which Directors are Interested

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
<b>Bharat Forge Global Holding Gmbh* ^</b>		
Balance outstanding	82.31	77.64
Maximum amount outstanding during the year	82.31	84.27
<b>BF Infrastructure Limited (advance)*</b>		
Balance outstanding (Converted in to equity shares during the current year)	-	152.44
Maximum amount outstanding during the year	152.44	202.44
<b>BF Elbit Advanced Systems Private Limited *</b>		
Balance outstanding	117.45	102.28
Maximum amount outstanding during the year	117.45	102.28
<b>Kalyani Strategic Systems Limited #</b>		
Balance outstanding	150.00	-
Maximum amount outstanding during the year	150.00	-
<b>Tevva Motors (Jersey) Limited \$</b>		
Balance outstanding	303.87	-
Maximum amount outstanding during the year	303.87	-

\* Receivable on demand.

^ The effect of foreign exchange fluctuation throughout the year is not considered while disclosing the maximum amount outstanding as shown above.

# Receivable in 6 months from the date of disbursement of loan.

\$ Receivable by April 30, 2021.

### 43. Details of Dues to Micro and Small Enterprises as Defined Under Micro, Small and Medium Enterprises Development Act, 2006 (Msmmed, Act 2006)

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Principal amount due to suppliers under MSMED Act, 2006 *	20.17	58.17
Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	351.24	566.55
Interest paid to suppliers under MSMED Act, 2006 (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act, 2006 (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, 2006 for the payments already made	0.03	0.07
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act, 2006	4.48	4.44

\* Amount includes due and unpaid of ₹ Nil (March 31, 2019: ₹ Nil)

The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company.

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 44. Effect of Global Health Pandemic Relating to Covid-19

The outbreak of the coronavirus disease of 2019 ('COVID-19') spread throughout the world and became a global pandemic. The pandemic triggered a significant downturn globally and the challenging market conditions could continue for an extended period of time. From end of March, offices and manufacturing facilities were shut down to contain the spread of COVID-19 and maintain the well-being of employees and stakeholders, including customers. These closures expanded and continued into April / May 2020. The duration of the production and supply chain disruptions, and their related financial impacts, cannot be estimated at this time.

The Company has assessed the impact of COVID-19 on its assets, including property, plant and equipment, receivables, inventories, investment in subsidiaries, joint venture and associates, etc. It was concluded that the impact, at this stage, is not expected to have any further material adverse effect.

### 45. CSR Expenditure

In ₹ Million

	Year ended March 31, 2020	Year ended March 31, 2019
(a) Gross amount required to be spent by the Company during the year	230.14	196.64

In ₹ Million

(b) Amount spent during the year ended on	Amount paid	Amount yet to be paid	Total
<b>- March 31, 2020</b>			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	254.50	-	254.50
	<b>254.50</b>	<b>-</b>	<b>254.50</b>
<b>- March 31, 2019</b>			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	107.63	-	107.63
	<b>107.63</b>	<b>-</b>	<b>107.63</b>

### 46. 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, 2020	Year ended March 31, 2019
Bharat Forge Global Holding GmbH	General corporate purpose *	3.50% #	82.31	77.64
BF Elbit Advanced Systems Private Limited	Working Capital *	10.00%	117.45	102.28
Kalyani Strategic Systems Limited	Bank guarantee @	7.25%	150.00	-
Tevva Motors (Jersey) Limited	General corporate purpose \$	12.00%	303.87	-

# For the loan given in FY 2010-11 for which no terms has changed thereafter.

\* Receivable on demand.

@ Receivable in 6 months from the date of disbursement of loan.

\$ Receivable by April 30, 2021.

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 46. Disclosures Required Under Sec 186(4) of the Companies Act 2013 (Contd.):

During FY 2019-20, the Company subscribed to convertible loan note issued by Tevva Motors (Jersey) Limited amounting to GBP 3.50 million wherein the Company has an option to convert the same into equity shares on upto the date of maturity i.e. April 2021. The same carries effective interest of 12% p.a. The Company expects to realise the said amount including interest accrued thereon on maturity of the loan note.

- All loans are unsecured
- Details of investments made are given in note 6 and note 7
- Guarantee given on behalf of
  - Bharat Forge Kilsta AB, step down subsidiary company, of ₹ 1,481.86 million (March 31, 2019: ₹ 1,397.74 million) for working capital requirement which was renewed during the current year.
  - Bharat Forge America Inc., wholly owned subsidiary company, of ₹ 303.04 million (March 31, 2019: ₹ 276.64 million) for term loan or loans towards investment in stepdown subsidiaries.

### 47. Fair Value Hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosure of fair value measurement hierarchy for assets as at March 31, 2020:	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets at FVTOCI</b>			
<b>Unquoted equity instruments</b>			
Khed Economic Infrastructure Private Limited	-	-	641.78
Avaada SataraMH Private Limited	-	-	0.01
<b>Quoted equity instruments</b>			
Birlasoft Limited (erstwhile KPIT Technologies Limited)	37.39	-	-
KPIT Technologies Limited	21.61	-	-
<b>Financial assets at FVTPL</b>			
<b>Unquoted equity instruments</b>			
Gupta Energy Private Limited	-	-	-
<b>Derivative instruments at fair value through P&amp;L</b>			
Fair value hedges	-	145.50	-
<b>Unquoted funds</b>			
Investments in private equity fund	-	211.46	-
Investments in mutual funds	-	12,115.22	-
<b>Quoted funds/bonds</b>			
Investments in mutual funds	1,578.98	-	-
Secured redeemable non-convertible debentures in Series 237 (Option I) issued by Bajaj Finance Limited	318.87	-	-

In ₹ Million

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 47. Fair Value Hierarchy (Contd.):

In ₹ Million

Quantitative disclosure of fair value measurement hierarchy for assets as at March 31, 2020:	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial liability at OCI</b>			
Cash flow hedges		728.84	
<b>Financial liability at FVTPL</b>			
Fair value hedges		4.55	

In ₹ Million

Quantitative disclosure of fair value measurement hierarchy for assets/liabilities as at March 31, 2019:	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets at FVTOCI</b>			
<b>Unquoted equity instruments</b>			
Khed Economic Infrastructure Private Limited	-	-	583.06
KPIT Technologies Limited [Refer note 47(b)]	57.58	-	-
<b>Quoted equity instruments</b>			
Birlasoft Limited (erstwhile KPIT Technologies Limited)	60.47	-	-
<b>Derivative instruments at fair value through OCI</b>			
Cash flow hedges	-	1,748.43	-
<b>Financial assets at FVTPL</b>			
<b>Unquoted equity instruments</b>			
Gupta Energy Private Limited [Refer note 47(a)]	-	-	-
<b>Derivative instruments at fair value through P&amp;L</b>			
Fair value hedges	-	234.51	-
<b>Unquoted funds</b>			
Investments in private equity fund	-	171.60	-
Investments in mutual funds	-	11,079.61	-
<b>Quoted funds/bonds</b>			
Investments in mutual funds	1,959.33	-	-
Secured redeemable non-convertible debentures in Series 237 (Option I) issued by Bajaj Finance Limited	268.67	-	-

There have been no transfers between Level 1 and Level 2 during the year ended March 31, 2020 and March 31, 2019.

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 47. 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, 2020 and March 31, 2019 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	Cost method	Estimated realisation rates for developed land and land under development	<b>March 31, 2020:</b> ₹ 10.40 million to ₹ 12.60 million/acre ( <b>March 31, 2019:</b> ₹ 9.90 million to ₹ 12.60 million/acre)	5% increase / (decrease) in realization rate would result in increase / (decrease) in fair value per share by ₹ 1.56 (March 31, 2019: ₹ 1.49)
		Estimated realisation rates for undeveloped land	Not Applicable	

#### (a) Gupta Energy Private Limited (GEPL)

The Company has an investment in equity instrument of GEPL. The same is classified as at fair value through profit and loss. Over the years GEPL has been making consistent losses. The management of the Company has made attempts to obtain latest information for the purpose of valuation. However, such information is not available as GEPL has not filed the financial statements with Ministry Of Corporate Affaires (MCA) since FY 2014-15. In view of the above, the management believes that the fair value of the investment is Nil as at April 1, 2015 and thereafter.

#### (b) KPIT Technologies Limited

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

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

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

Further on January 24, 2019; the resultant entity shares were delisted at ₹ 98.65. Subsequently the said shares were listed on April 22, 2019 with slightly higher price than on January 24, 2019. Accordingly, the investment in shares had been classified under level 1 of the fair value hierarchy in previous year.



## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 48. Financial Instruments By Category

Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's financial instruments as of March 31, 2020; other than those with carrying amounts that are reasonable approximates of fair values:

In ₹ Million

	Carrying value		Fair value	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Investments	4,300.34	8,777.30	4,300.34	8,777.30
Loans	552.80	214.93	552.80	214.93
Derivative instruments	145.50	1,175.97	145.50	1,175.97
Other non-current financial assets	1,255.42	1,354.61	1,255.42	1,354.61
<b>Total financial assets</b>	<b>6,254.06</b>	<b>11,522.81</b>	<b>6,254.06</b>	<b>11,522.81</b>
Borrowings	15,625.58	14,181.59	15,625.58	14,181.59
Derivative instruments	157.19	-	157.19	-
Other non-current financial liabilities	2.09	1.10	2.09	1.10
<b>Total financial liabilities</b>	<b>15,784.86</b>	<b>14,182.69</b>	<b>15,784.86</b>	<b>14,182.69</b>

The management assessed that the fair value of cash and cash equivalent, trade receivables, derivative instruments, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

Further the management assessed that the fair value of security deposits, trade receivables and other non-current receivables approximate their carrying amounts largely due to discounting/expected credit loss at rates which are an approximation of current lending rates.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- (i) Long-term fixed-rate and variable-rate receivables are evaluated by the Company based on parameters such as individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- (ii) The fair values of quoted instruments are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in note 47. 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 DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 48. Financial Instruments By Category (Contd.):

- (iv) The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and forward rate curves of the underlying. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty and the Company's own non-performance risk. As at March 31, 2020 the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.
- (v) The Company's borrowings and loans are appearing in the books at fair value since the same are interest bearing hence discounting of the same is not required. The own non-performance risk as at March 31, 2020 and March 31, 2019 was assessed to be insignificant.

### Reconciliation of fair value measurement of financial assets classified as FVTOCI :

In ₹ Million

	Unquoted equity shares in Avaada SataraMH Private Limited	Unquoted equity shares in Khed Economic Infrastructure Private Limited	Unquoted equity shares in Gupta Energy Private Limited *
<b>As at April 1, 2018</b>	-	637.94	-
Remeasurement recognised in OCI	-	(54.88)	-
Remeasurement recognised in Statement of profit and loss	-	-	-
Purchases	-	-	-
Sales	-	-	-
Converted in to equity shares	-	-	-
<b>As at March 31, 2019</b>	-	583.06	-
Remeasurement recognised in OCI	-	58.73	-
Remeasurement recognised in Statement of profit and loss	-	-	-
Purchases	0.01	-	-
Sales	-	-	-
<b>As at March 31, 2020</b>	0.01	641.79	-

\* Refer note 47(a)

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 49. Significant Accounting Judgements, Estimates and Assumptions

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

#### Judgements

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

#### 1) Leases

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

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

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Refer to Note 35 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

##### Property lease classification – Company as lessor

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

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

#### 3) Revenue from contracts with customers

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

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 49. Significant Accounting Judgements, Estimates and Assumptions (Contd.):

#### I. Identifying contracts with customers

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

#### II. Identifying performance obligation

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

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

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

##### 1. Sale of goods

The goods manufactured are "Build to print" as per design specified by the customer for which the tools / dies are approved before commercial production commences. Further, the dispatch of goods is made on the basis of the purchase orders obtained from the customer taking into account the just in time production model with customer. Further some orders have variable considerations (including LME adjustments) for the review of prices under negotiation which are estimated based on the expected probability method and, where appropriate, they would be limited to the amount that is highly unlikely to be reversed in the future.

##### 2. Tooling income

Tools are manufactured as per the design specified by the customer which is approved on the basis of the customer acceptance. Management has used judgement in identification of the point in time where the tools are deemed to have been accepted by the customers.

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared.

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 49. Significant Accounting Judgements, Estimates and Assumptions (Contd.):

Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### A. Estimating the incremental borrowing rate

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

#### B. Impairment of non-financial assets (tangible and intangible)

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

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

#### C. Defined benefit plans

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

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases, discount rate and return on planned assets are based on expected future inflation rates for India.

Further details about defined benefit plans are given in note 37.

#### D. 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

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 49. Significant Accounting Judgements, Estimates and Assumptions (Contd.):

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 for further disclosures.

#### E. Impairment of financial assets

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

#### F. Income tax and deferred tax

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

Further details on taxes are disclosed in note 21.

#### G. 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 items and net realisable value. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

#### H. Current / Non-Current Classification

The Company evaluates funds requirement on the basis of internal budgets and forecasts and believes that on the basis of current scale of operations and cash realisation cycle, it would be able to generate sufficient funds from operations in order to meet such requirement in the foreseeable future of upto one year. Accordingly, the Company has classified major portion of its investment in mutual funds as non-current.

#### I. Litigations

The Company has various ongoing litigations, the outcome of which may have a material effect on the financial position, results of operations or cashflows. Management 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 Company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 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, 2020		As at March 31, 2019	
	Assets	Liabilities	Assets	Liabilities
Fair value of foreign currency forward contracts	-	728.84	1,748.25	-

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, 2020		March 31, 2019	
			Foreign Currency in Million	In ₹ Million	Foreign Currency in Million	In ₹ Million
Forward Contracts	USD	Hedging of highly probable forecast sales	477.77	37,133.96	612.37	45,396.79
Forward Contracts	EUR	Hedging of highly probable forecast sales	111.15	10,688.23	142.20	13,014.68
Range forward contracts	USD	Hedging of highly probable forecast sales	25.25	1,964.99	-	-
Range forward contracts	EUR	Hedging of highly probable forecast sales	8.00	702.66	-	-

The cash flow hedges of the expected future sales during the year ended March 31, 2020 were assessed to be highly effective and a net unrealised (loss) / gain of ₹ (688.49) million (March 31, 2018: ₹ 1,736.44 million), with a deferred tax liability of ₹ 173.28 million (March 31, 2019: ₹ (606.78) 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, Revenue from operations (highly probable forecast sales) as an adjustment for the year ended March 31, 2020 as detailed in note 33, totaling ₹ (644.90) million (gross of deferred tax) (March 31, 2019: ₹ 1,220.61 million). The amounts retained in OCI at March 31, 2020 are expected to mature and affect the statement of profit and loss till the year ended March 31, 2024.

#### Fair value hedges

At March 31, 2020, the Company has a cross currency swap agreement in place. The same contract was also outstanding as on March 31, 2019. Through this arrangement, the Company has converted one of its USD loans into a Euro loan to avail the benefit of the negative EURIBOR. Under the original agreement the interest rate was fixed at LIBOR + 67 basis points, but due to the cross currency swap arrangement the revised interest rate has been fixed at EURIBOR + 87 basis points, decreasing the corresponding interest cost on the term loan.

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 50. Hedging Activities and Derivatives (Contd.):

Also as at March 31, 2020, the Company has 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, 2020 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 2019
Cross currency swap	EURO 25.52	145.50	Derivative instruments	Nil
Forward Contracts	USD 1.73	(4.54)	Derivative instruments	Nil

The impact of the derivative instrument on the balance sheet as at March 31, 2019 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 2018
Cross currency swap	EURO 25.52	78.13	Derivative instruments	Nil
Forward contracts	USD 49.09	128.86	-	-
Forward contracts	EURO 9.69	27.52	-	-

The impact of the hedged item on the balance sheet as at March 31, 2020 is, as follows:

Fair value hedge	Nominal amount (In Million)	Changes in fair value for calculating hedge ineffectiveness for March 2020
Non-current borrowings	USD 30.00	NIL
Trade receivables	USD 1.73	NIL

The impact of the hedged item on the balance sheet as at March 31, 2019 is as follows:

Fair value hedge	Nominal amount (In Million)	Changes in fair value for calculating hedge ineffectiveness for March 2019
Non-current borrowings	USD 30.00	NIL
Trade receivables	USD 49.09	NIL
Trade receivables	EURO 9.69	NIL

### Derivatives not designated as hedging instruments

The Company has used foreign exchange forward contracts to manage repayment of some of its foreign currency denominated borrowings. These foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions i.e. the repayments of foreign currency denominated borrowings.



## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 51. Financial Risk Management Objectives and Policies

The Company's principal financial liabilities other than derivatives comprise loans and borrowings, trade payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables and cash and cash equivalents that derive directly from its operations. The Company also holds FVTOCI and FVTPL investments and enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a Finance and Risk Management Committee (FRMC) that advises on financial risks and the appropriate financial risk governance framework for the Company. The FRMC provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. Further, all the derivative activities for risk management purposes are carried out by experienced members from the senior management who have the relevant expertise, appropriate skills and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised as below.

#### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments in mutual funds, FVTOCI investments and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at March 31, 2020 and March 31, 2019.

The sensitivity analysis have 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, 2020 and comparatively as at March 31, 2019.

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, 2020 and March 31, 2019 including the effect of hedge accounting.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company generally borrows in foreign currency, considering natural hedge it has against its export. Long-term and short-term foreign currency debt obligations carry floating interest rates.

The Company avails short term debt in foreign currency up to tenor of 9 months, in the nature of export financing for its working capital requirements. LIBOR or EURIBOR for the said debt obligations is fixed for the entire tenor of the debt, at the time of availment.

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 51. Financial Risk Management Objectives and Policies (Contd.):

The Company has an option to reset LIBOR or EURIBOR either for 6 Months or 3 months for its long term debt obligations. To manage its interest rate risk, the Company evaluates the expected benefit from either of the LIBOR resetting options and accordingly decides. The Company also has an option for its long term debt obligations to enter into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

As at March 31 2020, the Company's entire long term borrowings are at a floating rate of interest (March 31 2019: 100%).

#### Interest rate sensitivity

The Company's total interest cost for the year ended March 31, 2020 was ₹ 1,450.28 million (March 31, 2019: ₹ 1,024.05 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 Company's profit before tax is affected through the impact on floating rate long term borrowings, as follows:

Particulars	Change in basis points	Effect on Profit before tax and equity (In ₹ million)
<b>March 31, 2020</b>		
USD	+/- 50	41.67
EUR	+50	45.31
EUR*	-50	(23.73)
<b>March 31, 2019</b>		
USD	+/- 50	29.39
EUR	+50	45.16
EUR*	-50	(27.29)

\* During the current and 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 Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's export revenue and long term foreign currency borrowings.

The Company manages its foreign currency risk by hedging its forecasted sales up to 3 to 4 years to the extent of 25%-65% on rolling basis and the Company keep its long term foreign currency borrowings un-hedged which will be natural hedge against its un-hedged exports. The Company may hedge its long term borrowing near to the repayment date to avoid rupee volatility in short term.

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 51. Financial Risk Management Objectives and Policies (Contd.):

The Company avails bills discounting facility in INR for some of its export receivables to avail interest subvention benefit. The Company manages foreign currency risk by hedging the receivables against the said liability.

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency. The Company discloses fair value of the outstanding derivative in the financial statements. The impact on the Company's pre-tax equity due to changes in fair value of the outstanding forward contracts as follows:

Particulars	Change in rate	Effect on OCI In ₹ Million	Effect on profit In ₹ Million
March 31, 2020	USD/INR – 1	503.02	1.73
	EUR/INR – 1	119.15	Nil
	EUR/USD – 0.01		19.33
March 31, 2019	USD/INR – 1	601.58	59.87
	EUR/INR – 1	139.58	12.32
	EUR/USD – 0.01		17.65

#### Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of un-hedged monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Change in FC/INR rate	Effect on profit and equity In ₹ Million
March 31, 2020	USD 1	114.00
	EUR 1	117.53
March 31, 2019	USD 1	18.98
	EUR 1	129.09

#### Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require on-going purchase of steel. Due to significant volatility of the price of steel, the Company has agreed with its customers for pass-through of increase/decrease in prices of steel. There may be lag effect in case of such pass-through arrangements.

#### Commodity price sensitivity

The Company has back to back pass through arrangements for volatility in raw material prices for most of the customers. However in few cases there may be lag effect in case of such pass through arrangements and might have some effect on the Company's profit and equity.

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 51. Financial Risk Management Objectives and Policies (Contd.):

#### Equity price risk

The Company is exposed to price risk in equity investments and classified on the balance sheet as fair value through profit and loss and through other comprehensive income. To manage its price risk arising from investments in equity, the Company diversifies its portfolio. Diversification and investment in the portfolio is done in accordance with the limits set by the Board of Directors.

At the reporting date, the exposure to unlisted equity securities at fair value was ₹ 853.24 million (March 31, 2019: ₹ 812.24 million). Sensitivity analysis of major investments have been provided in Note 47.

At the reporting date, the exposure to listed equity securities at fair value was ₹ 59.00 million (March 31, 2019: ₹ 60.46 million). A decrease of 10% on the NSE market index could have an impact of approximately ₹ 5.90 million (March 31, 2019: ₹ 6.05 million) on the OCI or equity attributable to the Company. An increase of 10% in the value of the listed securities could have impact of approximately ₹ 5.90 million (March 31, 2019: ₹ 6.05 million) on OCI and equity. These changes would not have an effect on profit and loss.

#### Other price risk

The Company invests its surplus funds in mutual funds and zero coupon bonds which are linked to debt markets. The Company is exposed to price risk for investments that are classified as fair value through profit and loss. To manage its price risk arising from investments in mutual funds and zero coupon bonds, the Company diversifies its portfolio. Diversification and investment in the portfolio is done in accordance with Company's investment policy approved by the Board of Directors. Accordingly, increase/decrease in interest rates by 0.25% will have an impact of ₹ 35.03 million (March 31, 2019: ₹ 33.27 million).

#### Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, investment in mutual funds, other receivables and deposits, foreign exchange transactions and other financial instruments.

#### Trade receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Further, Company's customers includes marquee Original Equipment Manufacturers and Tier I companies, having long standing relationships with the Company. Outstanding customer receivables are regularly monitored and reconciled. At March 31, 2020, receivable from Company's top 5 customers accounted for approximately 30.21% (March 31, 2019: 37%) of all the receivables outstanding. An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped in to homogeneous groups and assessed for impairment collectively. The calculation is based on historical data and subsequent expectation of receipts. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 12. The Company does not hold collateral as security except in case of few customers. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

#### Other receivables, deposits with banks, mutual funds and loans given

Credit risk from balances with banks, financial institutions and mutual funds is managed in accordance with the Company's approved investment policy. Investments of surplus funds are made only with approved counterparties

## Notes to Standalone Financial Statements

for the year ended March 31, 2020

### 51. Financial Risk Management Objectives and Policies (Contd.):

and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on regular basis and the said limits gets revised as and when appropriate. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2020 and March 31, 2019 is the carrying amounts as illustrated in the respective notes except for financial guarantees and derivative financial instruments. The Company's maximum exposure relating to financial guarantees and financial derivative instruments is noted in note 46 and note 50 respectively.

#### Liquidity risk

Cash flow forecasting is performed by the Treasury function. Treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the compliance with internal cash management. The Company's treasury invests surplus cash in marketable securities as per the approved policy, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. At the reporting date, the Company held mutual funds of ₹ 13,694.20 million (March 31, 2019: ₹ 13,038.94 million) and other liquid assets of ₹ 4,711.64 million (March 31, 2019: ₹ 3,929.23 million) that are expected to readily generate cash inflows for managing liquidity risk.

As per the Company's policy, there should not be concentration of repayment of loans in a particular financial year. In case of such concentration of repayment, the Company evaluates the option of refinancing entire or part of repayments for extended maturity. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders and the Company is also maintaining surplus funds with short term liquidity for future repayment of loans.

The table below summarises the maturity profile of the Company's financial liabilities (In ₹ million)

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
<b>March 31, 2020</b>				
Borrowings	14,083.51	14,413.88	1,211.70	29,709.09
Trade and other payables	6,112.50	-	-	6,112.50
Lease liabilities	31.87	212.25	594.29	838.41
Other financial liabilities	3,251.17	-	-	3,251.17
<b>Total</b>	<b>23,479.05</b>	<b>14,626.13</b>	<b>1,805.99</b>	<b>39,911.17</b>
<b>March 31, 2019</b>				
Borrowings	16,219.85	12,939.33	1,242.26	30,401.44
Trade and other payables	8,118.74	-	-	8,118.74
Other financial liabilities	2,416.22	1.10	-	2,417.32
<b>Total</b>	<b>26,754.81</b>	<b>12,940.43</b>	<b>1,242.26</b>	<b>40,937.50</b>

The management believes that the probability of any outflow on account of financial guarantees issued by the Company being called on is remote. Hence, the same has not been included in the above table. Further, as and when required, the Company also gives financial support letters to subsidiaries.

## Notes to Standalone Financial Statements

for the year ended March 31, 2020 (Contd.):

### 52. Capital Management

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

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a net debt equity ratio, which is net debt divided by equity. The Company's policy is to keep the net debt equity ratio below 1.00. The Company includes within its borrowings net debt and interest bearing loans less cash and cash equivalents.

Particulars	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Borrowings	32,370.90	31,891.07
Less: Cash and other liquid assets	18,405.84	16,968.17
<b>Net debt</b>	<b>13,965.06</b>	<b>14,922.90</b>
<b>Equity</b>	<b>53,550.63</b>	<b>53,982.21</b>
<b>Net debt /equity Ratio</b>	<b>0.26</b>	<b>0.28</b>

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call back loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period and in the year ended March 31, 2020.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

As per our report of even date

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

**Chartered Accountants**

**ICAI Firm Registration Number: 324982E/E300003**

For and on behalf of the Board of Directors of

**Bharat Forge Limited**

per **Tridevlal Khandelwal**

Partner

Membership Number: 501160

**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: June 29, 2020

Place: Pune

Date: June 29, 2020

# 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, 2020, 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 Ind AS 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, 2020, 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 paragraph

We draw attention to note 56 of the Consolidated financial statement which describes the management's evaluation of impact of uncertainties related to COVID-19 and its consequential effects on the carrying value of its assets as at March 31, 2020 and the operations of the Group.

Our opinion is not modified in report of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020. 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

## Independent Auditor's Report (Contd.)

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, 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
<p><b>Completeness of revenue in relation to determination of point of time when revenue should be recognized</b> (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)</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• We and other auditors evaluated the Group's accounting policies pertaining to revenue recognition and assessed compliance with Ind AS 115 - Revenue from Contracts with Customers.</li> <li>• 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.</li> <li>• 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.</li> <li>• We and other auditors performed cut off testing for revenue at/near the reporting date including considerations due to closure of operations on account of COVID-19 and tested whether the revenue was recognized in the appropriate period by testing shipping records, good inwards receipt of customers, sales invoices, etc. for sample transactions and testing the management assessment involved in this process, wherever applicable.</li> <li>• We assessed if the disclosure is in accordance with applicable accounting standards</li> <li>• We and other auditors also performed various analytical procedures to identify any unusual sales trends for further testing.</li> </ul>



## Independent Auditor's Report (Contd.)

Key audit matters	How our audit addressed the key audit matter
<p><b>Significant estimate and judgement in Hedge accounting including valuations thereof</b> (as described in Note 2.3(s) (Summary of significant accounting policies) and note 19 (a) and 50 of notes forming part of the consolidated Ind AS financial statements)</p> <p>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 liability of INR 733.39 million as at March 31, 2020. The net movement of cashflow hedge reserve for the year is INR (1,676.12) 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.</p> <p>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.</p> <p>Due to 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.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• We assessed the Holding Company's accounting policy for hedge accounting in accordance with Ind AS.</li> <li>• We tested the existence of hedging contracts by tracing to the confirmations obtained from respective banks.</li> <li>• We tested management's hedge documentation and contracts, on a sample basis.</li> <li>• 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.</li> <li>• We involved our valuation specialists to assist in re-performing the year-end fair valuations 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.</li> <li>• We have involved our valuation specialists to assist in evaluating the hedge effectiveness basis revised management estimates due to outbreak of COVID 19</li> <li>• We assessed if the disclosure of hedge transactions is in accordance with applicable accounting standards.</li> </ul>

## Independent Auditor's Report (Contd.)

Key audit matters	How our audit addressed the key audit matter
<p><b>Significant judgement relating to impairment of investments in associates and joint ventures</b> (as described in Note 2.3(o) (Summary of significant accounting policies) and note 6 of notes forming part of the Consolidated Ind AS financial statements)</p> <p>The Holding Company has investments in associates and joint ventures as at March 31, 2020. The management assesses at least annually the existence of impairment indicators of each shareholdings in such associates and joint ventures.</p> <p>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.</p> <p>Further considering the outbreak of COVID 19 and uncertainties around forecast of future cash flows the management involved specialists in understanding and evaluating net cash flows to evaluate impairment for specific cases where there are impairment indicators.</p> <p>Considering the judgment required for estimating the cash flows and the complexity of the assumptions used, this is considered as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• We assessed the methodology used by management to estimate the recoverable value of each investment and consistency with accounting standards.</li> <li>• 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.</li> <li>• We have seen valuation reports provided by the management experts on investments where investment amount is material and indicators of impairment exists. We assessed the objectivity and independence of Company's specialists involved in the process.</li> <li>• We involved our valuation specialists to evaluate methodology, assumptions and estimates used in the calculations. We discussed changes in key drivers as compared to previous year / actual performance with management to evaluate whether the inputs and assumptions used in the cash flow forecasts were suitable. We also evaluated the assumptions around the key drivers of the cash flow forecasts including estimated revenue, discount rates, expected growth rates and terminal growth rates used considering the outbreak of COVID 19</li> <li>• We also assessed the changes in recoverable value by performing sensitivity testing of key assumptions used.</li> <li>• We analyzed and examined the business plans approved along with assumptions and estimates used by management, including the effect of COVID-19 on the projections.</li> <li>• We evaluated the accounting and disclosure of impairment of investment in the financial statements of the Company.</li> <li>• We tested the arithmetical accuracy of the models.</li> </ul>

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

# Independent Auditor's Report (Contd.)

## 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 matters stated in section 134(5) of the Act with respect to 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.

## Independent Auditor's Report (Contd.)

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, 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.

## Independent Auditor's Report (Contd.)

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, 2020 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 seventeen subsidiaries, whose Ind AS financial statements include total assets of INR 38,402.29 million as at March 31, 2020, and total revenues of INR 52,723.57 million and net cash inflows of INR 146.44 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 419.13 million for the year ended March 31, 2020, as considered in the consolidated Ind AS financial statements, in respect of six associates and three joint ventures, whose 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 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 six subsidiaries, whose Ind AS financial statements and other financial information reflect total assets of INR 754.14 million as at March 31, 2020, and total revenues of INR 9.09 million and net cash outflows of INR 4.34 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. The consolidated Ind AS financial statements also include the Group's share of net loss of INR 10.00 million for the year ended March 31, 2020, as considered in the consolidated Ind AS financial statements, in respect of one associate, whose Ind AS financial statements, other financial information have not been audited and whose unaudited financial statements, 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 associate, 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 and associate, 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 financial statements and other financial information certified by the Management.

# Independent Auditor's Report (Contd.)

## Report on Other Legal and Regulatory Requirements

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 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, 2020 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, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (g) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, 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, 2020 has been paid / provided by the Holding Company to their 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 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 41, 38 and 39 to the consolidated Ind AS financial statements;

## Independent Auditor's Report (Contd.)

- 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
- 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, 2020.

For **SRBC & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevlal Khandelwal**

Partner

Membership Number: 501160

UDIN: 20501160AAAABV5670

Place of Signature: Pune

Date: June 29, 2020

# Independent Auditor's Report (Contd.)

**Annexure 1 referred to in paragraph (g) under the heading "Reporting 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 as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Bharat Forge Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, its associate companies 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 Holding Company, its subsidiary companies, its associate companies 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. 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 company's internal financial controls over financial reporting with reference to these 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, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 over financial reporting with reference to these consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

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

## **Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Ind AS Financial Statements**

A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and



## Independent Auditor's Report (Contd.)

the preparation of consolidated Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these 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 consolidated Ind AS 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 Over Financial Reporting With Reference to these Consolidated Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these 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 Holding Company, its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2020, 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.

### Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company, insofar as it relates to these four subsidiary companies and one associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries, and associate company incorporated in India.

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

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevial Khandelwal**

Partner

Membership Number: 501160

UDIN: 20501160AAAABV5670

Place of Signature: Pune

Date: June 29, 2020

# Consolidated Balance Sheet

as at March 31, 2020

	Notes	As at March 31, 2020	As at March 31, 2019	
In ₹ Million				
<b>ASSETS</b>				
<b>I. Non-current assets</b>				
(a)	Property, plant and equipment	3	38,057.36	35,609.04
(b)	Capital work-in-progress		11,426.75	8,306.79
(c)	Investment property	4	2.89	2.89
(d)	Goodwill	5	369.71	348.87
(e)	Other intangible assets	5	252.73	285.21
(f)	Right-of-use asset	43	1,337.29	-
(g)	Investment in associates and joint ventures	6	1,219.06	1,056.31
(h)	Financial assets			
(i)	Investments	7	4,300.32	8,777.30
(ii)	Loans	8	505.64	180.00
(iii)	Derivative instruments	9	145.50	1,175.97
(iv)	Other financial assets	10	1,292.47	1,364.36
(i)	Deferred tax assets (net)	21	804.19	639.58
(j)	Income tax assets (net)		474.85	92.81
(k)	Other assets	14	2,729.11	3,194.20
			<b>62,917.87</b>	<b>61,033.33</b>
<b>II. Current assets</b>				
(a)	Inventories	11	17,347.00	18,446.66
(b)	Financial assets			
(i)	Investments	7	10,660.83	5,403.02
(ii)	Loans	8	51.67	27.72
(iii)	Trade receivables	12	14,938.45	21,478.40
(iv)	Derivative instruments	9	-	806.97
(v)	Cash and cash equivalents	13	3,126.20	2,862.17
(vi)	Other bank balances	13	2,624.91	1,892.44
(vii)	Other financial assets	10	1,416.41	1,174.87
(c)	Income tax assets		94.14	-
(d)	Other assets	14	2,450.89	3,296.76
			<b>52,710.50</b>	<b>55,389.01</b>
			<b>115,628.37</b>	<b>116,422.34</b>
<b>Total assets</b>				
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
(a)	Equity share capital	15	931.27	931.27
(b)	Other equity	16	51,266.13	52,829.29
<b>Equity attributable to equity holders of the parent</b>				
<b>Non-controlling interests</b>				
<b>Total equity</b>				
			<b>52,517.29</b>	<b>54,058.92</b>
<b>LIABILITIES</b>				
<b>I. Non-current liabilities</b>				
(a)	Financial liabilities			
(i)	Borrowings	18	18,747.34	16,785.16
(ii)	Lease liabilities	43	941.02	-
(iii)	Derivative instruments	19a	157.19	-
(iv)	Other financial liabilities	19	2.09	1.10
(b)	Provisions	20	1,721.83	1,342.94
(c)	Deferred tax liabilities (net)	21	1,310.78	2,702.05
(d)	Other liabilities	23	556.89	444.02
			<b>23,437.14</b>	<b>21,275.27</b>
<b>II. Current liabilities</b>				
(a)	Financial liabilities			
(i)	Borrowings	18	20,036.25	20,943.31
(ii)	Trade payables	22		
	Dues to micro enterprises and small enterprises		30.24	124.31
	Dues to other than micro enterprises and small enterprises		10,279.07	13,540.06
(iii)	Lease liabilities	43	271.67	-
(iv)	Derivative instruments	19a	581.60	-
(v)	Other financial liabilities	19	5,572.20	3,687.92
(b)	Provisions	20	985.11	725.66
(c)	Other liabilities	23	1,351.27	1,479.31
(d)	Current tax liabilities (net)		566.53	587.62
			<b>39,673.94</b>	<b>41,088.15</b>
			<b>63,111.08</b>	<b>62,363.42</b>
			<b>115,628.37</b>	<b>116,422.34</b>
<b>Total liabilities</b>				
<b>Total equity and liabilities</b>				

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 **Trideval Khandelwal**  
Partner  
Membership Number: 501160

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

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

**Kishore Saletore**  
Executive Director & CFO  
DIN : 01705850

**G. K. Agarwal**  
Deputy Managing Director  
DIN : 00037678

**Tejaswini Chaudhari**  
Company Secretary  
Membership Number: 18907

Place: Pune  
Date: June 29, 2020

Place: Pune  
Date: June 29, 2020

# Consolidated Statement of Profit and Loss

for the year ended March 31, 2020

	Notes	Year ended March 31, 2020	In ₹ Million Year ended March 31, 2019
<b>Income</b>			
Revenue from operations	24	80,558.44	101,457.33
Other income	25	1,878.63	2,027.93
<b>Total income (i)</b>		<b>82,437.07</b>	<b>103,485.26</b>
<b>Expenses</b>			
Cost of raw materials and components consumed	26	31,186.55	42,386.06
Purchase of traded goods		4,055.33	3,511.01
Decrease/(Increase) in inventories of finished goods, work-in-progress, traded goods, dies and scrap	27	523.44	(3,753.70)
Employee benefits expense	28	11,954.57	12,462.98
Depreciation, amortisation and impairment expense	29	5,477.15	5,207.94
Finance costs	30	1,713.29	1,272.15
Other expenses	31	21,691.46	26,295.26
<b>Total expenses (ii)</b>		<b>76,601.79</b>	<b>87,381.70</b>
<b>Profit before share of (loss) of associates, joint ventures, exceptional items and tax (i - ii)</b>		<b>5,835.28</b>	<b>16,103.56</b>
Share of (loss) of associates and joint ventures		(427.79)	(120.33)
Income tax expense/(credit)		1.24	(6.58)
<b>Share of (loss) of associates and joint ventures</b>		<b>(429.03)</b>	<b>(113.75)</b>
<b>Profit before exceptional items and tax</b>		<b>5,406.25</b>	<b>15,989.81</b>
Exceptional items (loss)	32	(789.16)	-
<b>Profit before tax</b>		<b>4,617.09</b>	<b>15,989.81</b>
<b>Income tax expense</b>	<b>21</b>		
Current tax		1,833.61	5,742.68
Deferred tax		(708.98)	(78.83)
<b>Income tax expense</b>		<b>1,124.63</b>	<b>5,663.85</b>
<b>Profit for the year</b>		<b>3,492.46</b>	<b>10,325.96</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive (loss)/income not to be reclassified to profit and loss in subsequent periods (net of tax)</b>			
- Re-measurement (losses) of defined benefit plans	33	(348.12)	(74.38)
- Net (loss) on FVTOCI equity securities	33	(0.33)	(69.56)
- Share of other comprehensive income in associates and joint ventures	33	16.96	(0.22)
		<b>(331.49)</b>	<b>(144.16)</b>
Income tax effect	(A)	95.41	25.94
		<b>(236.08)</b>	<b>(118.22)</b>
<b>Other comprehensive (loss)/income to be reclassified to profit and loss in subsequent periods (net of tax)</b>			
- Net movement on cash flow hedges	33	(2,430.32)	51.17
- Foreign Currency Monetary Items Translation Difference Account	33	5.82	21.02
- Foreign Currency Translation reserve	33	181.20	(207.98)
		<b>(2,243.30)</b>	<b>(135.79)</b>
Income tax effect	(B)	750.31	(17.88)
		<b>(1,492.99)</b>	<b>(153.67)</b>
<b>Other comprehensive loss for the year (net of tax) [A+B]</b>		<b>(1,729.07)</b>	<b>(271.89)</b>
<b>Total comprehensive income for the year (net of tax)</b>		<b>1,763.39</b>	<b>10,054.07</b>
<b>Of the total comprehensive income above,</b>			
Attributable to:			
Equityholders of the parent		1,772.18	10,049.91
Non-controlling interests		(8.79)	4.16
<b>Of the total comprehensive income above,</b>			
<b>Profit for the year</b>			
Attributable to:			
Equityholders of the parent		3,498.32	10,321.73
Non-controlling interests		(5.86)	4.23
<b>Of the total comprehensive loss above,</b>			
<b>Other comprehensive income for the year</b>			
Attributable to:			
Equityholders of the parent		(1,726.14)	(271.82)
Non-controlling interests		(2.93)	(0.07)
<b>Earnings per share [nominal value per share ₹ 2/- (March 31, 2019: ₹ 2/-)]</b>	34		
Basic		7.51	22.17
Diluted		7.51	22.17

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

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

per **Tridevjal Khandelwal**  
Partner  
Membership Number: 501160

**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: June 29, 2020

Place: Pune  
Date: June 29, 2020

# Consolidated Statement of Changes in Equity

for the year ended March 31, 2020

## A. Equity Share Capital:

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

	No.	In ₹ Million
As at March 31, 2018	465,588,632	931.27
As at March 31, 2019	465,588,632	931.27
<b>As at March 31, 2020</b>	<b>465,588,632</b>	<b>931.27</b>

## B. Other Equity

Particulars	Reserves and Surplus (Refer note 16)					Items of OCI (Refer note 16)				Total
	Security premium	Capital reserves	General reserve	Retained Earnings	Foreign currency translation reserve (FCTR)	Equity instruments through other comprehensive income	Cash flow hedge reserve	Foreign Currency Monetary Item Translation Difference Account (FCMITDA)	Non Controlling interests	
<b>Balance at the April 1, 2018</b>	<b>6,930.89</b>	<b>15.50</b>	<b>3,130.48</b>	<b>33,389.64</b>	<b>781.28</b>	<b>286.60</b>	<b>1,096.37</b>	<b>(44.92)</b>	<b>294.20</b>	<b>45,880.04</b>
- Profit for the year	-	-	-	10,321.73	(207.98)	(69.56)	-	-	4.23	10,325.96
- Other Comprehensive Income	-	-	-	(48.59)	(207.98)	(69.56)	33.29	21.02	(0.07)	(271.89)
Transfer from retained earnings	-	-	-	10,273.14	(207.98)	(69.56)	33.29	21.02	4.16	10,054.07
Transfer to general reserve	-	-	100.00	-	-	-	-	-	-	100.00
<b>Transaction with owners in their capacity as owners</b>	-	-	-	(100.00)	-	-	-	-	-	(100.00)
- Equity dividend	-	-	-	(1,163.97)	-	-	-	-	-	(1,163.97)
- Tax on Equity dividend	-	-	-	(239.26)	-	-	-	-	-	(239.26)
- Interim equity dividend	-	-	-	(1,163.97)	-	-	-	-	-	(1,163.97)
- Tax on interim equity dividend	-	-	-	(239.26)	-	-	-	-	-	(239.26)
<b>Balance as at March 31, 2019</b>	<b>6,930.89</b>	<b>15.50</b>	<b>3,230.48</b>	<b>40,756.32</b>	<b>573.30</b>	<b>217.04</b>	<b>1,129.66</b>	<b>(23.90)</b>	<b>298.36</b>	<b>53,127.65</b>

# Consolidated Statement of Changes in Equity

for the year ended March 31, 2020

## B. Other Equity (Contd.)

In ₹ Million

Particulars	Reserves and Surplus (Refer note 16)				Items of OCI (Refer note 16)				Total	
	Security premium	Capital reserves	General reserve	Retained Earnings	Foreign currency translation reserve (FCTR)	Equity instruments through other comprehensive income	Cash flow hedge reserve	Foreign Currency Monetary Item Translation Difference Account (FCMITDA)		Non Controlling interests
<b>Balance at the April 1, 2019</b>	6,930.89	15.50	3,230.48	40,756.32	573.30	217.04	1,129.66	(23.90)	298.36	53,127.65
- Profit for the year	-	-	-	3,498.32	-	-	-	-	(5.86)	3,492.46
- Other Comprehensive (Loss)/ Income	-	-	-	(253.37)	181.20	17.32	(1,677.11)	5.82	(2.93)	(1,729.07)
Investment in/acquisition of partly owned subsidiaries	-	-	-	3,244.95	181.20	17.32	(1,677.11)	5.82	(8.79)	1,763.39
<b>Transaction with owners in their capacity as owners</b>	-	-	-	-	-	-	-	-	30.32	30.32
- Equity dividend	-	-	-	(1,163.97)	-	-	-	-	-	(1,163.97)
- Tax on equity dividend	-	-	-	(224.60)	-	-	-	-	-	(224.60)
- Interim equity dividend	-	-	-	(1,629.56)	-	-	-	-	-	(1,629.56)
- Tax on interim equity dividend	-	-	-	(317.21)	-	-	-	-	-	(317.21)
<b>Balance as at March 31, 2020</b>	6,930.89	15.50	3,230.48	40,665.93	754.50	234.36	(547.45)	(18.08)	319.89	51,586.02

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

As per our report of even date  
For **SRBC & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E3000003

per **Tridevi Khandelwal**  
Partner  
Membership Number: 501160

Place: Pune  
Date: June 29, 2020

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

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

**Kishore Saleore**  
Executive Director & CFO  
DIN : 01705850

Place: Pune  
Date: June 29, 2020

**G. K. Agarwal**  
Deputy Managing Director  
DIN : 00037678

**Tejaswini Chaudhari**  
Company Secretary  
Membership Number: 18907

# Consolidated Cash Flow Statement

Consolidated for the year ended March 31, 2020

Particulars	In ₹ Million	
	March 31, 2020	March 31, 2019
<b>Operating activities</b>		
Profit before tax	4,617.09	15,989.81
Add/(Less): Share of (loss)/profit of associates and joint ventures (net of tax)	(429.03)	(113.75)
	<b>5,046.12</b>	<b>16,103.56</b>
<b>Adjustment to reconcile profit before tax to net cash flows</b>		
Depreciation, amortisation and impairment expense	5,477.15	5,207.94
Unrealised foreign exchange loss/(gain)/MTM etc. (net)	1,205.85	(142.17)
Interest income on fixed deposit and others	(172.28)	(217.98)
Liabilities/provision no longer required written back	(171.16)	(131.98)
Provision for doubtful debts and advances written back	(6.84)	(12.97)
Provision for doubtful debts and advances (includes expected credit loss) (net)	96.26	58.43
Bad debts/advances written off	29.83	106.27
Finance costs	1,713.29	1,272.15
(Gain) on sale of property, plant and equipment (net)	(4.23)	(103.15)
Dividend income from investments	(2.64)	(1.47)
Net (gain) on sale of financial investment	(380.69)	(125.64)
Net (gain) on fair valuation of financial instruments (FVTPL)	(576.33)	(714.75)
Exceptional items	769.18	-
Effects of consolidation	(80.55)	65.56
<b>Operating profit before working capital changes</b>	<b>12,942.96</b>	<b>21,363.80</b>
<b>Movements in working capital :</b>		
Decrease/(increase) in trade receivables	6,982.04	(2,032.52)
Decrease/(increase) in inventories	1,099.66	(4,847.77)
Decrease/(increase) in other financial assets	(209.18)	(292.00)
Decrease/(increase) in other assets	1,242.57	(251.91)
(Decrease)/Increase in provisions	(24.22)	22.20
(Decrease)/Increase in trade payables	(4,600.41)	564.57
(Decrease)/Increase in other financial liabilities	132.13	(4.93)
(Decrease)/Increase in other liabilities	(15.17)	95.71
<b>Cash generated from operations</b>	<b>17,550.38</b>	<b>14,617.15</b>
Direct taxes paid (net of refunds)	(2,330.88)	(5,502.47)
<b>Net cash flow from operating activities (A)</b>	<b>15,219.50</b>	<b>9,114.68</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress and capital advances)	(9,617.61)	(11,770.96)
Proceeds from sale of property, plant and equipment and intangible assets	46.16	453.45
Investments in associates and joint ventures	(1,049.99)	(1,001.98)
Acquisition of a subsidiary, net of cash acquired	(3.20)	-
Loan given to associates and joint ventures	(335.80)	-
Proceeds from loan given to associates and joint ventures	-	203.79
Loan given to employees	(67.66)	(48.58)
Proceeds from loan given to employees	53.86	39.96
Investments in financial instruments including fixed deposits	(54,147.25)	(38,098.74)
Proceeds from sale of financial instruments including fixed deposits	53,602.05	38,322.49
Interest received	194.42	148.24
Dividends received	2.64	1.47
<b>Net cash (used in) investing activities (B)</b>	<b>(11,322.38)</b>	<b>(11,750.86)</b>

# Consolidated Cash Flow Statement

for the year ended March 31, 2020 (Contd.):

In ₹ Million

Particulars	March 31, 2020	March 31, 2019
<b>Financing activities</b>		
Dividend paid on equity shares	(2,793.54)	(2,327.94)
Tax on equity dividend paid	(541.81)	(478.52)
Interest paid	(1,380.00)	(1,037.83)
Payment of principal portion of lease liabilities	(297.74)	-
Proceeds from borrowings including bill discounting	63,025.28	57,718.45
Repayment of borrowings including bill discounting	(61,856.74)	(50,197.70)
Equity infused by minority shareholders	30.32	-
<b>Net cash flows (used in)/from financing activities (C)</b>	<b>(3,814.23)</b>	<b>3,676.46</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>82.89</b>	<b>1,040.28</b>
<b>Cash and cash equivalents at the beginning of the year*</b>	<b>2,862.11</b>	<b>2,029.82</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>2,945.00</b>	<b>3,070.10</b>
<b>Foreign currency translation reserve movement</b>	<b>181.20</b>	<b>(207.99)</b>
<b>Cash and cash equivalents at the end of the year*</b>	<b>3,126.20</b>	<b>2,862.11</b>

\* Excluding earmarked balances (on unclaimed dividend accounts)

## Cash and Cash equivalents for the purpose of cash flow statement

In ₹ Million

Particulars	March 31, 2020	March 31, 2019
Balances with banks:		
In cash credit and current accounts	2,425.36	2,296.35
Deposits with original maturity of less than three months	699.00	564.41
Cash on hand	1.84	1.41
<b>Total</b>	<b>3,126.20</b>	<b>2,862.17</b>
Less : cash credit	-	0.06
	<b>3,126.20</b>	<b>2,862.11</b>

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 **Tridevial Khandelwal**

Partner

Membership Number: 501160

For and on behalf of the Board of Directors of

**Bharat Forge Limited**

**B. N. Kalyani**

Chairman and Managing Director

DIN : 00089380

**Kishore Saletore**

Executive Director & CFO

DIN : 01705850

**G. K. Agarwal**

Deputy Managing Director

DIN : 00037678

**Tejaswini Chaudhari**

Company Secretary

Membership Number: 18907

Place: Pune

Date: June 29, 2020

Place: Pune

Date: June 29, 2020

# Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020

## 1. Corporate information

The consolidated financial statements comprise financial statements of Bharat Forge Limited (“the Company”) and its subsidiaries (collectively, the Group) for the year ended March 31, 2020. 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 and selling of forged and machined components for auto and industrial sector. The Group caters to both domestic and international markets. The registered office of the Company is located at Mundhwa, Pune. The Company’s CIN is L25209PN1961PLC012046. The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of directors on June 29, 2020.

## 2. Significant accounting policies

### 2.1 Basis of preparation

These consolidated financial statements 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.

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

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

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

### 2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2020 and March 31, 2019 respectively. 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



## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

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.

The consolidated financial statements in respect of overseas subsidiaries (other than Bharat Forge International Limited), associate and joint venture including their respective subsidiaries are drawn for the year ended December 31, 2019 and December 31, 2018, whereas the financial statements of the Holding Company are drawn for the year ended March 31, 2020 and March 31, 2019. As per the statutory requirements of the Country of incorporation the overseas components with non-coterminous periods, the year-end has been considered as of December 31, 2019 and December 31, 2018. The effect of significant transactions and other events that occur between January 1, 2020 to March 31, 2020 and January 01, 2019 to March 31, 2019 are considered in the consolidated financial statements if it is material in nature. The financial statements of Bharat Forge International Limited have been prepared for the year ended March 31, 2020 and March 31, 2019. The financial statements of Indian subsidiaries/associates/joint controlled entities have been drawn for the year ended March 31, 2020 and March 31, 2019.

### 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 recognised 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 recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 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

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

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

### 2.3 Summary of significant accounting policies

#### A. Business Combinations

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.

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.

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

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

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.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in 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 except those mentioned in the basis of preparation section. 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 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/(loss) of an associate and a joint venture in the statement of profit and loss.

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

### C. Current Versus Non-Current Classification

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

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

All other assets are classified as non-current.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

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

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

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

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

- 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)

## **Notes Forming Part of Consolidated Financial Statements**

for the year ended March 31, 2020 (Contd.):

- Investment properties (note 4)
- Financial instruments (including those carried at amortised cost) (note 52)

### **F. Revenue from Contracts with Customers**

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

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

#### **Sale of goods**

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

The 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 Company 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. The credit period is generally between 30 to 210 days.

#### **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 amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by



## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in “other income” in the statement of profit and loss.

### Dividends

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

### Trade receivables

A receivable represents the Company’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 2.2-5 Financial instruments – initial recognition and subsequent measurement.

### Contract liabilities

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

## 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 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

## Notes Forming Part of Consolidated Financial Statements

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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 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 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.

## Notes Forming Part of Consolidated Financial Statements

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In the situations where the Group is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Group restricts recognition of deferred tax assets to the extent that it has become reasonably certain that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

### 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.

### I. 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, wherever applicable. All significant costs relating to the acquisition and installation of property, plant and equipment/ investment property are capitalised. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for decommissioning are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the 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.

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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 – 21
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

The 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 recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

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

### 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 recommended by recognised valuation standards committee.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

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

### K. Intangible Assets

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

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

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)
Software	3 – 5
Development costs	10
Patents	10
Technology license	5
Customer Contracts	2
Technical Know-how	3

### Research and development costs

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

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

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of 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 capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs w.r.t. borrowing taken on or after April 1, 2016.

### 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 - 16
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.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 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 recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

For details of lease liabilities please See Note 43 Borrowings.

### 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 recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### N. Inventories

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.

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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 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 realisable value.

Dies are valued at cost or net realisable 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



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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 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 Company receive benefits from a provident fund, which is a defined benefit plan. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes a part of the contributions to the "Bharat Forge 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 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.

## **Notes Forming Part of Consolidated Financial Statements**

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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 Company and its Indian subsidiaries have no obligation, other than the contribution payable to the provident fund. The 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 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 recognises related restructuring costs

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

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.

## Notes Forming Part of Consolidated Financial Statements

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### 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 recognised 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 recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

##### Subsequent measurement

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

- Debt instruments at amortised 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 amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

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

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

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### Debt instrument at FVTOCI

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

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

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

### Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

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 derecognised (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

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

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

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

### 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 debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Lease receivables under Ind AS 116
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
- 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 recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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

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

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

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 analysed.

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 amortised cost, contractual revenue receivables and lease receivables:  
ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.
- Debt instruments measured at FVTOCI:  
Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, 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.

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for the year ended March 31, 2020 (Contd.):

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

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

### **Subsequent measurement**

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

#### **Financial liabilities at fair value through profit and loss**

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

#### **Loans and borrowings**

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

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

This category generally applies to borrowings. For more information refer Note 18.

#### **Financial guarantee contracts**

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

#### **Derecognition**

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

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



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### 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 recognised in the statement of profit and loss, unless designated as effective hedging instruments.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to 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 recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

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

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

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

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for the year ended March 31, 2020 (Contd.):

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

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

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

### **Cash flow hedges**

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

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

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

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

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

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

### V. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing 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.

## 2.4 Changes in accounting policies and disclosures

### New and amended standards

The Group applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments apply for the first time for the year ending 31 March 2020, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, amendments that have been issued but are not yet effective/notified.

### Ind AS 116 Leases

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

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for the year ended March 31, 2020 (Contd.):

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Group is the lessor.

The Group adopted Ind AS 116 using the modified retrospective method of adoption, with the date of initial application on April 1, 2019. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 April 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

### **Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment**

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Group applies significant judgment in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Appendix had an impact on its financial statements.

Upon adoption of the Appendix C to Ind AS 12, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing.

### **Amendments to Ind AS 109: Prepayment Features with Negative Compensation**

Under Ind AS 109, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to Ind AS 109 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the financial statements of the Group.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### Amendments to Ind AS 19: Plan Amendment, Curtailment or Settlement

The amendments to Ind AS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments had no impact on the financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period.

### Amendments to Ind AS 28: Long-term interests in associates and joint ventures

The amendments clarify that an entity applies Ind AS 109 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in Ind AS 109 applies to such long-term interests.

The amendments also clarified that, in applying Ind AS 109, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying Ind AS 28 Investments in Associates and Joint Ventures.

These amendments had no impact on the consolidated financial statements as the Group does not have long-term interests in its associate and joint venture.

### Annual Improvements to Ind AS 2018

- **Ind AS 103 Business Combinations**

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 April 2019.

These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where joint control is obtained.

- **Ind AS 12 Income Taxes**

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after 1 April 2019.

Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

- **Ind AS 23 Borrowing Costs**

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 April 2019.

Since the Group's current practice is in line with these amendments, they had no impact on the consolidated financial statements of the Group.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 3. Property, Plant and Equipment

	Freehold land	Leasehold land	Buildings (Notes a, b)	Plant and machinery (Notes d)	Plant and machinery on Finance Lease	Railway sidings	Office equipments	Sub Total (A)
<b>Cost</b>								
At April 1, 2018	460.15	146.95	7,177.06	35,145.68	384.14	0.02	101.73	43,415.73
Foreign Currency Translation Reserve	(2.04)	0.32	5.41	(126.43)	(4.04)	-	2.02	(124.76)
Additions	319.93	3.13	512.84	4,905.66	2.74	-	30.81	5,775.11
Disposals	(10.46)	-	(39.17)	(265.65)	-	-	(4.17)	(319.45)
Other adjustments	-	-	-	-	-	-	-	-
- Borrowing cost	-	-	-	2.36	-	-	-	2.36
- Exchange differences	-	-	19.85	132.51	-	-	-	152.36
<b>As at March 31, 2019</b>	<b>767.58</b>	<b>150.40</b>	<b>7,675.99</b>	<b>39,794.13</b>	<b>382.84</b>	<b>0.02</b>	<b>130.39</b>	<b>48,901.35</b>
Reclassified on account of adoption of IND AS 116	-	(150.71)	-	-	(382.84)	-	-	(593.55)
Foreign Currency Translation Reserve	2.62	0.31	63.89	50.65	-	-	3.51	120.98
Additions	3.78	-	1,761.13	4,465.78	-	-	16.74	6,247.43
Additions on acquisition of subsidiary	-	-	7.38	0.57	-	-	-	7.95
Disposals	-	-	-	(220.42)	-	-	(0.03)	(220.45)
Other adjustments	-	-	-	-	-	-	-	-
- Borrowing cost (Refer note c)	-	-	11.80	51.57	-	-	-	63.37
- Exchange differences	-	-	17.23	113.11	-	-	-	130.34
- Others (Refer note e)	-	-	37.76	(63.88)	-	-	(1.51)	(27.63)
<b>As at March 31, 2020</b>	<b>773.98</b>	<b>-</b>	<b>9,575.18</b>	<b>44,191.51</b>	<b>-</b>	<b>0.02</b>	<b>149.10</b>	<b>54,689.79</b>
<b>Depreciation</b>								
At April 1, 2018	-	7.60	949.01	11,197.27	223.08	-	33.78	12,410.74
Foreign Currency Translation Reserve	-	0.02	(4.80)	(66.35)	(2.86)	-	0.47	(73.52)
Charge for the year	-	1.74	340.81	4,063.54	48.23	-	16.85	4,471.17
Disposals	-	-	(6.96)	(178.49)	-	-	(3.63)	(189.08)
Other adjustments	-	-	-	-	-	-	-	-
- Others (Refer note e)	-	(5.09)	-	-	-	-	-	(5.09)
<b>At March 31, 2019</b>	<b>-</b>	<b>4.27</b>	<b>1,278.06</b>	<b>15,015.97</b>	<b>268.45</b>	<b>-</b>	<b>47.47</b>	<b>16,614.22</b>
Reclassified on account of adoption of IND AS 116	-	(4.30)	-	-	(268.45)	-	-	(272.75)
Foreign Currency Translation Reserve	-	0.03	11.00	22.98	-	-	1.35	35.36
Additions on acquisition of subsidiary	-	-	1.00	0.13	-	-	-	1.13
Charge for the year	-	-	346.39	4,043.19	-	-	21.62	4,411.20
Disposals	-	-	-	(173.98)	-	-	(0.03)	(174.01)
Other adjustments	-	-	-	-	-	-	-	-
- Others (Refer note e)	-	-	3.99	(8.27)	-	-	(1.44)	(5.72)
<b>At March 31, 2020</b>	<b>-</b>	<b>-</b>	<b>1,640.44</b>	<b>18,900.02</b>	<b>-</b>	<b>-</b>	<b>68.97</b>	<b>20,609.43</b>
<b>Net block</b>								
As at March 31, 2019	767.58	146.13	6,397.93	24,778.16	114.39	0.02	82.92	32,287.13
As at March 31, 2020	773.98	-	7,934.74	25,291.49	-	0.02	80.13	34,080.36

In ₹ Million

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 3. Property, Plant and Equipment (contd.)

	Electrical installations	Factory equipments	Furniture and fixtures	Vehicles and aircraft	Power line	Sub Total (B)	Grand Total (A+B)
<b>Cost</b>							In ₹ Million
At April 1, 2018	178.81	2,104.61	163.50	2,560.36	6.17	5,013.45	48,429.18
Foreign Currency Translation Reserve	-	(21.66)	-	(0.20)	-	(21.86)	(146.62)
Additions	1.70	431.20	39.56	29.70	-	502.16	6,277.27
Disposals	-	(43.85)	(13.59)	(6.33)	-	(63.77)	(383.22)
Other adjustments	-	-	-	-	-	-	-
- Borrowing cost	-	0.03	-	-	-	0.03	2.39
- Exchange differences	-	2.18	-	9.87	-	12.05	164.41
- Others (Refer note e)	-	-	-	4.32	-	4.32	4.32
<b>As at March 31, 2019</b>	<b>180.51</b>	<b>2,472.51</b>	<b>189.47</b>	<b>2,597.72</b>	<b>6.17</b>	<b>5,446.38</b>	<b>54,347.73</b>
Reclassified on account of adoption of IND AS 116	-	-	-	-	-	-	(533.55)
Foreign Currency Translation Reserve	-	8.54	-	1.42	-	9.96	130.94
Additions	-	667.70	90.12	536.65	-	1,294.47	7,541.90
Additions on acquisition of subsidiary	0.40	-	0.23	-	-	0.63	8.58
Disposals	-	(59.60)	(0.24)	(49.08)	-	(108.92)	(329.37)
Other adjustments	-	-	-	-	-	-	-
- Borrowing cost (Refer note c)	-	0.07	-	-	-	0.07	63.44
- Exchange differences	-	1.87	-	-	-	1.87	132.21
- Others (Refer note e)	-	-	(0.53)	2.72	-	2.19	(25.44)
<b>As at March 31, 2020</b>	<b>180.91</b>	<b>3,091.09</b>	<b>279.05</b>	<b>3,089.43</b>	<b>6.17</b>	<b>6,646.65</b>	<b>61,336.44</b>
<b>Depreciation</b>							
At April 1, 2018	88.42	915.44	46.73	568.32	6.17	1,625.08	14,035.82
Foreign Currency Translation Reserve	-	(12.00)	-	-	-	(12.00)	(85.52)
Charge for the year	21.83	325.88	17.33	192.19	-	557.23	5,028.40
Disposals	-	(39.88)	(8.14)	(2.14)	-	(50.16)	(239.24)
Other adjustments	-	-	-	-	-	-	-
- Others (Refer note e)	-	-	-	4.32	-	4.32	(0.77)
<b>At March 31, 2019</b>	<b>110.25</b>	<b>1,189.44</b>	<b>55.92</b>	<b>762.69</b>	<b>6.17</b>	<b>2,124.47</b>	<b>18,738.69</b>
Reclassified on account of adoption of IND AS 116	-	-	-	-	-	-	(272.75)
Foreign Currency Translation Reserve	-	3.93	-	0.41	-	4.34	39.70
Additions on acquisition of subsidiary	0.16	-	0.08	-	-	0.24	1.37
Charge for the year	19.37	344.79	21.51	236.75	-	622.42	5,033.62
Disposals	-	(57.39)	(0.13)	(21.13)	-	(78.65)	(252.66)
Other adjustments	-	-	-	-	-	-	-
- Others (Refer note e)	-	(2.64)	(0.45)	(0.08)	-	(3.17)	(8.89)
<b>At March 31, 2020</b>	<b>129.78</b>	<b>1,478.13</b>	<b>76.93</b>	<b>978.64</b>	<b>6.17</b>	<b>2,669.65</b>	<b>23,279.08</b>
<b>Net block</b>							
As at March 31, 2019	70.26	1,283.07	133.55	1,835.03	-	3,321.91	35,609.04
As at March 31, 2020	51.13	1,612.96	202.12	2,110.79	-	3,977.00	38,057.36



## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 3. Property, Plant and Equipment (contd.)

- (a) Buildings include cost of hangar jointly owned with other companies ₹ 0.12 million (March 31, 2019: ₹ 0.12 million)
- (b) Documents for the ownership of Hangar at Lohegaon; Pune and flat at Lullanagar, Pune are not available with the Group.
- (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, 2020 was ₹ 282.54 million (March 31, 2019: ₹ Nil).
- (d) Assets include assets lying with third party amounting to ₹ 275.83 million (March 31, 2019: ₹ 162.29 million).
- (e) Other adjustments are related to reclassification within block of assets

### 4. Investment Property

	In ₹ Million
	<b>Total</b>
<b>Cost</b>	
<b>at April 1, 2018</b>	2.89
Additions	-
Disposals	-
<b>at March 31, 2019</b>	2.89
Additions	-
Disposals	-
<b>At March 31, 2020</b>	<b>2.89</b>
<b>Depreciation and impairment</b>	
<b>at April 1, 2018</b>	-
Depreciation for the year	-
<b>at March 31, 2019</b>	-
Depreciation for the year	-
<b>at March 31, 2020</b>	-
<b>Net block</b>	
<b>at March 31, 2019</b>	<b>2.89</b>
<b>at March 31, 2020</b>	<b>2.89</b>

Information regarding income and expenditure of investment property

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 4. Investment Property (Contd.):

	In ₹ Million	
	March 31, 2020	March 31, 2019
Rental income derived from investment properties (included in Rent in note 25)	2.95	2.80
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)	1.07	0.20
<b>Profit arising from investment properties before depreciation and indirect expenses</b>	<b>1.88</b>	<b>2.60</b>
Less : Depreciation	-	-
<b>Profit arising from investment properties before indirect expenses</b>	<b>1.88</b>	<b>2.60</b>

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

As at March 31, 2020 and March 31, 2019, the fair values of the properties are ₹ 2,426.11 million, ₹ 2,445.00 million respectively. The Group obtains independent valuations for its investment properties at least annually. 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 Company has not executed lease deed with related party for one of the said land.

#### Reconciliation of fair value

	In ₹ Million
	<b>Investment properties</b>
	<b>Free hold land</b>
<b>Opening balance as at April 1, 2018</b>	<b>2,425.21</b>
Fair value difference	19.79
Purchases	-
<b>Opening balance as at March 31, 2019</b>	<b>2,445.00</b>
Fair value difference	(18.89)
Purchases	-
<b>Closing balance as at March 31, 2020</b>	<b>2,426.11</b>

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 5. Intangible Assets and Goodwill

In ₹ Million

	Goodwill	Computer and Software	Customer contracts	Technical know-how	Development cost	Patents	Technology License	Total
<b>Cost</b>								
<b>at April 1, 2018</b>	477.51	302.29	-	-	142.42	2.05	37.12	961.39
Foreign Currency Translation Reserve	(4.98)	(1.21)	-	-	(1.48)	-	-	(7.67)
Additions	-	96.14	-	-	-	0.59	120.41	217.14
Disposals	-	(0.94)	-	-	-	-	-	(0.94)
Other adjustments								
- Exchange differences	-	0.13	-	-	-	-	-	0.13
<b>at March 31, 2019</b>	<b>472.53</b>	<b>396.41</b>	<b>-</b>	<b>-</b>	<b>140.94</b>	<b>2.64</b>	<b>157.53</b>	<b>1,170.05</b>
Foreign Currency Translation Reserve	0.61	0.66	-	-	0.18	-	-	1.45
Additions	-	37.78	-	-	-	-	36.20	73.98
Business combination (Refer note 5(a))	51.90	-	7.84	8.65	-	-	-	68.39
Disposals	-	-	-	-	-	-	-	-
Other adjustments								
- Exchange differences	-	0.12	-	-	-	-	-	0.12
- Other adjustments (Refer note 5(b))	-	29.07	-	-	-	-	-	29.07
<b>at March 31, 2020</b>	<b>525.04</b>	<b>464.04</b>	<b>7.84</b>	<b>8.65</b>	<b>141.12</b>	<b>2.64</b>	<b>193.73</b>	<b>1,343.06</b>
<b>Amortisation/Impairment</b>								
<b>at April 1, 2018</b>	48.37	165.93	-	-	142.42	2.05	1.83	360.60
Foreign Currency Translation Reserve	(1.03)	(0.72)	-	-	(1.48)	-	-	(3.23)
Charge for the year	-	83.37	-	-	-	0.09	19.76	103.22
Impairment	76.32	-	-	-	-	-	-	76.32
Disposals	-	(0.94)	-	-	-	-	-	(0.94)
<b>at March 31, 2019</b>	<b>123.66</b>	<b>247.64</b>	<b>-</b>	<b>-</b>	<b>140.94</b>	<b>2.14</b>	<b>21.59</b>	<b>535.97</b>
Foreign Currency Translation Reserve	0.13	1.07	-	-	0.18	-	-	1.38
Charge for the year	-	99.81	2.69	1.63	-	0.12	38.41	142.66
Impairment	31.54	-	-	-	-	-	-	31.54
Disposals	-	-	-	-	-	-	-	-
Other adjustments (Refer note 5(b))	-	9.07	-	-	-	-	-	9.07
<b>at March 31, 2020</b>	<b>155.33</b>	<b>357.59</b>	<b>2.69</b>	<b>1.63</b>	<b>141.12</b>	<b>2.26</b>	<b>60.00</b>	<b>720.62</b>
<b>Net Block</b>								
<b>at March 31, 2019</b>	<b>348.87</b>	<b>148.77</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.50</b>	<b>135.94</b>	<b>634.08</b>
<b>at March 31, 2020</b>	<b>369.71</b>	<b>106.45</b>	<b>5.15</b>	<b>7.02</b>	<b>-</b>	<b>0.38</b>	<b>133.73</b>	<b>622.44</b>

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 5. Intangible Assets and Goodwill (Contd.):

- (a) During the year the group has acquired one of the divisions of KPIT Technologies Limited which is engaged in design and development of defense related products. Accordingly as part of the overall business combination the group has recognised goodwill amounting to ₹ 51.90 million based on the valuation reports obtained as part of purchase price allocation.
- (b) Other adjustments are related to reclassification within block of assets

#### Impairment of Goodwill:

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, 2020 is ₹ 317.81 million (March 31, 2019: ₹ 348.87 million) net of impairment. The Group performed its annual impairment test for year ended December 31, 2019 and December 31, 2018 in May 2020 and February 2019, respectively. The Group considers the discounted cash flows, among other factors, when reviewing for indicators of impairment. As at March 2020, considering the possible disruption caused due to 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 ₹ 31.54 million for the year ended March 31, 2020 (March 31, 2019: ₹ 76.32 million).

#### Key assumptions used for value in use calculations

Weighted Average Cost of Capital % (WACC) before tax (discount rate) : 11.3% (March 31, 2019 : 10.9%)

Terminal growth rate : 1.5% (March 31, 2019 : 1.9%)

The discount rate is calculated as follows :  $WACC = \text{Cost of equity} \times (1 - \text{gearing}) + \text{Cost of debt} \times (1 - \text{tax rate}) \times \text{gearing}$ .  
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.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 6. Investment in Associates and Joint Ventures

In ₹ Million

	As at March 31, 2020	As at March 31, 2019
<b>At cost</b>		
<b>Unquoted equity instruments (fully paid)</b>		
<b>- Investment in associates</b>		
Talbahn GmbH ( note 6 (a))	0.30	0.30
Less: Provision for diminution	(0.30)	(0.30)
	-	-
49,000 (March 31, 2019: 49,000) equity shares of ₹ 10/- each fully paid up in Ferrovial Transrail Solutions Private Limited (Refer note 39)	-	-
3,500 (March 31, 2019: 3,500) equity shares of ₹ 10/- each fully paid up in Hospet Bellary Highways Private Limited (Refer note 6(a))	0.05	0.05
14,208 (March 31, 2019: 12,313) equity shares of ₹ 10/- each fully paid up in Tork Motors Private Limited (Refer note 6 (b)(i), 6 (b)(ii) and note 39)	232.33	247.57
794,217 (March 31, 2019 : 794,217) ordinary shares of £ 0.00001 each in Tevva Motors (Jersey) Limited [GBP 10,094,948 (March 31, 2019 : GBP 10,094,948)] (Refer note 6 (c)) and note 39)	478.80	808.67
Less : Provision for impairment in value of investments (refer note 32(c))	(475.87)	-
	2.93	808.67
78,000 (March 31, 2019: NIL) equity shares of ₹ 10/- each fully paid up in Aeron Systems Private Limited (Refer note 6 (d) and note 39)	70.87	-
<b>- Investments in joint ventures</b>		
7,128,219 (March 31, 2019: 7,128,219) equity shares of ₹ 10/- each fully paid up in BF NTPC Energy Systems Ltd. (BFNTPCESL) ( Refer note 6(a))	-	-
100,000 (March 31, 2019: 100,000) equity shares of ₹ 10/- each fully paid up in BF Premier Energy Systems Pvt. Ltd. (BFPE SPL) (Refer note 38)	-	0.02
12,500 (March 31, 2019 : Nil) ordinary shares of Eur 1.00 each in Refu Drive GmbH [Euro 11,350,000 (March 31, 2019 : NIL)] (Refer note 6 (e) and note 38)	912.88	-
<b>Unquoted Preference shares</b>		
<b>- Investments in associates (fully paid)</b>		
Nil (March 31, 2019: Nil) compulsorily convertible preference shares of ₹ 10/- each in		
Tork Motors Private Limited [Refer note 6(b)(ii)]	-	59.98
Less : Converted into equity shares	-	(59.98)
	-	-
<b>Total</b>	<b>1,219.06</b>	<b>1,056.31</b>

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 6. Investment in Associates and Joint Ventures (Contd.):

- a. Not included in the consolidation based on materiality
- b. (i) During the current year, the Group has made further investment in Tork Motors Private Limited of ₹ 39.99 million (March 31, 2019: ₹ 99.99 million) by acquiring 1,895 (March 31, 2019: 4,736) equity shares of ₹ 10/- each.  
(ii) In the previous year 2,841 "compulsorily convertible preference shares" of ₹ 10/- each was converted into 2,841 equity shares of ₹ 10/- each in accordance with the terms of issue, at fair value of ₹ 59.98 million as on conversion date.
- c. During the previous year, the Group had made investment in Tevva Motors (Jersey) Limited ₹ 902.21 million by acquiring 786,717 ordinary shares of ₹ 0.00001 each.
- d. During the current year, the Group entered into a Share Subscription Agreement with Aeron Systems Private Limited (Aeron). Pursuant to the said Agreement, the Group has made investment in (Aeron) ₹ 80.00 million by acquiring 78,000 equity shares of ₹ 10/- each.
- e. During the current year, the Group 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. Accordingly, the Group has made capital contribution to REFU of ₹ 919.14 million including transaction costs that are directly attributable to the investment.

### 7. Investments

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
<b>Non-current investment</b>		
<b>(a) Investments designated at fair value through OCI (FVTOCI) (Refer note 7 (a))</b>		
<b>- Equity instruments (unquoted)</b>		
<b>- Investments in others (Company holds 5% or more of the share capital) fully paid</b>		
38,384,202 (March 31, 2019: 38,384,202) equity shares of ₹ 10/- each fully paid up in Khed Economic Infrastructure Private Limited	641.78	583.06
<b>- Investments in other (unquoted)</b>		
1,089 (March 31, 2019 : Nil) equity shares of ₹ 10/- each fully paid in Avaada Sataramh Private Limited [Refer note 7(f)]	0.01	-
<b>- Equity instruments (quoted)</b>		
<b>Investment in others</b>		
613,000 (March 31, 2019: 613,000) equity shares of ₹ 10/- each fully paid up in KPIT Technologies Limited (erstwhile KPIT Engineering Limited) (Refer note 7(b))	21.61	57.58
613,000 (March 31, 2019: 613,000) equity shares of ₹ 2/- each fully paid up in Birlasoft Limited (erstwhile KPIT Technologies Limited) (Refer note 7(b))	37.39	60.47
<b>Total FVTOCI Investments</b>	<b>(a) 700.79</b>	<b>701.11</b>

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 7. Investments (Contd.):

In ₹ Million

	As at March 31, 2020	As at March 31, 2019
<b>(b) Investments at fair value through profit or loss (FVTPL)</b>		
<b>Equity instruments (unquoted)</b>		
<b>Investments in others (Company holds 5% or more of the share capital)</b>		
504,432 (March 31, 2019: 504,432) equity shares of ₹ 10/- each fully paid up in Gupta Energy Private Limited (Refer note 7(c))	-	-
<b>Bonds (quoted)</b>		
250 (March 31, 2019 : 250) Secured redeemable non-convertible debentures of ₹ 1,000,000/- each in Series 237 (Option I) issued by Bajaj Finance Limited	318.87	268.67
<b>Unquoted equity instruments (fully paid) [at cost]</b>		
<b>Investments in private equity fund (unquoted funds)</b>		
1,776,969.68 (March 31, 2019 : 1,179,546.87) Units of ₹ 100/- each of Paragon Partners Growth Fund - I	211.46	171.60
<b>Investments in mutual funds (quoted funds) (Refer standalone financial statements note 7 for details)</b>	<b>1,044.83</b>	<b>1,453.99</b>
<b>Investments in mutual funds (unquoted funds) (Refer standalone financial statements note 7 for details)</b>	<b>2,024.37</b>	<b>6,181.93</b>
<b>Total FVTPL Investments (b)</b>	<b>3,599.53</b>	<b>8,076.19</b>
<b>Total (a) + (b)</b>	<b>4,300.32</b>	<b>8,777.30</b>
<b>Current investments</b>		
<b>Investments at fair value through profit or loss (fully paid)</b>		
<b>Investments in mutual funds (quoted funds) (Refer standalone financial statements note 7 for details and refer note 7(g))</b>	<b>569.98</b>	<b>505.34</b>
<b>Investments in mutual funds (unquoted funds) (Refer standalone financial statements note 7 for details)</b>	<b>10,090.85</b>	<b>4,897.68</b>
<b>Total</b>	<b>10,660.83</b>	<b>5,403.02</b>
<b>Aggregate book value of quoted investments</b>	<b>1,709.53</b>	<b>2,031.07</b>
<b>Aggregate market value of quoted investments</b>	<b>1,992.68</b>	<b>2,288.47</b>
<b>Aggregate value of unquoted investments</b>	<b>12,968.47</b>	<b>11,891.85</b>

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

#### (b) Birlasoft Limited and KPIT Technologies Limited

The Group had invested in 613,000 equity shares of ₹ 2/- each of KPIT Technologies Limited, however, 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

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 7. Investments (Contd.):

shareholders. Pursuant to the Scheme, the engineering business of KPIT Technologies Limited had been transferred to KPIT Engineering Limited.

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

Pursuant to the Scheme, the Group 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 is 56.64% to 43.36%.

#### (c) Gupta Energy Private Limited

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

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

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

(f) During the current year, the Group has made investment in Avaada SataraMH Private Limited (ASPL) of ₹ 0.01 million by acquiring 1,089 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 Group under open access through proposed solar plant of ASPL.

(g) Includes investment in 9,172.597 (March 31, 2019: nil) Units of HDFC Liquid Fund - Direct Plan - Growth Option amounting to ₹ 35.83 mln (March 31, 2019 : nil) with respect to one of the subsidiaries.

### 8. Loans

In ₹ Million

	As at March 31, 2020	As at March 31, 2019
<b>Non-current (Unsecured, considered good unless stated otherwise)</b>		
<b>Other loans</b>		
Loan to employees	49.17	35.01
Loan to related parties (Refer note 45, 47)	456.47	144.99
Loan to related parties which have significant increase in credit risk	-	50.00
Less: Provision for diminution in value of loan	-	(50.00)
	-	-
<b>Total</b>	<b>505.64</b>	<b>180.00</b>
<b>Current (Unsecured, considered good)</b>		
<b>Loan to Others</b>		
Loan to employees	27.36	27.72
Loan to related parties	24.31	-
<b>Total</b>	<b>51.67</b>	<b>27.72</b>



## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 8. Loans (Contd.):

No loans 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.

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

During the current year, the Group subscribed to convertible loan note issued by Tevva Motors (Jersey) Limited amounting to GBP 3.50 million wherein the Group has an option to convert the same into equity shares on upto the date of maturity i.e. April 2021. The same carries effective interest of 12% p.a.

The Group expects to realise the said amount including interest accrued thereon on maturity of the loan note.

### 9. Derivative Instruments

In ₹ Million

	As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>		
Cash flow hedges (FVTOCI)		
Foreign exchange forward contracts	-	1,097.84
Fair value hedges (FVTPL)		
Cross currency swap	145.50	78.13
<b>Total</b>	<b>145.50</b>	<b>1,175.97</b>
<b>Current</b>		
Cash flow hedges (FVTOCI)		
Foreign exchange forward contracts	-	650.59
Fair value hedges (FVTPL)		
Foreign exchange forward contracts	-	156.38
<b>Total</b>	<b>-</b>	<b>806.97</b>

Derivative instruments at fair value through profit and loss and fair value through OCI reflect the positive 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).

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 10. Other Financial Assets

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
<b>Non current</b>		
Government grants*	907.46	966.91
Security deposits	366.18	397.42
Deposits with original maturity for more than twelve months**	0.03	0.03
Interest accrued on loan to associate	18.80	-
<b>Total</b>	<b>1,292.47</b>	<b>1,364.36</b>
<b>Current</b>		
Government grants*	1,267.98	1,033.20
Energy credit receivable - windmills	8.28	6.33
Interest accrued on fixed deposits etc.	70.48	92.62
Security deposits	5.57	1.43
Receivable for sale of property, plant and equipment	34.78	-
Other receivables***	29.32	41.29
<b>Total</b>	<b>1,416.41</b>	<b>1,174.87</b>

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

\*\* ₹ 0.03 million (March 31, 2019: ₹ 0.03 million) in non-current portion pledged with the sales tax department.

\*\*\* Other receivables includes sundry balances receivable

### 11. Inventories

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Raw materials and components [includes items lying with third parties and items in transit]	2,837.06	3,418.46
Work-in-progress [includes items lying with third parties]	5,915.72	6,045.36
Finished goods [includes items in transit]	6,064.73	6,112.91
Stock of traded goods [includes items in transit]	405.72	817.41
Stores, spares and loose tools	1,823.64	1,820.22
Dies and dies under fabrication	241.58	153.09
Scrap	58.55	79.21
<b>Total</b>	<b>17,347.00</b>	<b>18,446.66</b>

During the year ended March 31, 2020 ₹ 118.93 million (March 31, 2019: ₹ 78.45 million) was recognised as an expense for inventories carried at net realisable value.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 12. Trade Receivables

In ₹ Million

	As at March 31, 2020	As at March 31, 2019
<b>Current</b>		
<b>Secured</b>		
Considered good	50.55	68.49
	<b>50.55</b>	<b>68.49</b>
<b>Unsecured</b>		
Considered good (including related parties receivable)	15,056.26	21,519.68
Credit impaired	122.74	96.37
	<b>15,179.00</b>	<b>21,616.05</b>
<b>Less:</b>		
<b>Impairment allowance (allowance for bad and doubtful debts including expected credit loss)</b>		
Credit impaired	(122.74)	(96.37)
Unsecured (considered good)	(168.36)	(109.77)
	<b>(291.10)</b>	<b>(206.14)</b>
<b>Total</b>	<b>14,938.45</b>	<b>21,478.40</b>

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.

The carrying amount of trade receivables includes receivables which are discounted with banks. The Group has transferred the relevant receivables to the discounting bank in exchange for cash. However, the Group has retained the late payment and credit risk. Accordingly, the Group continues to recognise the transferred assets in entirety in its balance sheet.

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, 2020	As at March 31, 2019
Transferred receivables	1,903.86	2,455.98
Associated borrowing (bank loans - Refer note 18)	1,905.15	2,469.58

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 13. Cash and Bank Balances

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
<b>Cash and cash equivalent</b>		
Balances with banks:		
In cash credit and current accounts	2,425.36	2,296.35
Deposits with original maturity of less than three months	699.00	564.41
Cash on hand	1.84	1.41
<b>Total</b>	<b>3,126.20</b>	<b>2,862.17</b>
<b>Other bank balances</b>		
Earmarked balances (on unclaimed dividend accounts)	49.24	37.83
Deposits with original maturity of less than twelve months*	2,575.67	1,854.61
<b>Total</b>	<b>2,624.91</b>	<b>1,892.44</b>

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

\*Includes deposits of ₹ 169.05 million (March 31, 2019: nil) under bank lien for bank guarantees issued.

### 14. Other Assets

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
<b>Non-current (Unsecured, considered good)</b>		
Capital advances	863.34	2,275.51
Balances with government authorities	429.77	483.09
Advances to suppliers#	1,397.43	393.52
Others*	38.57	42.08
<b>Total</b>	<b>2,729.11</b>	<b>3,194.20</b>
<b>Current (Unsecured, considered good)</b>		
Balances with government authorities	1,146.24	1,894.26
Advance to suppliers	867.77	781.51
Others *	436.88	620.99
<b>Total</b>	<b>2,450.89</b>	<b>3,296.76</b>

\*Includes prepaid expenses, sundry debit balances etc.

No advances are due from directors or other officers of the Company, firms in which a director is a partner or private companies in which director is a director or a member either severally or jointly with any other person except as disclosed in note no 48.

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

# Includes 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.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 14. Other Assets (Contd.):

In ₹ Million

	As at March 31, 2020	As at March 31, 2019
<b>Break up of financial assets carried at amortised cost</b>		
Loans [Refer note 8]	557.31	207.72
Other financial assets [Refer note 10]	2,708.88	2,539.23
Trade receivables [Refer note 12]	14,938.45	21,478.40
Cash and cash equivalents [Refer note 13]	3,126.20	2,862.17
Other bank balances [Refer note 13]	2,624.91	1,892.44
<b>Total</b>	<b>23,955.75</b>	<b>28,979.96</b>

In ₹ Million

	As at March 31, 2020	As at March 31, 2019
<b>Break up of financial assets carried at fair value through OCI</b>		
Investments [Refer note 7]	700.79	701.11
Derivative instruments [Refer note 9]	-	1,748.43
<b>Total</b>	<b>700.79</b>	<b>2,449.54</b>

In ₹ Million

	As at March 31, 2020	As at March 31, 2019
<b>Break up of financial assets carried at fair value through profit and loss</b>		
Investments [Refer note 7]	14,260.36	13,479.21
Derivative instruments [Refer note 9]	145.50	234.51
<b>Total</b>	<b>14,405.86</b>	<b>13,713.72</b>

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 15. Equity Share Capital

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
<b>Authorised shares (No.)</b>		
975,000,000 (March 31, 2019: 975,000,000) equity shares of ₹ 2/- each	1,950.00	1,950.00
43,000,000 (March 31, 2019: 43,000,000) cumulative non convertible preference shares of ₹ 10/- each	430.00	430.00
2,000,000 (March 31, 2019: 2,000,000) unclassified shares of ₹ 10/- each	20.00	20.00
<b>Issued (No.)</b>		
465,768,492 (March 31, 2019: 465,768,492) equity shares of ₹ 2/- each	931.54	931.54
<b>Subscribed and fully paid-up (No.)</b>		
465,588,632 (March 31, 2019: 465,588,632) equity shares of ₹ 2/- each	931.18	931.18
<b>Add:</b>		
172,840 (March 31, 2019: 172,840) forfeited equity shares comprising of 15,010 equity shares (March 31, 2019: 15,010) of ₹ 2/- each (amount partly paid ₹ 1/- each)		
and 157,830 equity shares (March 31, 2019: 157,830) of ₹ 2/- each (amount partly paid ₹ 0.50/- each)	0.09	0.09
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>931.27</b>	<b>931.27</b>

#### (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 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.

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

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

Equity Shares	As at March 31, 2020		As at March 31, 2019	
	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

#### (c) 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.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 15. Equity Share Capital (Contd.):

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

	As at	As at
	March 31, 2020	March 31, 2019
	No.	No.
Equity shares allotted as fully paid bonus shares by capitalisation of capital redemption reserve and securities premium account during the year ended March 31, 2018	232,794,316	232,794,316

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

Name of shareholder*	As at March 31, 2020		As at March 31, 2019	
	No.	% of Holding	No.	% of Holding
<b>Equity Shares of Rs. 2/- each fully paid</b>				
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

\* The shareholding information has been extracted from the records of the Company including register of shareholders/members and is based on legal ownership of shares.

(f) Shares reserved for issue under option

	As at	As at
	March 31, 2020	March 31, 2019
	No.	No.
4,680 (March 31, 2019: 4,680) equity shares of ₹ 2/- each out of the previous issue of equity shares on a right basis together with 234 (March 31, 2019: 234) detachable warrants entitled to subscription of 2,340 (March 31, 2019: 2,340) equity shares of ₹ 2/- each, have been kept in abeyance and reserve for issue pending adjudication of title to the pre-right holding.	7,020	7,020

(g) Global depository receipts

The holding 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 18,400 (March 31, 2019: 18,400). 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 GDRs.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 16. Other Equity

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
<b>Capital reserves</b>		
<b>Special capital incentive [refer note 16 (a)]</b>		
Balance as per the last financial statements	2.50	2.50
<b>Closing balance</b>	<b>2.50</b>	<b>2.50</b>
Warrants subscription money [Refer note 16(b)]		
Balance as per the last financial statements	13.00	13.00
<b>Closing balance</b>	<b>13.00</b>	<b>13.00</b>
<b>Closing balance</b>	<b>15.50</b>	<b>15.50</b>
<b>Securities premium [Refer note 16(c)]</b>		
Balance as per the last financial statements	6,930.89	6,930.89
<b>Closing balance</b>	<b>6,930.89</b>	<b>6,930.89</b>
<b>Foreign Currency Monetary Item Translation Difference Account (FCMITDA) [Refer note 2.3 (d)]</b>		
Balance as per the last financial statements	(23.90)	(44.92)
Add: Arising during the year (loss)	(36.27)	(197.19)
Less: Adjusted during the year	(42.09)	(218.21)
<b>Closing balance</b>	<b>(18.08)</b>	<b>(23.90)</b>
<b>Hedge reserve [Refer note 2.3 (s)]</b>		
Balance as per the last financial statements	1,129.66	1,096.37
Add: Arising during the year	(1,194.52)	827.37
Less: Adjusted during the year	482.59	794.08
<b>Closing balance</b>	<b>(547.45)</b>	<b>1,129.66</b>
<b>General reserve</b>		
Balance as per the last financial statements	3,230.48	3,130.48
Add: Amount transferred from surplus balance in the statement of profit and loss	-	100.00
<b>Closing balance</b>	<b>3,230.48</b>	<b>3,230.48</b>
<b>Foreign currency translation reserve (FCTR) [Refer note 2.3 (d)]</b>		
Balance as per the last financial statements	573.30	781.28
Movement during the year	181.20	(207.98)
<b>Closing balance</b>	<b>754.50</b>	<b>573.30</b>
<b>Surplus in the statement of profit and loss</b>		
<b>Balance as per the last financial statements</b>	<b>40,973.36</b>	<b>33,676.24</b>
<b>Add:</b>		
- Net profit for the year	3,498.32	10,321.73
- Items of other comprehensive income :		
(1) Re-measurement of defined benefit obligations	(253.37)	(48.59)
(2) Equity Instruments through other comprehensive income	17.32	(69.56)
	<b>3,262.27</b>	<b>10,203.58</b>
<b>Less:</b>		
- Final equity dividend of previous year	1,163.97	1,163.97
- Tax on final equity dividend of previous year	224.60	239.26
- Interim equity dividend	1,629.56	1,163.97
- Tax on interim equity dividend	317.21	239.26
- Transfer to general reserve	-	100.00
	<b>3,335.34</b>	<b>2,906.46</b>
<b>Closing balance</b>	<b>40,900.29</b>	<b>40,973.36</b>
<b>Total</b>	<b>51,266.13</b>	<b>52,829.29</b>



## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 16. Other Equity (Contd.):

#### (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 holding 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 Act.

### 17. Distribution Made and Proposed To Be Made

In ₹ Million

	As at March 31, 2020	As at March 31, 2019
<b>Cash dividends on equity shares declared and paid :</b>		
<b>Final dividend</b>		
For the year ended on March 31, 2019 : ₹ 2.50 per share (March 31, 2018 : ₹ 2.50 per share)	1,163.97	1,163.97
DDT on final dividend*	224.60	239.26
<b>Interim dividend</b>		
For the year ended on March 31, 2020: ₹ 3.50 per share (March 31, 2019: ₹ 2.50 per share)	1,629.56	1,163.97
DDT on interim dividend*	317.21	239.26
<b>Proposed dividend on equity shares :</b>		
<b>Final cash dividend</b>		
For the year ended on March 31, 2020: nil (March 31, 2019 : ₹ 2.50 per share)	-	1,163.97
DDT on proposed dividend	-	239.26

Proposed dividends on equity shares (including DDT thereon) are subject to approval at the annual general meeting and are not recognised as a liability as at March 31.

\* DDT for FY 2019-20 paid after deduction of applicable tax credit.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 18. Borrowings

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
<b>Non-current borrowings</b>		
- Term loans from banks		
<b>Foreign currency term loans (other than Rupee loans) (secured)</b>		
On bilateral basis [Refer note 18 a]	3,021.24	2,312.60
<b>Foreign currency term loans (other than Rupee loans) (unsecured)</b>		
On syndication basis [Refer note 18 a]	2,272.80	9,648.15
On bilateral basis [Refer note 18 a]	13,446.60	4,717.81
- Other loans (secured)		
GITA R&D project loan (Refer note 18 b)	6.70	2.68
Finance lease obligations [Refer note 18(c)] [Refer note 43 (a,b,c)]	-	103.92
<b>Total</b>	<b>18,747.34</b>	<b>16,785.16</b>
<b>Current borrowings</b>		
- Current maturity of term loans from banks		
<b>Foreign currency term loans (other than Rupee loans) (secured)</b>		
On bilateral basis [Refer note 18 a]	1,934.91	913.53
<b>Foreign currency term loans (other than Rupee loans) (unsecured)</b>		
On syndication basis [Refer note 18 a]	1,515.20	1,023.04
On bilateral basis [Refer note 18 a]	1,247.12	558.04
- Current maturity of other loans (secured)		
GITA R&D project loan (Refer note 18 b)	-	0.67
Finance lease obligations [Refer note 18(c)] [Refer note 43 (c)]	-	69.31
- From banks		
- Foreign currency loans		
Preshipment packing credit (secured) [Refer note 18 d(i)]	3,075.11	361.68
Preshipment packing credit (unsecured) [Refer note 18 d(i)]	345.78	97.51
Bill discounting with banks (secured) [Refer note 18 d(ii)]	8,691.13	3,269.85
Bill discounting with banks (unsecured) [Refer note 18 d(ii)]	1,281.55	4,598.68
Overdraft facility (secured) [Refer note 18 d(iii)]	5,938.20	4,691.11
- Rupee loans		
Cash credit (secured) [Refer note 18 d(iv)]	0.99	20.21
Working Capital Demand Loan (secured) [Refer note 18 d(vii)]	-	-
Preshipment packing credit (secured) [Refer note 18 d(i)]	-	1,475.40
Preshipment packing credit (unsecured) [Refer note 18 d(i)]	-	450.00
Bill discounting with banks (secured) [Refer note 18 d(ii)]	645.05	1,657.81
Bill discounting with banks (unsecured) [Refer note 18 d(ii)]	44.89	4,308.86
Letter of credit discounting facility with bank (secured) [Refer note 18 d(v)]	-	9.73
Loans from companies (unsecured) [Refer note 18 d(vi)]	13.55	2.47
<b>Total</b>	<b>24,733.48</b>	<b>23,507.90</b>
<b>Less: Amount clubbed in other current financial liabilities (Refer note 19)</b>	<b>4,697.23</b>	<b>2,564.59</b>
<b>Net current borrowings</b>	<b>20,036.25</b>	<b>20,943.31</b>
<b>Total secured loans</b>	<b>23,313.33</b>	<b>14,888.50</b>
<b>Total unsecured loans</b>	<b>20,167.49</b>	<b>25,404.56</b>
	<b>43,480.82</b>	<b>40,293.06</b>

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 18. Borrowings (Contd.):

Changes in liabilities arising from financing activities

In ₹ Million

Particulars	Current borrowings	Non-current borrowings	Finance lease obligation - current	Finance lease obligation - non current
<b>Balance as on April 1, 2018</b>	<b>21,251.29</b>	<b>11,134.79</b>	<b>56.04</b>	<b>127.52</b>
Net cash flows	(620.64)	7,842.96	(55.46)	47.03
Foreign exchange management	300.26	231.24	(0.58)	(1.32)
Regroup from non-current to current	2,509.64	(2,509.64)	69.31	(69.31)
Others	(1.96)	(18.11)	-	-
<b>Balance as on March 31, 2019</b>	<b>23,438.59</b>	<b>16,681.24</b>	<b>69.31</b>	<b>103.92</b>
Net cash flows	(4,492.36)	5,458.52	-	-
Foreign exchange management	1,077.15	1,331.55	-	-
Regroup from non-current to current	4,702.42	(4,702.42)	-	-
Others	7.92	(21.55)	-	-
Transferred to Lease Liabilities			(69.31)	(103.92)
<b>Balance as on March 31, 2020</b>	<b>24,733.72</b>	<b>18,747.34</b>	<b>-</b>	<b>-</b>

#### (a) Term loans

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

Repayable in monthly/quarterly/half yearly / yearly installments from date of start of repayment, along with interest ranging from LIBOR + 65 bps to LIBOR + 225 bps and from EURIBOR + 60 bps to EURIBOR + 355 bps.

	Repayment schedule			
	As at March 31, 2020		As at March 31, 2019	
	USD in Million	In ₹ Million	USD in Million	In ₹ Million
From				
- March, 2019 (yearly installment over 3 years)	20.00	1,515.50	35.00	2,420.60
- August, 2021 (Yearly installment over 3 years)	30.00	2,272.80	30.00	2,074.80
- October, 2021 (Yearly installment over 3 years)	50.00	3,788.00	50.00	3,458.00
- December, 2022 (18 months installment over 4.5 years)	40.00	3,030.40	-	-
- March, 2017 (Monthly installment for 29 months)	-	-	0.57	39.27
- November, 2018 (Monthly installment for 32 months)	1.80	135.69	4.45	307.81
- August, 2019 (Quarterly installment for 8 quarters)	3.12	235.20	5.00	345.86
- November, 2019 (Yearly installment over 3 years)	2.67	201.28	4.00	279.17

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 18. Borrowings (Contd.):

From	Repayment schedule			
	As at March 31, 2020		As at March 31, 2019	
	EUR in Million	In ₹ Million	EUR in Million	In ₹ Million
- August, 2020 (Yearly installment over 3 years)	20.00	1,646.40	20.00	1,553.04
- May, 2022 (Yearly installment over 3 years)	40.00	3,292.80	40.00	3,106.08
- February, 2020 (Yearly installment over 5 years)	34.00	2,798.88	40.00	3,106.08
- December 2019 (Half yearly installment for 10 half years)	5.40	431.37	6.00	478.68
- December 2019 (Half yearly installment for 10 half years)	9.00	718.95	10.00	797.81
- December 2014 (Quarterly installment for 28 quarters)	1.38	110.24	1.69	135.02
- September 2014 (Monthly installment for 60 months)	0.50	39.94	0.87	69.14
- April 2014 (Monthly installment for 60 months)	0.73	58.31	1.04	82.72
- February 2016 (Monthly installment for 60 months)	0.36	28.76	0.53	42.56
- September 2019 (Quarterly installment for 19 quarters)	12.75	1,018.51	9.20	733.82
- September 2018 (Quarterly installment for 6 quarters)	-	-	2.19	174.71
- March 2020 (Quarterly installment for 19 quarters)	3.00	239.65	-	-
- April 2021 (Quarterly installment for 32 quarters)	24.70	1,973.11	-	-
- December 2012 (Monthly installment for 72 months)	0.01	0.80	0.02	1.24
- August 2013 (Monthly installment for 84 months)	0.04	3.20	0.12	9.49
- July 2014 (Monthly installment for 84 months)	0.07	5.43	0.10	8.33
- September 2015 (Monthly installment for 50 months)	0.00	0.24	0.02	1.67
- May 2014 (Monthly installment for 84 months)	0.01	0.52	0.02	1.39

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

#### (b) GITA R&D project loan (Secured)

The loan is secured by bank guarantee executed by the Company in favour of Global Innovation & Technology Alliance (GITA). Repayable in 5 yearly instalments from March 2020, along with interest @ 12.00% p.a. only on 67% of the principal amount and balance amount is interest free.

#### (c) Finance lease obligations (Secured)

Finance lease is secured by hypothecation of relevant assets. The finance lease is due for repayment over a period of 6 years. The same has been reclassified and disclosed separately as part of adoption of Ind AS 116.

#### (d) Working capital loans

##### (i) Preshipment packing credit

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

Preshipment packing credit - Rupee (secured and unsecured) is repayable within 30 days to 180 days and carries interest @ 7.50% p.a. 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 + 110 bps p.a.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 18. Borrowings (Contd.):

#### (ii) Bill discounting with banks

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

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

Rupee and foreign bill discounting (secured and unsecured) with banks carries interest rate @ 7.50% p.a. to 8.50% p.a. and LIBOR + 60 bps to LIBOR + 1110 bps p.a. and EURIBOR + 45 bps to EURIBOR + 70 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 @ 8.35% 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 (unsecured)

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

#### (vii) Working Capital Demand Loan (Secured)

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

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

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 19. Other Financial Liabilities

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
<b>Other non-current financial liabilities at amortised cost</b>		
Voluntary retirement scheme compensation	2.09	1.10
	<b>2.09</b>	<b>1.10</b>
<b>Other current financial liabilities at amortised cost</b>		
Interest accrued but not due on borrowings	56.26	68.36
Payables for capital goods	516.86	924.83
Contract liabilities (Advance from customers)	131.33	-
Security deposits	84.09	85.29
Directors commission	6.50	6.45
Current maturities of long term loans (Refer note 18)	4,697.23	2,495.28
Current maturities of finance lease obligations (Refer note 18)	-	69.31
Investor Education and Protection Fund (as and when due) *		
- Unpaid dividend	48.89	37.48
- Unpaid matured deposits	0.04	0.04
Voluntary retirement scheme compensation	30.34	0.88
Others **	0.66	-
	<b>5,572.20</b>	<b>3,687.92</b>

\* Includes unpaid due to litigation

\*\* Other include commission payable and other liabilities.

### 19. (a) Derivative Instruments

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>		
<b>Cash flow hedges (FVTOCI)</b>		
Foreign currency forward contracts	157.19	-
	<b>157.19</b>	-
<b>Current</b>		
<b>Cash flow hedges (FVTOCI)</b>		
Foreign currency forward contracts	577.05	-
<b>Fair value hedges (FVTPL)</b>		
Foreign currency forward contracts	4.55	-
	<b>581.60</b>	-

Derivative instruments at fair value through profit and loss and fair value through OCI reflect the positive 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).

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 20. Provisions

In ₹ Million

	As at March 31, 2020	As at March 31, 2019
<b>Provision for employees benefits</b>		
<b>Non-current</b>		
Provision for gratuity (Refer note 40)	186.47	116.62
Provision for special gratuity (Refer note 40)	132.79	104.03
Provision for pension and similar obligation (Refer note 40)	1,128.89	984.90
Provision for jubilee scheme	76.63	71.97
Provision for early retirement	28.02	33.56
Provision for employee's provident fund (Refer note 40)	169.03	31.86
	<b>1,721.83</b>	<b>1,342.94</b>
<b>Current</b>		
Provision for gratuity (Refer note 40)	100.63	99.55
Provision for special gratuity (Refer note 40)	9.23	9.42
Provision for leave benefits	555.56	564.53
Provision for pension and similar obligation (Refer note 40)	26.61	26.68
Provision for early retirement	25.47	25.44
Provision for manpower cost optimization (Refer note 32(b))	267.61	-
	<b>985.11</b>	<b>725.62</b>

### 21. Income and Deferred Taxes

The major components of income tax expense for the year ended March 31, 2020 and March 31, 2019 are :

#### Statement of profit and loss:

In ₹ Million

Profit or loss section	As at March 31, 2020	As at March 31, 2019
<b>Current income tax :</b>		
Current income tax charge (including taxes for earlier years)	1,833.61	5,742.68
<b>Deferred tax</b>		
Relating to origination and reversal of temporary differences	(708.98)	(78.83)
<b>Tax expense reported in the statement of profit and loss</b>	<b>1,124.63</b>	<b>5,663.85</b>

In ₹ Million

OCI section	As at March 31, 2020	As at March 31, 2019
<b>Deferred tax related to items recognised in OCI:</b>		
Net movement on cash flow hedges	(750.31)	17.88
Net loss on re-measurement of defined benefit plans	(95.41)	(25.94)
<b>Tax charged to OCI</b>	<b>(845.72)</b>	<b>(8.06)</b>

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 21. Income and Deferred Taxes (Contd.):

Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for March 31, 2020 and March 31, 2019

Particulars	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Accounting profit before tax from operations	4,617.09	15,989.81
<b>Accounting profit before income tax</b>		
At India's statutory income tax rate of 25.168% (March 31, 2019: 34.944%)	1,162.03	5,587.48
Tax allowances	-	(122.90)
Exceptional items	119.77	-
Tax impact of losses on which deferred tax asset is not recognised	243.72	18.75
Effect of differential rates	(42.44)	(40.88)
Impact of change in applicable statutory tax rate	(586.18)	-
Other disallowances (including consolidation adjustments)	227.73	221.40
<b>At the effective income tax rate of 24.36% (March 31, 2019: 35.42%)</b>	<b>1,124.63</b>	<b>5,663.85</b>
<b>Income tax expense reported in the statement of profit and loss</b>	<b>1,124.63</b>	<b>5,663.85</b>

Major components of deferred tax as at March 31, 2020 and March 31, 2019:

Deferred tax liability (net)	In ₹ Million	
	Balance Sheet	
	As at March 31, 2020	As at March 31, 2019
<b>Deferred tax relates to the following:</b>		
Accelerated depreciation for tax purposes	1,923.38	2,702.80
Fair valuation of cash flow hedges	(173.28)	606.78
Other deductible temporary differences	(439.32)	(607.53)
<b>Net deferred tax liability</b>	<b>1,310.78</b>	<b>2,702.05</b>

Deferred tax liability (net)	In ₹ Million	
	Balance Sheet	
	As at March 31, 2020	As at March 31, 2019
<b>Deferred tax relates to the following:</b>		
Accelerated depreciation for tax purposes	3.43	5.98
Fair valuation of cash flow hedges	(1.50)	-
Other deductible temporary differences	(336.88)	(211.17)
Unrealised profit on inventory	(469.24)	(434.39)
<b>Net deferred tax asset</b>	<b>(804.19)</b>	<b>(639.58)</b>



## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 21. Income and Deferred Taxes (Contd.):

Major components of deferred tax for the year ended March 31, 2020 and March 31, 2019:

In ₹ Million

Deferred tax expense/(income)	Statement of Profit and Loss	
	Year ended March 31, 2020	Year ended March 31, 2019
<b>Deferred tax relates to the following:</b>		
Accelerated depreciation for tax purposes	(781.97)	89.84
Unrealised profit on inventory	(34.85)	(171.22)
Other deductible temporary differences	107.84	2.55
<b>Deferred tax (income)</b>	<b>(708.98)</b>	<b>(78.83)</b>

In ₹ Million

Reflected in the balance sheet as follows	As at	As at
	March 31, 2020	March 31, 2019
Deferred tax assets	(711.73)	(607.53)
Deferred tax liabilities	2,022.51	3,309.58
<b>Deferred tax liabilities (net)</b>	<b>1,310.78</b>	<b>2,702.05</b>
Deferred tax assets	(807.62)	(645.56)
Deferred tax liabilities	3.43	5.98
<b>Deferred tax assets (net)*</b>	<b>(804.19)</b>	<b>(639.58)</b>

\*Relates to temporary differences arising in different tax jurisdiction

In ₹ Million

Reconciliation of deferred tax liabilities and assets	As at	As at
	March 31, 2020	March 31, 2019
<b>Reconciliation of deferred tax liabilities (net)</b>		
<b>Opening balance</b>	2,702.05	2,543.70
Tax (expense) during the period recognised in profit or loss	(588.68)	168.23
Deferred tax liabilities on business combination	0.29	-
Tax income during the period recognised in OCI	(802.88)	(9.88)
<b>Closing balance</b>	<b>1,310.78</b>	<b>2,702.05</b>
<b>Reconciliation of deferred tax assets (net)</b>		
<b>Opening balance</b>	(639.58)	(396.55)
Tax income/(expense) during the period recognised in profit or loss	(120.30)	(247.06)
Tax (expense)/income during the period recognised in OCI	(42.84)	1.82
Other adjustments (including FCTR)	(1.47)	2.21
<b>Closing balance</b>	<b>(804.19)</b>	<b>(639.58)</b>

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 21. Income and Deferred Taxes (Contd.):

- (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) During the year ended March 31, 2020 and March 31, 2019, the Group has paid dividend to its shareholders. This has resulted in payment of dividend distribution tax (DDT) to the taxation authorities. The Group believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence, DDT paid is charged to equity.
- (c) The Group has tax losses which arose due to capital loss and carried forward business losses in India of ₹ nil and ₹ 1354.68 million (March 31, 2019: ₹ 199.60 million and ₹ 1,507.17 million) that are available for offsetting for eight years against future taxable profits of the Company under the head capital gains and income from business. This loss will expire in eight years from the end of the respective year to which it pertains.
- (d) The Group has tax losses which arose due to carried forward business losses in the USA of ₹ 2,149.23 million (March 31, 2019: ₹ 1,989.76 million) that are available for offsetting for twenty years and ₹ 251.39 million (March 31, 2019: Nil) 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. The tax cut and jobs act reduces the corporate tax rate to 21% effective January 1, 2018.
- (e) The Group has tax losses which arose due to carried forward business losses in Sweden of ₹ 1,869.77 million (March 31, 2019: ₹ 1,648.35 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 ₹ 908.67 million (March 31, 2019: nil) 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.
- (f) 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 loss on sale of investment and 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 ₹ 1,481.45 million (March 31, 2019: ₹ 1,244.13 million)

### 22. Trade Payables

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Dues to micro enterprises and small enterprises	30.24	124.31
Dues to other than micro enterprises and small enterprises (including related parties payables)	10,279.07	13,540.06
	<b>10,309.31</b>	<b>13,664.37</b>

#### 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 amounting to ₹ 720 million (March 31, 2019 : ₹ 2,070 million) for which 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.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 23. Other Liabilities

In ₹ Million

	As at March 31, 2020	As at March 31, 2019
<b>Non-current</b>		
Government grant*	556.75	442.54
Others**	0.14	1.48
	<b>556.89</b>	<b>444.02</b>
<b>Current</b>		
Contract liabilities (Advance from customers)***	455.12	381.58
Employee contributions and recoveries payable	261.79	203.78
Statutory dues payable including tax deducted at source	324.95	401.81
Government grant*	89.75	80.02
Others **	219.66	412.12
	<b>1,351.27</b>	<b>1,479.31</b>

\* 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 of goods is passed on to the customers.

#### Government grant - investment subsidies and grants

In ₹ Million

	As at March 31, 2020	As at March 31, 2019
Opening balance	522.56	611.12
Add: Received during the year	204.96	-
Less: Released to the statement of profit and loss	(80.64)	(83.36)
Less: Foreign currency transaction reserve	(0.38)	(5.20)
<b>Closing balance</b>	<b>646.50</b>	<b>522.56</b>

In ₹ Million

<b>Break up of the financial liabilities at amortised cost</b>	As at March 31, 2020	As at March 31, 2019
Borrowings [Refer note 18]	38,783.59	37,728.47
Other financial liabilities [Refer note 19]	5,574.29	3,689.02
Trade payables [Refer note 22]	10,309.31	13,664.37
<b>Total financial liabilities carried at amortised cost</b>	<b>54,667.19</b>	<b>55,081.86</b>

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 23. Other Liabilities (Contd.):

Break up of financial liabilities carried at fair value through OCI	As at March 31, 2020	As at March 31, 2019
Derivative instruments [Refer note 19(a)]	734.24	-

Break up of the financial liabilities at fair value through profit and loss	As at March 31, 2020	As at March 31, 2019
Derivative instruments [Refer note 19(a)]	4.55	-

For Group's credit risk management processes, refer Note 53.

### 24. Revenue from Operations

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
<b>Sale of products</b>		
- Sale of goods	75,654.43	94,791.99
- Tooling income	446.54	474.57
<b>Total sale of products</b>	<b>76,100.97</b>	<b>95,266.56</b>
<b>Sale of services</b>		
- Job work charges	524.57	836.63
<b>Other operating revenues</b>		
- Manufacturing scrap	2,535.61	3,631.68
- Government grants - export incentives (Refer note 10)	1,321.89	1,673.77
- Sale of electricity / REC - Windmills	75.40	48.69
	<b>3,932.90</b>	<b>5,354.14</b>
<b>Total</b>	<b>80,558.44</b>	<b>101,457.33</b>

Set out below is the amount of revenue recognised from

	In ₹ Million	
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Amounts included in contract liabilities at the beginning of the year	225.21	303.11
Performance obligations satisfied in previous years	-	-

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 24. Revenue from Operations (Contd.):

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

Particulars	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
<b>Revenue from operations</b>	80,558.44	101,457.33
Less: Adjustments		
- Government grants - export incentives	(1,321.89)	(1,673.77)
	<b>79,236.55</b>	<b>99,783.56</b>
Add: Adjustments		
- Miscellaneous income	101.65	-
- Sale of property, plant and equipments	80.94	153.93
	<b>182.59</b>	<b>153.93</b>
<b>Revenue from contract with customers</b>	<b>79,419.14</b>	<b>99,937.49</b>
Less: Adjustments (debit notes, credit notes, foreign exchange etc.)	139.25	390.96
<b>Revenue as per contracted price</b>	<b>79,279.89</b>	<b>99,546.53</b>

### 25. Other Income

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Dividend income from investments	2.64	1.47
Net gain on fair valuation of financial instruments (FVTPL)	577.16	714.75
Net gain on sale of financial investments	380.69	125.64
Government grants*	166.06	180.87
Provision for doubtful debts and advances written back	6.84	12.97
Liabilities / provisions no longer required written back	171.16	131.98
Interest income on		
- Fixed deposits and others**	153.48	217.98
- Loan to associates	18.80	-
Rent (Refer note 43(b))	6.85	8.16
Gain on sale/discard of property, plant and equipments (net)	4.23	137.50
Miscellaneous income ***	390.72	496.61
<b>Total</b>	<b>1,878.63</b>	<b>2,027.93</b>

\* 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 fixed assets for one of the subsidiaries and also includes government grant on pre shipment credit and bill discounting where the Company has availed the benefit of interest equalisation scheme of the Reserve Bank of India. Interest on borrowings is accounted for on gross basis in note 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 scrap sale, discount received, miscellaneous recoveries etc.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 26. Cost of Raw Materials and Components Consumed

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Inventory at the beginning of the year (Refer note 11)	3,418.46	2,527.03
Add: Purchases	30,605.15	43,277.49
Less: Inventory as at end of the year (Refer note 11)	2,837.06	3,418.46
<b>Cost of raw material and component consumed</b>	<b>31,186.55</b>	<b>42,386.06</b>

### 27. Decrease/(Increase) in Inventories of Finished Goods, Work-in-Progress, Traded Goods, Dies and Scrap

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
<b>Inventories at the end of the year (Refer note 11)</b>		
Work-in-progress [includes items lying with third parties]	5,915.72	6,045.36
Finished goods [includes items in transit]	6,064.73	6,112.91
Stock of traded goods [includes items in transit]	405.72	817.41
Dies and dies under fabrication	241.58	153.09
Scrap	58.55	79.21
	<b>12,686.30</b>	<b>13,207.98</b>
<b>Inventories at the beginning of the year (Refer note 11)</b>		
Work-in-progress [includes items lying with third parties]	6,045.36	4,808.04
Finished goods [includes items in transit]	6,112.91	3,866.54
Stock of traded goods [includes items in transit]	817.41	631.58
Dies and dies under fabrication	153.09	114.08
Scrap	79.21	34.04
	<b>13,207.98</b>	<b>9,454.28</b>
Add: Inventory on acquisition	1.76	
<b>Total</b>	<b>523.44</b>	<b>(3,753.70)</b>

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 28. Employee Benefits Expense

In ₹ Million

	Year ended March 31, 2020	Year ended March 31, 2019
Salaries, wages and bonus (including managing and whole time director's remuneration)	9,881.60	10,336.57
Contributions to provident and other funds / scheme#	680.59	758.51
Gratuity expense (Refer note 40 (a,f))	72.17	65.74
Special gratuity expense (Refer note 40 (b))	12.95	4.85
Employee voluntary retirement scheme compensation	2.76	-
Staff welfare expenses	1,304.50	1,297.31
<b>Total</b>	<b>11,954.57</b>	<b>12,462.98</b>

# Other funds/scheme includes contribution towards jubilee scheme, early retirement scheme and ESIC scheme

### 29. Depreciation, Amortisation and Impairment Expense

In ₹ Million

	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation on property, plant and equipments (Refer note 3)	5,033.62	5,028.40
Amortisation on intangible assets (Refer note 5)	142.66	103.22
Depreciation on right of use asset (Refer note 43)	257.10	-
Impairment of capital work in progress	12.23	-
Impairment of goodwill (Refer note 5)	31.54	76.32
<b>Total</b>	<b>5,477.15</b>	<b>5,207.94</b>

### 30. Finance Costs

In ₹ Million

	Year ended March 31, 2020	Year ended March 31, 2019
Interest on bank facilities*	1,057.21	973.68
Exchange differences regarded as an adjustment to borrowing costs **	527.47	-
Interest on lease liabilities (Refer note 43)	53.59	224.31
Others***	75.02	74.16
<b>Total</b>	<b>1,713.29</b>	<b>1,272.15</b>

\* Includes unwinding impact of transactions cost on borrowings.

\*\* Represents foreign exchange differences arising from foreign currency borrowings to the extent that these are regarded as an adjustment to interest cost

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

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 31. Other Expenses

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Consumption of stores, spares and tools	3,536.40	4,529.51
Machining/subcontracting charges	2,831.46	3,975.62
Power, fuel and water*	4,909.58	6,001.26
Less: Credit for energy generated	95.30	82.38
	4,814.28	5,918.88
Repairs and maintenance		
- Building repairs and road maintenance	208.37	249.18
- Plant and machinery	1,383.36	1,497.97
Rent (Refer note 43 (a))	98.03	346.85
Rates and taxes	100.21	99.11
Insurance	189.99	174.68
CSR Expenditure	254.50	107.63
Legal and professional fees	724.02	840.59
Commission	147.76	154.29
Donations	112.44	166.77
Packing material	831.34	1,047.36
Freight and forwarding charges	2,465.88	2,905.09
Directors' fees and travelling expenses	3.96	3.50
Commission to directors other than managing and whole time directors	6.50	6.45
Loss on sale/discard of property, plant and equipment (Net)	-	34.35
Provision for doubtful debts and advances (includes expected credit loss)	96.26	58.43
Bad debts / advances written off	29.83	106.27
Exchange difference (net)** \$	241.95	(272.05)
Payment to Auditors***	76.19	69.14
Miscellaneous expenses ****	3,538.73	4,275.64
	<b>21,691.46</b>	<b>26,295.26</b>

\* Net of government grant in the nature of energy tax refund with respect to some of the subsidiaries amounting to ₹ 142.75 million (March 31, 2019: ₹ 160.10 million)

\*\* Includes MTM (gain)/loss of ₹ (67.18) million (March 31, 2019: ₹ (230.00) million)

\$ Includes foreign exchange (gain) /loss amounting to ₹ 429.22 million (March 31, 2019: ₹ 61.08 million) on account of differential restatement of foreign exchange loan.

\*\*\* Includes ₹ 57.58 million (March 31, 2019: ₹ 51.37 million) paid to subsidiary auditors

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



## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 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	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest	293.80	-
Salaries, wages and bonus	102.23	115.98
Material consumed	232.23	207.06
Consumption of stores and spares	205.51	4.61
Others	7.61	4.69
	<b>841.38</b>	<b>332.34</b>

### 32. Exceptional Items

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Voluntary retirement scheme compensation (Refer note 32(a))	(49.14)	-
Provision for manpower cost optimization in Overseas subsidiary (Refer note 32(b))	(264.15)	-
Provision for impairment in the value of the investment in Tevva Motors (Jersey) Ltd. (Refer note 32(c))	(475.87)	-
	<b>(789.16)</b>	<b>-</b>

#### (a) Voluntary retirement scheme compensation

The Company has on March 12, 2020 announced a Voluntary Retirement Scheme (VRS) for its eligible employees who have completed 10 years of service with the Company.

#### (b) Provision for manpower cost optimization in Overseas subsidiary

One of the overseas subsidiaries, as a part of one off cost optimisation initiative, has 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 on estimate basis.

#### (c) Provision for impairment in the value of the investment in Tevva Motors (Jersey) Ltd.

In view of the present business situation and considering the prospects going forward, provision of an amount of ₹ 475.87 million is made towards the impairment in the value of the investment in Tevva Motors (Jersey) Ltd.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

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

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

In ₹ Million

During the year ended March 31, 2020	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	-	-	5.82	-	-	-	5.82
Currency forward contracts	(1,785.42)	-	-	-	-	619.25	(1,166.17)
Reclassified to statement of profit and loss	(644.90)	-	-	-	-	162.31	(482.59)
Effect of deferred tax of hedge reserve	-	-	-	-	-	(31.25)	(31.25)
Gain /(losses) on FVTOCI financial assets	-	17.32	-	-	-	-	17.32
Re-measurement gains/(losses) on defined benefit plans (including share of associate, joint ventures)	-	-	-	(348.81)	-	95.41	(253.40)
Foreign exchange translation difference	-	-	-	-	181.20	-	181.20
<b>Total</b>	<b>(2,430.32)</b>	<b>17.32</b>	<b>5.82</b>	<b>(348.81)</b>	<b>181.20</b>	<b>845.72</b>	<b>(1,729.07)</b>

In ₹ Million

During the year ended March 31, 2019	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	-	-	21.02	-	-	-	21.02
Currency forward contracts	1,271.78	-	-	-	-	(444.41)	827.37
Reclassified to statement of profit and loss	(1,220.61)	-	-	-	-	426.53	(794.08)
Gain on FVTOCI financial assets	-	(69.56)	-	-	-	-	(69.56)
Re-measurement gains /(losses) on defined benefit plans (including share of associate, joint ventures and discontinued operations)	-	-	-	(74.60)	-	25.94	(48.66)
Foreign exchange translation difference	-	-	-	-	(207.98)	-	(207.98)
<b>Total</b>	<b>51.17</b>	<b>(69.56)</b>	<b>21.02</b>	<b>(74.60)</b>	<b>(207.98)</b>	<b>8.06</b>	<b>(271.89)</b>

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 34. Earnings Per Share

In ₹ Million

		Year ended March 31, 2020	Year ended March 31, 2019
<b>Numerator for basic and diluted EPS</b>			
Net profit after tax attributable to equity holders of parent (in ₹ million)	(A)	3,498.32	10,321.73
<b>Denominator for basic EPS [Refer note 15(b)]</b>			
Weighted average number of equity shares for basic EPS	(B)	465,588,632	465,588,632
<b>Denominator for diluted EPS [Refer note 15(b)]</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)	7.51	22.17
Diluted earnings per share of face value of ₹ 2 each (in ₹)	(A/C)	7.51	22.17

### 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 – Company 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. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the 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 (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

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.

## **Notes Forming Part of Consolidated Financial Statements**

for the year ended March 31, 2020 (Contd.):

### **35. Significant Accounting Judgements, Estimates and Assumptions (Contd.):**

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) 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.

#### **3) 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.

#### **4) 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.

#### **5) 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.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 35. Significant Accounting Judgements, Estimates and Assumptions (Contd.):

#### 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) Reason for the 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 accepted the control and confirmed to the Group. 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 goods on these goods in the current year .
- 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.

#### 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

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 35. Significant Accounting Judgements, Estimates and Assumptions (Contd.):

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 tangible assets, 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.

#### 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

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 35. Significant Accounting Judgements, Estimates and Assumptions (Contd.):

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.

#### 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. Management 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 unfavorable 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.

#### J. 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.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 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, 2020	March 31, 2019	
Bharat Forge Global Holding GmbH (BFGH) and its wholly owned subsidiaries	Holding	Germany	100%	100%	December 31
i. Bharat Forge Holding GmbH and its wholly owned subsidiaries	Holding	Germany	100%*	100%*	December 31
a) Bharat Forge Aluminiumtechnik GmbH (BFAT)	Forging	Germany	100%*	100%*	December 31
ii. Bharat Forge Kilsta AB	Forging	Sweden	100%*	100%*	December 31
iii. Bharat Forge CDP GmbH and its wholly owned subsidiary	Forging	Germany	100%*	100%*	December 31
a) Bharat Forge Daun GmbH	Die Manufacturing	Germany	100%*	100%*	December 31
b) Bharat Forge CDP Trading	Others	Russia	100%*	100%*	December 31
iv. Mecanique Generale Langroise	Machining	France	100%*	100%*	December 31
v. Bharat Forge Hong Kong Limited****	Others	Hong Kong	100%*	100%*	December 31
Bharat Forge International Limited	Forging	U.K.	100%	100%	March 31
Bharat Forge America Inc. and its wholly owned subsidiaries	Holding	U.S.A	100%	100%	December 31
i. Bharat Forge PMT Technologie LLC	Forging	U.S.A	100%*	100%*	December 31
ii. Bharat Forge Tennessee Inc.	Others	U.S.A	100%*	100%*	December 31
iii. Bharat Forge Aluminium USA, Inc. (from September 27, 2019)	Forging	U.S.A	100%*	NA	December 31
iv. Kalyani Precision Machining, Inc. (from September 27, 2019)	Machining	U.S.A	100%*	NA	December 31
BF Infrastructure Limited and its subsidiary	Others	India	100%	100%	March 31
i. BFIL-CEC JV	Projects	India	74%	74%	March 31
Kalyani Strategic Systems Limited and its subsidiary	Others	India	51%	51%	March 31
i. Kalyani Rafael Advanced Systems Private Limited **	Others	India	50%*	50%*	March 31
Analogic Controls India Limited	Others	India	100%	100%	March 31
BF Elbit Advanced Systems Private Limited**	Others	India	51%	51%	March 31
Indigenous IL Limited ***	Others	Israel	NA	NA	December 31
Eternus Performance Materials Private Limited (from April 08, 2019)	Others	India	51%	NA	March 31
Kalyani Centre for Precision Technology Limited (from December 25, 2019)	Machining	India	100%	NA	March 31

\* held through subsidiaries

\*\* based on control assessment as per Ind AS 110

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

\*\*\*\* Under liquidation



## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 36. Group Information (Contd.):

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, 2020	March 31, 2019	
Talbahn GmbH**	Others	Germany	35%*	35%*	December 31
Ferrovial Transrail Solutions Private Limited	Projects	India	49%*	49%*	March 31
Hospet Bellary Highways Private Limited**	Projects	India	35%*	35%*	March 31
Tork Motors Private Limited	Others	India	48.86%	45.30%	March 31
i) Lycan Electric Private Limited	Others	India	48.86%	45.30%	March 31
ii) Tork Motors (UK) Limited	Others	UK	48.86%	45.30%	March 31
Tevva Motors (Jersey) Limited	Others	UK	36.51%	36.51%	December 31
i) Tevva Motors Limited	Others	UK	36.51%	36.51%	December 31
Aeron Systems Private Limited (from May 29, 2019)	Others	India	22.42%	NA	March 31

\* held through subsidiaries

\*\* Not included in consolidation based on materiality

### 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, 2020	March 31, 2019	
BF Premier Energy Systems Private Limited	Others	India	50%*	50%*	March 31
BF NTPC Energy Systems Limited**	Projects	India	51%	51%	March 31
Refu Drive GmbH (from September 19, 2019)	Others	Germany	50%	NA	December 31
i) Refu Drive India Private Limited	Others	India	50%	NA	December 31

\* held through subsidiaries

\*\* Under liquidation and not included in consolidation based on materiality

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 37. Material Partly Owned Subsidiaries

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

Proportion of equity interest held by non-controlling interests:

Name	% equity interest		
	Country of incorporation	March 31, 2020	March 31, 2019
Kalyani Strategic Systems Limited	India	49%	49%
Kalyani Rafael Advanced Systems Private Limited	India	50%	50%
BF Elbit Advanced Systems Limited	India	49%	49%
Eternus Performance Materials Private Limited (Unaudited INDAS Financial Statement)	India	49%	NA

Information regarding non-controlling interest

In ₹ Million

	March 31, 2020	March 31, 2019
<b>Accumulated balances of material non-controlling interest:</b>		
Kalyani Strategic Systems Limited	191.84	163.21
BF Elbit Advanced Systems Limited	(47.89)	(41.57)
Kalyani Rafael Advanced Systems Private Limited	176.00	176.72
Eternus Performance Materials Private Limited	(0.06)	NA
<b>Total Comprehensive income allocated to material non-controlling interest:</b>		
Kalyani Strategic Systems Limited	0.86	4.28
BF Elbit Advanced Systems Limited	(6.32)	(4.35)
Kalyani Rafael Advanced Systems Private Limited	(0.72)	4.23
Eternus Performance Materials Private Limited	(0.89)	NA

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

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 37. Material Partly Owned Subsidiaries (Contd.):

Summarised statement of profit and loss for the year ended March 31, 2020:

In ₹ Million

	Kalyani Strategic Systems Limited**	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited
Revenue	3.81	642.88	97.47	9.09
Other income	8.06	25.69	0.40	-
Cost of raw materials and components consumed	-	133.21	-	1.73
Purchase of stock in trade	-	430.11	76.09	-
(Increase )/decrease in inventories of finished goods, work-in-progress, traded goods, dies & scrap	3.81	-	15.44	(0.69)
Employee benefits expense	1.33	21.79	-	4.73
Depreciation and amortisation expense	1.87	38.15	0.59	0.58
Finance costs	0.88	2.21	12.04	0.10
Other expenses	5.30	40.57	6.60	4.62
<b>Profit / (loss) before tax</b>	<b>(1.32)</b>	<b>2.53</b>	<b>(12.89)</b>	<b>(1.98)</b>
Income tax	0.34	(0.05)	-	0.14
<b>Profit /(loss) for the year</b>	<b>(0.98)</b>	<b>2.48</b>	<b>(12.89)</b>	<b>(1.84)</b>
<b>Other Comprehensive Income:</b>				
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)</b>				
Net movement on cash flow hedges	-	(3.90)	-	-
Re-measurement gain/(losses) on defined benefit plans	(0.02)	(0.02)	-	-
<b>Other comprehensive income for the year, net of tax</b>	<b>(0.02)</b>	<b>(3.92)</b>	<b>-</b>	<b>-</b>
<b>Share in profit and loss of joint venture</b>	<b>(0.02)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>(1.00)</b>	<b>(1.44)</b>	<b>(12.89)</b>	<b>(1.84)</b>
Attributable to non-controlling interests**	(0.86)	(0.72)	(6.32)	(0.89)
Dividends paid to non-controlling interests	-	-	-	-

\*\* Non-controlling interest is calculated at Kalyani Strategic System Limited consolidated level, however balance sheet and Profit & Loss numbers are disclosed at Kalyani Strategic System Limited 'standalone level.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 37. Material Partly Owned Subsidiaries (Contd.):

Summarised statement of profit and loss for the year ended March 31, 2019:

	In ₹ Million		
	Kalyani Strategic Systems Limited**	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited
Revenue	3.99	1,024.43	64.74
Other Income	3.05	16.57	-
Cost of raw material and components consumed	-	628.99	76.28
Purchase of stock in trade	5.25	262.58	-
(Increase )/decrease in inventories of finished goods, work-in-progress, dies and scrap	(3.81)	(0.14)	(15.44)
Employee benefits expense	-	20.94	-
Depreciation and amortisation expense	1.81	36.00	-
Finance costs	0.05	0.50	11.33
Other expenses	1.57	83.59	1.44
<b>Profit/ (loss) before tax</b>	<b>2.17</b>	<b>8.54</b>	<b>(8.87)</b>
Income tax	(0.67)	-	-
<b>Profit /(loss) for the year</b>	<b>1.50</b>	<b>8.54</b>	<b>(8.87)</b>
<b>Other Comprehensive Income:</b>			
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)</b>			
Re-measurement gain/(losses) on defined benefit plans	-	(0.10)	-
<b>Other comprehensive income for the year, net of tax</b>	<b>-</b>	<b>(0.10)</b>	<b>-</b>
<b>Share in profit and loss of associate/joint venture</b>	<b>(0.03)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>1.50</b>	<b>8.44</b>	<b>(8.87)</b>
Attributable to non-controlling interests	4.28	4.23	(4.35)
Dividends paid to non-controlling interests	-	-	-

\*\* Non-controlling interest is calculated at Kalyani Strategic System Limited consolidated level, however balance sheet and Profit & Loss numbers are disclosed at Kalyani Strategic System Limited 'standalone level.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 37. Material Partly Owned Subsidiaries (Contd.):

Summarised balance sheet as at March 31, 2020:

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)	230.19	469.02	77.99	18.21
Property, plant and equipment and other non-current financial and non-financial assets	335.45	191.17	19.92	9.21
Trade and other payables (current) and (non-current)	(3.14)	(308.20)	(64.97)	(12.82)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	(150.00)	-	(130.67)	(11.84)
<b>Total equity</b>	<b>412.50</b>	<b>351.99</b>	<b>(97.73)</b>	<b>2.76</b>
<b>Attributable to:</b>				
Equity holders of parent	220.66	175.99	(49.84)	2.82
Non-controlling interest*	191.84	176.00	(47.89)	(0.06)

\*Non-controlling interest is calculated at Kalyani Strategic System Limited consolidated level, however balance sheet numbers are disclosed at Kalyani Strategic System Limited 'standalone level.

Summarised balance sheet as at March 31, 2019:

In ₹ Million

	Kalyani Strategic Systems Limited*	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited
Trade receivables, inventories and cash and bank balances (current)	28.54	463.37	102.24
Property, plant and equipment and other non-current financial and non-financial assets	330.46	245.88	17.69
Trade and other payables (current)	(5.68)	(355.82)	(204.76)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	-	-	-
<b>Total equity</b>	<b>353.32</b>	<b>353.43</b>	<b>(84.83)</b>
<b>Attributable to:</b>			
Equity holders of parent	190.12	176.71	(43.26)
Non-controlling interest	163.21	176.72	(41.57)

\* 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.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 37. Material Partly Owned Subsidiaries (Contd.):

Summarised cash flow information for the year ended March 31, 2020:

In ₹ Million

	Kalyani Strategic Systems Limited	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited
Operating	(3.61)	(9.09)	13.15	(4.39)
Investing	(208.72)	(50.95)	(1.27)	(1.27)
Financing	209.45	(5.30)	3.88	5.24
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(2.88)</b>	<b>(65.34)</b>	<b>15.76</b>	<b>(0.42)</b>

Summarised cash flow information for the year ended March 31, 2019:

In ₹ Million

	Kalyani Strategic Systems Limited	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited
Operating	(0.91)	58.19	5.90
Investing	(1.83)	6.11	-
Financing	(1.01)	(0.50)	(0.48)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(3.75)</b>	<b>63.80</b>	<b>5.42</b>

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 38. Interest in Joint Ventures

#### 1. BF Premier Energy Systems Private Limited

The Group has 50% interest in BF Premier Energy Systems Private Limited, a joint venture incorporated in India and with objective of manufacturing defence products such as Bi-modular cartridges systems, ammunition of selected types, ready to use defence products such as rockets, missiles, mines, bombs, torpedoes and ammunition, etc. The Joint Venture was engaged in the activities of setting up its business during the period covered by these financial statements. The Group's interest in BF Premier Energy Systems Private Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind AS financial statements:

#### Summarised balance sheet

In ₹ Million

	March 31, 2020	March 31, 2019
Current assets	0.15	0.15
Non-current assets	-	-
Current liabilities	(0.17)	(0.12)
Non-current liabilities	-	-
<b>Equity</b>	<b>(0.02)</b>	<b>0.03</b>
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	-	0.02

#### Summarised statement of profit and loss for the year ended:

In ₹ Million

	March 31, 2020	March 31, 2019
<b>Income</b>		
Other income	-	-
	-	-
<b>Expenses</b>		
Employee benefits expense	-	-
Depreciation	-	0.01
Other expenses	0.04	0.04
	0.04	0.05
<b>Loss before tax</b>	<b>(0.04)</b>	<b>(0.05)</b>
Tax expenses	-	-
<b>Loss for the year</b>	<b>(0.04)</b>	<b>(0.05)</b>
<b>Other comprehensive income for the year</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>(0.04)</b>	<b>(0.07)</b>
<b>Group's share of loss for the year</b>	<b>(0.02)</b>	<b>(0.03)</b>
<b>Group's share of other comprehensive income for the year</b>	<b>-</b>	<b>-</b>

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 38. Interest in Joint Ventures (Contd.):

#### 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 quaility 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 October 1, 2019 to December 31, 2019 are as follows:

#### Summarised balance sheet

	In ₹ Million
	<b>December 31, 2019</b>
Current assets	752.56
Non-current assets	666.29
Current liabilities	(481.00)
Non-current liabilities	(4.64)
<b>Equity</b>	<b>933.21</b>
Share of the Group in the capital commitment, contingent liabilities of jointly controlled entity	-
Proportion of the Group's ownership	466.61
Carrying amount of the investment	886.08

The Group has invested an amount of ₹ 892.34 million (March 31, 2019: ₹ NIL million) in equity shares. Group's Share of equity is ₹ 466.61 million. Carrying amount of investment includes resultant goodwill amounting to ₹ 425.73 million (net of share of loss for the year).

#### Summarised statement of profit and loss for the period ended December 31, 2019:

	In ₹ Million
	<b>October 01, 2019 to December 31, 2019</b>
<b>Income</b>	
Revenue	444.75
Other income	8.37
	453.12
<b>Expenses</b>	
Cost of raw material and components consumed	261.82
Purchase of stock in trade	0.53
(Increase)/decrease in inventories of finished goods, work-in-progress, dies and scrap	33.01



## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 38. Interest in Joint Ventures (Contd.):

	In ₹ Million
	October 01, 2019 to December 31, 2019
Employee benefits expense	105.40
Depreciation and Amortisation	33.46
Finance costs	1.36
Other expenses	26.99
	462.57
<b>Loss before tax</b>	<b>(9.45)</b>
Tax expenses	3.00
<b>Loss for the year</b>	<b>(12.45)</b>
<b>Other comprehensive income/(loss) for the period</b>	<b>(0.08)</b>
<b>Total comprehensive income for the period</b>	<b>(12.53)</b>
<b>Group's share of loss for the period</b>	<b>(6.22)</b>
<b>Group's share of other comprehensive income /(loss) for the period</b>	<b>(0.04)</b>

### 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 unaudited IND AS financial statements:

#### Summarized Balance sheet

	In ₹ Million	
	March 31, 2020	March 31, 2019
Current assets	176.35	68.06
Non-current assets	8.88	137.15
Current liabilities	(194.93)	(214.87)
Non-current liabilities	(0.20)	(0.18)
<b>Equity</b>	<b>(9.90)</b>	<b>(9.84)</b>
Share of the Group in the capital commitment, contingent liabilities of associates*	4.07	169.11
Proportion of the Group's ownership	49%	49%
<b>Carrying amount of the investment and loan*</b>	<b>152.60</b>	<b>144.99</b>

\* 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 losses 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.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 39. Investment in an Associate (Contd.):

Summarized statement of profit and loss for the year ended:

	In ₹ Million	
	March 31, 2020	March 31, 2019
<b>Income</b>		
Revenue from operations	108.67	38.32
Other income	46.51	2.95
	155.18	41.27
<b>Expenses</b>		
Project expenses	0.60	6.26
Employee benefits expense	1.40	1.22
Finance costs	0.71	3.35
Depreciation	-	0.69
Other expenses	152.53	39.86
	155.24	51.38
<b>Profit before tax</b>	<b>(0.06)</b>	<b>(10.11)</b>
Tax expenses	-	0.04
<b>Loss for the year</b>	<b>(0.06)</b>	<b>(10.07)</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>0.05</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>(0.06)</b>	<b>(10.02)</b>
<b>* Group's share of loss for the year</b>	<b>(10.00)</b>	<b>(0.07)</b>

\* Under the constructive obligations on behalf of associate entity, during the year Group has recognized additional losses over and above the carrying value of investment including the losses of ₹ 9.94 million previously not absorbed by the Group.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 39. Investment in an Associate (Contd.):

#### 2. Tork Motors Private Limited

The Group holds 48.86% interest in Tork Motors Private Limited (TMPL) as at March 31, 2020. TMPL has two wholly owned subsidiaries viz. Lycan Electric Private Limited and Tork Motors (UK) Limited. TMPL is involved in research and development and manufacturing of electric two and three wheelers. The Group's interest in TMPL is accounted for using the equity method in the consolidated financial statements. Summarized financial information of the Group's investment in TMPL based on its consolidated Ind AS financial statements:

#### Summarized Balance sheet

In ₹ Million

	March 31, 2020	March 31, 2019
Current assets	13.58	55.38
Non-current assets	522.14	140.82
Current liabilities	(44.05)	(15.09)
Non-current liabilities	(89.89)	(1.51)
<b>Equity</b>	<b>401.78</b>	<b>179.60</b>
Share of the Group in the capital commitment, contingent liabilities of associates	-	-
Proportion of the Group's ownership	<b>48.86%</b>	<b>45.30%</b>
<b>Carrying amount of the investment</b>	<b>232.33</b>	<b>247.57</b>

The Group has invested an amount of ₹ 300.37 million (March 31, 2019: ₹ 260.38 million) in equity shares.

Group's Share of equity is ₹ 196.31 million. Carrying amount of investment includes resultant goodwill amounting to ₹ 36.02 million (net of share of loss for current year).

#### Summarized statement of profit and loss for the year ended:

In ₹ Million

	March 31, 2020	March 31, 2019
<b>Income</b>		
Revenue from operations	-	-
Other income	1.94	2.52
	1.94	2.52
<b>Expenses</b>		
Employee benefit expenses	27.60	12.84
Finance cost	0.04	0.12
Depreciation and amortization	66.18	3.21
Other expenses	20.24	20.21
<b>Loss before tax</b>	<b>(112.12)</b>	<b>(33.86)</b>
Income tax expense		
Current tax	-	-
Deferred tax	-	-
<b>Loss for the year</b>	<b>(112.12)</b>	<b>(33.86)</b>
<b>Other comprehensive income/(loss) for the year</b>	<b>(0.93)</b>	<b>(0.48)</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>(113.05)</b>	<b>(34.34)</b>
<b>Group's share of loss for the year</b>	<b>(54.78)</b>	<b>(0.39)</b>
<b>Group's share of other comprehensive income/(loss) for the year</b>	<b>(0.45)</b>	<b>(0.22)</b>

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 39. Investment in an Associate (Contd.):

#### 3. Tevva Motors (Jersey) Limited

The Group holds 36.51% interest in Tevva Motors (Jersey) Limited (TMJL) as at March 31, 2020. TMJL has a wholly owned subsidiary viz. Tevva Motors Limited which is involved in research and development and manufacturing of electric range extended mid-sized trucks. The Group's interest in TMJL 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 consolidated Ind AS financial statements:

#### Summarized Balance sheet

	In ₹ Million	
	December 31, 2019	December 31, 2018
Current assets	314.25	511.96
Non-current assets	1,844.80	170.02
Current liabilities	(87.70)	(85.39)
Non-current liabilities	(464.48)	-
<b>Equity</b>	<b>1,606.87</b>	<b>596.59</b>
Share of the Group in the capital commitment, contingent liabilities of associates	2.73	-
Proportion of the Group's ownership	36.51%	36.51%
<b>Carrying amount of the investment (net of impairment provision) (refer note 32)</b>	<b>2.93</b>	<b>808.67</b>

#### Summarized statement of profit and loss for the period ended\*:

	In ₹ Million	
	December 31, 2019	December 31, 2018
<b>Income</b>		
Revenue from operations	145.81	-
Other income	1.22	41.46
	147.03	41.46
<b>Expenses</b>		
Cost of raw material and components consumed	150.45	0
(Increase )/decrease in inventories of finished goods, work-in-progress, dies and scrap	-30.57	0
Employee benefit expenses	384.16	122.19
Finance cost	20.34	0.20
Depreciation and amortization	320.97	7.96
Other expenses	257.70	304.68
<b>Loss before tax</b>	<b>(956.02)</b>	<b>(393.57)</b>
Income tax expense		
Current tax	-	18.54
<b>Loss for the year</b>	<b>(956.02)</b>	<b>(375.03)</b>
<b>Other comprehensive income</b>	<b>48.36</b>	<b>-</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>(907.66)</b>	<b>(375.03)</b>
<b>Group's share of loss for the year</b>	<b>(349.08)</b>	<b>(101.57)</b>
<b>Group's share of other comprehensive income for the year</b>	<b>17.66</b>	<b>-</b>

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 39. Investment in an Associate (Contd.):

#### 5. Aeron Systems Private Limited

On May 29th, 2019 the Group acquires 17.80% interest in Aeron Systems Private Limited. Further, On December 31st, 2019 additional 4.62% interest acquired to hold 22.42% interest as at March 31st 2020. 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 for the period ended May 29, 2019 to March 31, 2020 based on its consolidated Ind AS financial statements as follows:

#### Summarized Balance sheet

	In ₹ Million
	<b>March 31, 2020</b>
Current assets	74.68
Non-current assets	272.49
Current liabilities	(52.58)
Non-current liabilities	(16.17)
<b>Equity</b>	<b>278.42</b>
Share of the Group in the capital commitment, contingent liabilities of associates	(3.41)
Proportion of the Group's ownership	22.42%
<b>Carrying amount of the investment</b>	<b>70.87</b>

The Group has invested an amount of ₹ 79.99 million in equity shares. Group's share of equity is ₹ 61.66 million. Carrying amount of investment includes resultant goodwill amounting to ₹ 8.45 million (net of share of loss for the year).

#### Summarized statement of profit and loss for the year ended:

	In ₹ Million
	<b>May 29, 2019 to March 31, 2020</b>
<b>Income</b>	
Revenue from operations	71.24
Other income	0.65
	71.89
<b>Expenses</b>	
Cost of Material Consumed	40.25
Changes in inventories of work in progress	(5.76)
Employee benefit expenses	24.86
Finance cost	4.86
Depreciation and amortization	26.59
Other expenses	22.08
<b>Loss before tax</b>	<b>(40.99)</b>
Income tax expense	
Current tax	-
Deferred tax	1.15
<b>Loss for the year</b>	<b>(39.84)</b>
<b>Other comprehensive income/(loss) for the period</b>	<b>(0.90)</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>(40.74)</b>
<b>Group's share of loss for the period</b>	<b>(8.93)</b>
<b>Group's share of other comprehensive income/(loss) for the period</b>	<b>(0.20)</b>

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 40. Gratuity and other Post-Employment Benefit Plans

#### Company

#### (a) Gratuity plans

##### Funded scheme

The Company has a defined benefit gratuity plan for its employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the employee's length of service and salary at retirement age. 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 takes on uncertain long term obligations to make future benefit payments.

#### 1) Liability risks

##### a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements.

##### b) Discount rate risk

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

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

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

#### 2) Asset risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India and other insurance companies. LIC and other insurance companies have a sovereign guarantee and have been providing consistent and competitive returns over the years. The 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. 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 plans.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 40. Gratuity and other Post-Employment Benefit Plans (Contd.):

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

In ₹ Million

Particulars	As at	
	March 31, 2020	March 31, 2019
Mortality table	IALM(2012-14) ult	IALM(2012-14) cult
Discount rate	6.20%	7.70%
Expected rate of return on plan assets	7.70%	7.70%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)	11.72	12.22
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 recognized in balance sheet are as follows:

In ₹ Million

	As at	
	March 31, 2020	March 31, 2019
Present value of obligation as at the beginning of the period	961.00	855.00
Interest expense	72.86	64.84
Current service cost	71.74	65.46
Benefits (paid)	(29.60)	(25.76)
Remeasurements on obligation [Actuarial Loss/(Gain)]	75.42	1.46
<b>Closing defined benefit obligation</b>	<b>1,151.42</b>	<b>961.00</b>

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

In ₹ Million

	As at	
	March 31, 2020	March 31, 2019
Opening fair value of plan assets	746.03	617.43
Interest income	59.83	50.38
Contributions	91.50	99.50
Benefits paid	(29.60)	(25.76)
Return on plan assets, excluding amount recognized in Interest Income - Gain	(1.06)	4.86
Closing fair value of plan assets	<b>866.70</b>	<b>746.41</b>
Actual return on plan assets	57.54	55.25

Net Interest (Income)/Expense

In ₹ Million

	Year ended	
	March 31, 2020	March 31, 2019
Interest (Income) / Expense – Obligation	72.86	64.84
Interest (Income) / Expense – Plan assets	(59.83)	(50.38)
<b>Net Interest (Income) / Expense for the period</b>	<b>13.03</b>	<b>14.46</b>

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 40. Gratuity and other Post-Employment Benefit Plans (Contd.):

Premeasurement for the period [Actuarial (Gain)/loss]

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Experience (Gain) / Loss on plan liabilities	(3.82)	17.01
Demographic (Gain) / Loss on plan liabilities	-	(15.55)
Financial (Gain) / Loss on plan liabilities	78.01	-
Experience (Gain) / Loss on plan assets	2.29	(1.59)
Financial (Gain) / Loss on plan assets	-	(3.27)

Amount recognized in statement of Other comprehensive Income (OCI)

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Remeasurement for the period-Obligation (Gain)/Loss	75.42	1.46
Remeasurement for the period-Plan assets (Gain)/Loss	1.06	(4.86)
<b>Total Remeasurement cost/(credit) for the period recognized in OCI</b>	<b>76.48</b>	<b>(3.40)</b>

The amounts to be recognized in the Balance Sheet

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Present value of obligation as at the end of the period	(1,151.42)	(961.00)
Fair value of plan assets as at the end of the period	866.70	746.41
<b>Net asset / (liability) to be recognized in balance sheet</b>	<b>(284.72)</b>	<b>(214.59)</b>

Expense recognized in the statement of profit and loss

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Current service cost (Refer note 28)	71.74	65.46
Net Interest (Income) / Expense (Refer note 30)	13.03	14.46
<b>Net periodic benefit cost recognized in the statement of profit and loss</b>	<b>84.77</b>	<b>79.92</b>

Reconciliation of net asset/(liability) recognized:

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Net asset / (liability) recognized at the beginning of the period	(214.97)	(237.57)
Company's contributions	91.50	99.50
Expense recognized for the year	(84.77)	(79.92)
Amount recognized in OCI	(76.48)	3.40
<b>Net asset / (liability) recognized at the end of the period</b>	<b>(284.72)</b>	<b>(214.59)</b>

The Company expects to contribute ₹ 100.00million to gratuity fund in the next year (March 31, 2019: ₹ 99.50 million)



## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 40. Gratuity and other Post-Employment Benefit Plans (Contd.):

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

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Funds managed by insurer	100.00%	100.00%

#### Sensitivity analysis:-

#### A) Impact of change in discount rate when base assumption is decreased/increased of present value of obligation

	In ₹ Million	
Discount rate	As at March 31, 2020	As at March 31, 2019
Decrease by 1%	1,248.57	1,042.46
Increase by 1%	1,060.65	889.87

#### B) Impact of change in salary increase rate when base assumption is decreased/increased of present value of obligation

	In ₹ Million	
Salary increment rate	As at March 31, 2020	As at March 31, 2019
Decrease by 1%	1,069.22	896.49
Increase by 1%	1,236.62	1,033.26

#### 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, 2020	As at March 31, 2019
Decrease by 1%	1,154.99	962.95
Increase by 1%	1,142.16	959.49

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 analyses 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.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 40. Gratuity and other Post-Employment Benefit Plans (Contd.):

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

Particulars	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Within one year	177.25	136.01
After one year but not more than five years	320.22	313.75
After five years but not more than ten years	576.74	507.58

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 11.02 years. (March 31, 2019: 6.88 years)

#### (b) Special gratuity

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

##### 1) Liability risks

###### a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to 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) Unfunded plan risk

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

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 40. Gratuity and other Post-Employment Benefit Plans (Contd.):

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

Particulars	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	6.90%	7.70%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)	12.17	12.43
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 recognized in balance sheet are as follows:

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Present value of obligation as at the beginning of the period	113.45	61.64
Interest expense	8.65	4.61
Current service cost	12.95	4.85
Benefits (paid)	(2.33)	(3.57)
Remeasurements on obligation [Actuarial (Gain) / Loss]	9.30	45.92
<b>Closing Defined Benefit Obligation</b>	<b>142.02</b>	<b>113.45</b>

#### Net Interest (Income)/Expense

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Interest (Income) / Expense – Obligation	8.65	4.61
<b>Net Interest (Income) / Expense for the period</b>	<b>8.65</b>	<b>4.61</b>

#### Remeasurement for the period [Actuarial (Gain)/loss]

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Experience (Gain) / Loss on plan liabilities	(1.39)	43.93
Demographic (Gain) / Loss on plan liabilities	-	1.99
Financial (Gain) / Loss on plan liabilities	10.69	-

#### Amount recognized in Statement of Other comprehensive Income (OCI)

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Remeasurement for the period-Obligation (Gain)/Loss	9.30	45.92
<b>Total Remeasurement cost/(credit) for the period recognized in OCI</b>	<b>9.30</b>	<b>45.92</b>

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 40. Gratuity and other Post-Employment Benefit Plans (Contd.):

The amounts to be recognized in the Balance Sheet

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Present value of obligation as at the end of the period	(142.02)	(113.45)
<b>Net Asset / (liability) to be recognized in balance sheet</b>	<b>(142.02)</b>	<b>(113.45)</b>

Expense recognized in the statement of profit and loss

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Current service cost (Refer note 28)	12.95	4.85
Net Interest (Income) / Expense (Refer note 30)	8.65	4.61
<b>Net periodic benefit cost recognized in the statement of profit and loss</b>	<b>21.60</b>	<b>9.46</b>

Reconciliation of Net Asset/(Liability) recognized:

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Net asset / (liability) recognized at the beginning of the period	(113.45)	(61.64)
Company's contributions	-	-
Benefits directly paid by Company	2.33	3.57
Expense recognized for the year	(21.60)	(9.46)
Amount recognized in OCI	(9.30)	(45.92)
<b>Net asset / (liability) recognized at the end of the period</b>	<b>(142.02)</b>	<b>(113.45)</b>

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

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Within one year	9.23	9.42
After one year but not more than five years	32.56	23.87
After five years but not more than ten years	66.50	50.63

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 10.73 years (March 31, 2019: 10.73 years)

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 40. Gratuity and other Post-Employment Benefit Plans (Contd.):

#### 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	As at
	March 31, 2020	March 31, 2019
Decrease by 1%	159.09	126.43
Increase by 1%	127.61	102.46

#### 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	As at
	March 31, 2020	March 31, 2019
Decrease by 1%	128.69	103.25
Increase by 1%	157.44	125.24

#### C) Impact of change in withdrawal rate when base assumption is decreased/increased in present value of obligation

In ₹ Million

Withdrawal rate	As at	As at
	March 31, 2020	March 31, 2019
Decrease by 1%	142.54	113.49
Increase by 1%	141.52	113.41

#### (c) Provident fund

In accordance with the law, all employees of the Company are entitled to receive benefits under the provident fund. The Group 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 Group has no obligation, other than the contribution payable to the provident fund.

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

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

#### 1) Liability risks:

##### a) Asset-liability mismatch risk

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

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 40. Gratuity and other Post-Employment Benefit Plans (Contd.):

#### b) Discount rate risk

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

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

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

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

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	6.80%	7.70%
Interest rate declared by Employees' Provident Fund Organisation for the year	8.55%	8.65%
Yield spread	0.50%	0.50%
Expected average remaining working lives of employees (in years)	12.35*	12.85*
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 an 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, 2020	As at March 31, 2019
Present value of expected Interest rate shortfall as at the beginning of the period	52.84	17.14
Interest cost	4.07	1.32
Current service cost	5.66	1.84
Actuarial Loss / (Gain) on obligations	106.46	32.54
<b>Present value of expected Interest rate shortfall as at the end of the period</b>	<b>169.03</b>	<b>52.84</b>

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 40. Gratuity and other Post-Employment Benefit Plans (Contd.):

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

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Fair value of plan assets as at the beginning of the period (Surplus Account)	20.98	23.55
Interest Income	1.61	1.82
Amount transferred to cover shortfall	-	-
Actuarial Gain / (Loss) on plan assets	(22.59)	(4.39)
<b>Fair value of plan assets as at the end of the period (Surplus Account)</b>	<b>-</b>	<b>20.98</b>

#### Net Interest (Income)/Expense

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest (Income) / Expense – Obligation	4.07	1.32
<b>Interest (Income) / Expense – Plan assets</b>	<b>(1.61)</b>	<b>(1.82)</b>
<b>Net Interest (Income) / Expense for the period</b>	<b>2.46</b>	<b>(0.50)</b>

#### Actuarial gain / loss recognized

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Actuarial Loss for the period – Obligation	106.46	32.54
Actuarial Loss for the period – Plan assets	22.59	4.39
<b>Total Loss for the year</b>	<b>129.05</b>	<b>36.93</b>
<b>Actuarial Loss recognized in the year</b>	<b>129.05</b>	<b>36.93</b>

The amounts to be recognized in the balance sheet:

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Present value of expected Interest rate shortfall as at the end of the period	169.03	52.84
Fair value of the plan assets as at the end of the period (Surplus Account)	-	20.98
<b>Surplus / (Deficit)</b>	<b>(169.03)</b>	<b>(31.86)</b>
Net asset / (liability) recognized in the balance sheet	(169.03)	(31.86)

#### Amount recognized in Statement of other comprehensive Income (OCI)

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Remeasurement for the period-Obligation (Gain)/Loss	106.46	32.54
Remeasurement for the period-Plan assets (Gain)/Loss	22.59	4.39
<b>Total Remeasurement cost/(credit) for the period recognized in OCI</b>	<b>129.05</b>	<b>36.93</b>

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 40. Gratuity and other Post-Employment Benefit Plans (Contd.):

Expense recognized in the statement of profit and loss

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Current service cost (Refer note 28)	5.66	1.84
Net Interest (Income) / Expense (Refer note 25/30)	2.46	(0.50)
<b>Net periodic benefit cost recognized in the statement of profit and loss</b>	<b>8.12</b>	<b>1.34</b>

#### Sensitivity analysis

##### A) Impact of change in discount rate when base assumption is decreased/increased by 50 basis point

	In ₹ Million	
Discount rate	Year ended March 31, 2020	Year ended March 31, 2019
Decrease by 0.50%	227.79	99.10
Increase by 0.50%	113.71	9.26

##### B) Impact of change in expected future interest rate on PF when base assumption is decreased/increased by 50 basis point

	In ₹ Million	
PF interest rate	Year ended March 31, 2020	Year ended March 31, 2019
Decrease by 0.50%	116.85	8.91
Increase by 0.50%	221.20	96.76

#### 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, 2020	As at March 31, 2019
Mortality table	Heubeck 2018 G	Heubeck 2018 G
Discount rate	0.80% to 1.54%	1.60% to 2.31%
Rate of increase in compensation levels	1.00% to 2.00%	1.00% to 2.00%



## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 40. Gratuity and other Post-Employment Benefit Plans (Contd.):

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

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Opening defined benefit obligation	1,032.63	1,036.39
Foreign Currency Translation Reserve (FCTR) Impact on opening balance	1.62	(11.04)
Interest expense	21.07	20.33
Current service cost	14.93	15.24
Benefits paid	(24.23)	(21.16)
Remeasurements on obligation [Actuarial (Gain) / Loss]	130.72	(7.13)
<b>Closing defined benefit obligation</b>	<b>1,176.74</b>	<b>1,032.63</b>

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

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Opening fair value of plan assets	21.05	21.15
Foreign Currency Translation Reserve (FCTR) Impact on opening balance	0.03	(0.23)
Interest income	0.39	0.35
Benefits paid	(0.41)	(0.42)
Remeasurements-Actuarial gains / (losses)	0.18	0.20
<b>Closing fair value of plan assets</b>	<b>21.24</b>	<b>21.05</b>
Actual return on plan assets	0.57	0.55

#### Net Interest (Income/Expense)

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest (Income) / Expense – Obligation	21.07	20.33
Interest (Income) / Expense – Plan assets	(0.39)	(0.35)
<b>Net Interest (Income) / Expense for the period</b>	<b>20.68</b>	<b>19.98</b>

#### Amount recognized in Statement of Other comprehensive Income (OCI)

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Remeasurement for the period-Obligation (Gain)/Loss	130.72	(7.13)
Remeasurement for the period-Plan assets (Gain)/Loss	(0.18)	(0.20)
<b>Total Remeasurement cost/(credit) for the period recognized in OCI</b>	<b>130.54</b>	<b>(7.33)</b>

#### The amounts to be recognized in the Balance Sheet

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Present value of defined benefit obligations	(1,176.74)	(1,032.63)
Fair value of plan assets	21.24	21.05
<b>Net Asset / (liability) to be recognized in balance sheet</b>	<b>(1,155.50)</b>	<b>(1,011.58)</b>

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 40. Gratuity and other Post-Employment Benefit Plans (Contd.):

Expense recognized in the statement of profit and loss

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Current service cost	14.93	15.24
Net Interest (Income) / Expense	20.68	19.98
<b>Net periodic benefit cost recognized in the statement of profit &amp; loss</b>	<b>35.61</b>	<b>35.22</b>

Reconciliation of Net Asset/(Liability) recognized:

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Net asset / (liability) recognized at the beginning of the period	(1,011.58)	(1,015.24)
Foreign Currency Translation Reserve (FCTR) Impact on Opening Balance	(1.59)	10.81
Company's contributions	-	-
Benefits directly paid by the Group	23.82	20.74
Expense recognized for the year	(35.61)	(35.22)
Amount recognized in OCI	(130.54)	7.33
<b>Net asset / (liability) recognized at the end of the period</b>	<b>(1,155.50)</b>	<b>(1,011.58)</b>

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

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
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	
<b>Discount rate</b>	As at March 31, 2020	As at March 31, 2019
Decrease by 0.50%	113.54	95.72
Increase by 0.50%	(99.48)	(84.17)

The pension scheme pertains to employees who have already left the organization. Hence the impact of change in salary increase rate and withdrawal rate is nil and hence not disclosed.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 40. Gratuity and other Post-Employment Benefit Plans (Contd.):

The followings are the expected contributions to the defined benefit plan in future years :

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Within the next 12 months (next annual reporting period)	28.55	26.68
Between 2 and 5 years	-	-
Beyond 5 and 10 years	130.27	125.61
Beyond 10 years	204.12	198.64
Total expected payments	1,332.60	1,435.36
	<b>1,695.54</b>	<b>1,786.29</b>

#### (e) Other long term benefits

Other long term benefits includes early retirement scheme as governed by the local laws amounting to ₹ 53.49 million (March 31, 2019: ₹ 59.00 million) and jubilee scheme as governed by the local laws amounting to ₹ 76.36 million (March 31, 2019: ₹ 71.97 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, 2020 was ₹ 10.87 million (March 31, 2019: ₹ 11.48 million) included in note 28 as part of employee benefits expenses.

#### Indian subsidiaries

#### (F) Gratuity plans

The present value of defined benefit obligation and the related current service costs are measured using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. The gratuity benefits are governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. Majority of the schemes are funded with insurance companies in the form of qualifying insurance policy.

#### Risk exposure and asset liability matching

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

#### 1) Liability risks

##### a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 40. Gratuity and other Post-Employment Benefit Plans (Contd.):

#### b) Discount rate risk

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

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

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at 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 Company 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, 2020	As at March 31, 2019
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	6.00% - 7.21%	7.00% - 8.00%
Expected rate of return on plan assets	7.00% - 7.80%	7.43% - 7.60%
Rate of increase in compensation levels	6.00% - 10.00%	4.00% - 6.00%
Expected average remaining working lives (in years)	4.38 - 20.85	4.1 - 16.50
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%

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 40. Gratuity and other Post-Employment Benefit Plans (Contd.):

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

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Opening defined benefit obligation	3.56	3.07
Interest expense	0.42	0.08
Current service cost	0.43	0.28
Benefits paid	(0.03)	(0.62)
Remeasurements on obligation [Actuarial (Gain) / Loss]	0.32	0.60
Acquisition (credit)/cost	-	0.15
<b>Closing defined benefit obligation</b>	<b>4.70</b>	<b>3.56</b>

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

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Opening fair value of plan assets	1.98	1.86
Interest Income	0.17	0.02
Contributions	-	0.45
Benefits paid	(0.03)	(0.35)
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	0.21	-
<b>Closing fair value of plan assets</b>	<b>2.33</b>	<b>1.98</b>
Actual return on plan assets	0.18	0.49

#### Net Interest (Income/Expense)

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest (Income) / Expense – Obligation	0.42	0.08
Interest (Income) / Expense – Plan assets	(0.17)	(0.02)
Net Interest (Income) / Expense for the period	0.25	0.06

#### Remeasurement for the period [Actuarial (Gain)/loss]

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Experience (Gain) / Loss on plan liabilities	0.05	0.15
Demographic (Gain) / Loss on plan liabilities	(0.18)	-
Financial (Gain) / Loss on plan liabilities	0.45	0.45
Experience (Gain) / Loss on plan assets	(0.02)	-
Financial (Gain) / Loss on plan assets	0.01	-

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 40. Gratuity and other Post-Employment Benefit Plans (Contd.):

Amount recognized in Statement of Other comprehensive Income (OCI)

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Opening amount recognized in OCI outside profit and loss account	0.60	-
Remeasurement for the period-Obligation (Gain)/Loss	0.32	0.60
Remeasurement for the period-Plan assets (Gain)/Loss	(0.21)	-
Total Remeasurement cost/(credit) for the period recognized in OCI	0.11	0.60
<b>Closing amount recognized in OCI outside profit and loss account</b>	<b>0.71</b>	<b>0.60</b>

The amounts to be recognized in the Balance Sheet

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Present value of defined benefit obligations	(4.70)	(3.56)
Fair value of plan assets	2.33	1.98
<b>Net Asset / (liability) to be recognized in balance sheet</b>	<b>(2.37)</b>	<b>(1.58)</b>

Expense recognized in the statement of profit and loss

	In ₹ Million	
	Year ended March 31, 2020	Year ended March 31, 2019
Current service cost	0.43	0.28
Net Interest (Income) / Expense	0.25	0.06
<b>Net periodic benefit cost recognized in the statement of profit &amp; loss</b>	<b>0.68</b>	<b>0.34</b>

Reconciliation of Net Asset/(Liability) recognized:

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Net asset / (liability) recognized at the beginning of the period	(1.04)	(1.21)
Adjustment to opening balance	(0.54)	-
Contributions	-	0.45
Benefits paid by the Group	-	0.27
Expense recognized for the year	(0.68)	(0.34)
Amount recognized in OCI	(0.11)	(0.06)
Acquisition (credit)/cost	-	(0.15)
<b>Net (liability) recognized at the end of the period</b>	<b>(2.37)</b>	<b>(1.04)</b>

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

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Funds managed by insurer	100.00%	100.00%

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 40. Gratuity and other Post-Employment Benefit Plans (Contd.):

#### 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	As at
	March 31, 2020	March 31, 2019
Increase by 1%	4.26	1.75
Decrease by 1%	5.22	1.93

#### 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	As at
	March 31, 2020	March 31, 2019
Increase by 1%	5.19	1.93
Decrease by 1%	4.28	1.75

#### C) Impact of change in withdrawal rate when base assumption is decreased/increased in Present value of obligation

In ₹ Million

Withdrawal rate	As at	As at
	March 31, 2020	March 31, 2019
Increase by 1%	4.70	1.79
Decrease by 1%	4.70	1.84

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

Year ending March 31	As at	As at
	March 31, 2020	March 31, 2019
Within one year	0.10	0.58
After one year but not more than five years	1.42	-
After five years but not more than ten years	2.81	-
Total expected payments	4.33	0.58

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 41. Contingent Liabilities

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Claims against the Group not acknowledged as Debts - to the extent ascertained (Refer note a,c,d)	1,029.64	1,007.14
Excise/Service tax demands - matters under dispute (Refer note e)	260.21	277.03
Customs demands - matters under dispute (Refer note f)	50.97	73.93
Sales tax demands - matters under dispute (Refer note g)	35.75	180.77
Income tax demands - matters under dispute (Refer note h)	54.92	54.92
Others (Refer note b )	4.53	3.32

(a) The Claim against the Group comprise 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 previous 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 17th January, 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 fulfill this condition. In the Opinion of Directors, the Subsidiary will be able to fulfill this condition comfortably and hence cash outflow on that account is highly unlikely.
- One of the subsidiaries is in the process of setting-up manufacturing facility at Additional Jejuri Industrial Area, MIDC, Jejuri, District Pune. The subsidiary had sought extension of time-line for completion of construction up to 9th March, 2021. The same was granted by MIDC without any additional charge. While the pandemic COVID-19 has significantly affected the civil construction activities all over the country which may cause delay in completion of construction, the Management is confident that it would be in a position to complete the construction before the extended timeline. As a matter of abundant caution, management has also represented to MIDC its inability to commence construction as of now given the lockdown situation and remains confident that MIDC is expected to take lenient position on penal charges in the event the completion of construction is delayed beyond the extended time limit.

(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.

(e) Includes amount pertaining to incentive received under Government scheme, etc.

(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.

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



## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 41. Contingent Liabilities (Contd.):

#### 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 ₹ 97.41 million (March 31, 2019: ₹ 174.97 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, 2020	As at March 31, 2019
(a) Guarantees given by Group's Bankers on behalf of the Group, against sanctioned guarantee limit of ₹ 7,250 million (March 31, 2019: ₹ 4,250 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.	2,307.85	2,149.12
(b) Guarantees given by the Company on behalf of Group Companies	2,307.85	2,638.24
(c) Estimated value of contracts remaining to be executed on capital accounts and not provided for, net of advances	2,127.80	4,576.33
(d) Commitments relating to further investment in private equity fund of Paragon Partners Growth Fund - I	5.00	64.78
(e) Commitments relating to further investment in Aeron Systems Private Limited	20.00	-
(f) Bank Guarantees extended for Project / Oil Business	-	159.65

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 fulfill quantified exports against which remaining future obligation aggregates USD 9.82 Million (₹ 743.87 million), 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 fulfillment of such future obligations, in the manner required, if any entails options / rights to the Government to levy penalties under the above referred scheme.

### 43. Leases

#### A. Group as lessee

The Group has lease contracts for various items of buildings, leasehold land, plant and machinery, office 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 16 years, while motor vehicles and other equipment generally have lease terms between 2 and 5 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.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 43. Leases (Contd.):

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 and aircraft	Leasehold Land	Total
At April 1, 2019*	866.65	114.26	31.50	21.85	8.37	129.71	0.02	1,172.36
Transferred from property, plant and equipment (Refer Note 3)	-	114.39	-	-	-	-	146.41	260.80
Additions	164.44	-	-	-	-	-	0.65	165.09
Depreciation	(104.79)	(93.01)	(7.38)	(8.72)	(2.01)	(39.36)	(1.83)	(257.10)
Foreign Currency Translation Reserve	(1.49)	(1.45)	(0.23)	(0.11)	(0.03)	(0.52)	(0.03)	(3.86)
As at March 31, 2020	924.81	134.19	23.89	13.02	6.33	89.83	145.22	1,337.29

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

	In ₹ Million
	Year ended March 31, 2020
<b>At April 1, 2019</b>	1,135.60
Transferred from borrowings	173.23
Additions	148.01
Accretion of Interest	53.59
Payments	(297.74)
<b>As at March 31, 2020</b>	<b>1,212.69</b>
Current	271.67
Non - Current	941.02

\* includes lease liabilities transferred from borrowings of ₹ 173.23 million

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

The effective interest rate for lease liabilities is between 8.40% to 9.85% for doemstic 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 31, 2020
Depreciation expense of right-of-use assets	257.10
Interest expense on lease liabilities	53.59
Expense relating to short-term leases (included in Other expenses)	98.03
Expense relating to leases of low-value assets (included in Other expenses)	0.01
<b>Total amount recognised in profit or loss</b>	<b>408.73</b>

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 43. Leases (Contd.):

The Company had total cash outflows for leases of ₹ 272.74 million (March 31, 2019: NIL). The Company also had non-cash additions to right-of-use assets and lease liabilities of ₹ 1598.25 million (March 31, 2019: NIL) and ₹ 1510.43 million (March 31, 2019: NIL) 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
Extension options expected not to be exercised	2.56	-	2.56
Termination options expected to be exercised	-	-	-
Obligations under leases not yet commenced	761.43	1,730.52	2,491.95

### 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, 2020	Year ended March 31, 2019
Within one year	2.90	2.90
After one year but not more than five years	3.19	6.09
More than five years		
<b>Total</b>	<b>6.09</b>	<b>8.99</b>

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 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, 2020	As at March 31, 2019
Cost of the assets / capital work in progress	(132.33)	(162.30)
FCMITDA	(36.27)	(197.19)
Amortised in the current year	(42.09)	(218.21)

### 45. Loans and Advances in the Nature of Loans Given to Associates /Companies in Which Directors are Interested

	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
<b>Ferrovia Transrail Solutions Private Limited*</b>		
Balance outstanding as at March 31	152.60	144.99
Maximum amount outstanding during the year	162.94	225.09
<b>Tevva Motors (Jersey) Limited\$</b>		
Balance outstanding as at March 31	303.87	-
Maximum amount outstanding during the year	303.87	-

\$ Receivable by April 2021

### 46. Business Combinations and Acquisition of Non-Controlling Interests

#### Acquisition of Eternus Performance Materials Private Limited

On April 08, 2019 the Group acquired 51 % of equity shares of Eternus Performance Materials Private Limited, a non listed company based in Kolhapur, which is in the business of high end research and development oriented manufacturing of Advanced Composite Products and precision machined metallic components. Since the Group is also involved in Defense and Aerospace related business, it enables the Group in achieving mutual business synergies in the defense and aerospace segment.

The Group has elected to measure the non-controlling interest in the acquire at fair value.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 46. Business Combinations and Acquisition of Non-Controlling Interests (Contd.):

The fair values of the identifiable assets acquired and liabilities assumed of Eternus Performance Material Private Limited as at the date of acquisition were:

	In ₹ Million
	April 8, 2019
<b>Assets</b>	
Property, plant and equipment	14.01
Intangibles assets	0.40
Cash and cash equivalents	0.55
Trade receivables	8.37
Inventories	2.09
Financial Assets	2.17
Other Assets	0.34
	<b>27.93</b>
<b>Liabilities</b>	
Trade payables	5.30
Other Financial liabilities	0.10
Other Current liabilities	4.91
Borrowings	10.27
	20.58
<b>Total identifiable net assets at fair value</b>	7.35
Non-controlling interest measured at fair value	3.60
Goodwill arising on acquisition	-
<b>Purchase consideration transferred</b>	3.75

None of the trade receivables is credit impaired and it is expected that the full contractual amounts can be collected.

	In ₹ Million
<b>Particulars</b>	<b>Amount</b>
Purchase Consideration	(3.75)
Less: Net Cash acquired in business Combination	0.55
Net Cashflow on acquisition	(3.20)

### Acquisition of business from M/s KPIT Technologies Limited & Impact Automotive Solutions Limited

The Company entered into a Business Transfer Agreement with KPIT Technologies Limited and Impact Automotive Solutions Limited on 4th September, 2019. As per the said agreement the Company has acquired the business of designing and developing for Governmental Authorities, products to be used in the defense sector including development of components (electronic subsystems) for anti-tank guided missiles which include gimbal control unit, flight control unit, actuator control unit, laser seeker electronics, warhead control unit and power management unit for unmanned aerial vehicles, from KPIT Technologies Limited and Impact Automotive Solutions Limited. The effective date for the transfer of the said business is agreed to be 24th September, 2019. As part of the Business Transfer Agreement (BTA) the sellers have transferred running business and assumed assets and intangibles including the customer list

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 46. Business Combinations and Acquisition of Non-Controlling Interests (Contd.):

The Consideration paid towards acquisition of "Control units" business are as at the date of acquisition were:

	In ₹ Million
	As at September 04, 2019
<b>Assets</b>	
Intangibles assets	16.49
<b>Total identifiable net assets at fair value</b>	<b>16.49</b>
Goodwill arising on acquisition	51.90
<b>Purchase consideration transferred</b>	<b>68.39</b>

The fair value measurements are based on significant inputs that are not observable in the market. The fair value estimate is based on an assumed discount rate of 15.50%

The total amount of goodwill that is expected to be deductible for tax purposes over a number of years is ₹ 51.90 million

As a part of the Business Transfer Agreement (BTA) the sellers have transferred running business, assets and intangibles including the customer list. The consideration agreed is ₹ 68.39 million. Additional consideration in the nature of contingent consideration is payable as under

	In ₹ Million
	Amount
<b>Assets</b>	
A. Additional consideration payable upon the declaration of financial results for the period of 12 months ending 30th June, 2020, Subject to (i) The achievement of minimum revenue of ₹ 120 million with breakeven EBITDA from the transferred business and (ii) There being no breach of provisions of the agreement by the sellers	20.00
B. Additional consideration to be paid on a sliding scale earned-out basis as set out in Schedule C forming part of the BTA, Based on achievement of cumulative values of revenue and EBITDA for a period of 3 years from the effective date. Maximum additional consideration of	60.00
<b>Total Contingent Consideration Payable</b>	<b>80.00</b>

Since the contingent consideration is neither crystallized nor quantifiable, the same has not been recognized as a liability.

From the date of acquisition, this Business Unit has contributed "NIL" of revenue and ₹ 17.20 million to the loss before tax of the Group. Considering overall size of the operations for the year the information w.r.t. revenue and Profit from the beginning of the year is insignificant and hence not disclosed separately.

Management has assessed the conditions associated with the payment of contingent consideration. Since the conditions w.r.t. the revenue and profit milestones has not been met the Group is not obliged to pay any additional sum on account of this business combination. Management believes that the likelihood of any outflow in the future is remote accordingly the same has not been accounted in the books.

	In ₹ Million
<b>Particulars</b>	<b>Amount</b>
Purchase Consideration	68.39
Less: Net Cash acquired in business Combination	0.00
Net Cash flow on acquisition	68.39

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 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, 2020	Year ended March 31, 2019
Tevva Motors (Jersey) Limited*	General corporate purpose	12.00%	303.87	-

\* Loan given is unsecured and receivable by April 30, 2021.

During the current year, the Group subscribed to convertible loan note issued by Tevva Motors (Jersey) Limited amounting to GBP 3.50 million wherein the Group has an option to convert the same into equity shares on upto the date of maturity i.e. April 2021. The same carries effective interest of 12% p.a. The Group expects to realise the said amount including interest accrued thereon on maturity of the loan note.

The Company has given guarantees to banks on behalf of the following group companies:

- Bharat Forge Kilsta AB, step down subsidiary company, of ₹ 1481.86 million (March 31, 2019: ₹ 1,397.74 million) for working capital requirements which was renewed during the current year.
- Bharat Forge America Inc., wholly owned subsidiary company, of ₹ 303.04 million (March 31, 2019: ₹ 276.64 million) for term loan which was used for acquisition of stepdown subsidiaries.

### 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 (Investment through wholly owned subsidiary), India Hospet Bellary Highways Private Limited (Investment through wholly owned subsidiary), India Tork Motors Private Limited, India TalBahn GmbH (Investment through wholly owned subsidiary), Germany Tevva Motors (Jersey) Limited, Jersey (w.e.f June 11, 2018) Aeron Systems Private Limited, India (w.e.f May 21, 2019)
Joint Ventures	BF NTPC Energy Systems Limited, India BF Premier Energy Systems Private Limited, India REFU Drive GmbH, Germany (w.e.f September 19, 2019)
Subsidiaries of associates	Lycan Electric Private Limited, India Tork Motors (UK) Limited, UK Tevva Motors Limited, UK (w.e.f June 11, 2018)
Subsidiary of Joint Venture	REFU Drive India Private Limited, India (w.e.f September 19, 2019)
Other related parties	Kalyani Steels Limited, India BF Utilities Limited, India Automotive Axles Limited, India Khed Economic Infrastructure Private Limited, India Kalyani Maxis Wheels Private Limited, India

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 48. Related Party Disclosures (Contd.):

#### (i) Names of the related parties and related party relationship

Other related parties	Kalyani Technologies Limited, India (w.e.f April 01, 2019)
	Kalyani Technoforge Limited, India (w.e.f April 01, 2019)
	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 (w.e.f January 01, 2019)
	Baramati Speciality Steels Limited, India (w.e.f April 01, 2019)
	Nandi Economic Corridor Enterprises Limited, India (w.e.f April 01, 2019)
	Saarloha Advanced Materials Private Limited, India (w.e.f April 01, 2019)
	KGEPL Engineering Solutions Private Limited, India (w.e.f April 01, 2019)
	Kalyani Transmission Technologies Private Limited, India (w.e.f April 01, 2019)
	Kalyani Technoweld Private Limited, India (w.e.f April 01, 2019)
	Akutai Kalyani Charitable Trust, India (w.e.f April 1, 2019)
	Vishalgad Trading Company Private Limited, India (w.e.f April 1, 2019)
	Rayagad Trading Company Private Limited, India (w.e.f April 1, 2019)
	Purandhar Trading Company Private Limited, India (w.e.f April 1, 2019)
	Goalkonda Trading Company Private Limited, India (w.e.f April 1, 2019)
	KTMS Properties Company Private Limited, India (w.e.f April 1, 2019)
	Aeternus (w.e.f April 08, 2019)
	Givia Pty Ltd ATF Yajilaara Trust
Radium Merchandise Private Limited (w.e.f April 1, 2019)	
Growth Spurt Consultant LLP, India (w.e.f May 29, 2019)	
Minority holders	Elbit Systems Land and C4I Limited, Israel
	Rafael Advanced Defence Systems Limited, Israel
	Mr. Rahul Pangare , India (w.e.f April 08, 2019)
	Mr. Vyankoji Shinde , India (w.e.f April 08, 2019)
Joint venture partners	NTPC Limited, India
	Premier Explosives Limited, India
	REFU Elektronik GmbH, Germany (w.e.f September 19, 2019)
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)



## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 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)
	Mr. N. K. Narad (Independent Director) (up to March 31, 2019)
	Mr. T. Mukherjee (Independent Director) (up to March 31, 2019)
	Mr. V. R. Bhandari (Independent Director)
	Mr. D. B. Mane (Independent Director) (w.e.f June 21, 2019)
	Mr. M. Sivaraman (Independent Director) (w.e.f June 21, 2019)
	Mr. P. Kanugo (w.e.f May 15, 2018)
	Mr. V. M. Munje
	Mr. R. B. Reddy (w.e.f December 14, 2018)
	Mr. T. Mishra (w.e.f December 14, 2018)
	Mr. R. Bhatia
	Mr. S. Kapoor
	Mr. R. Gogia
	Ms. S. Modi
	Mr. M. Kapoor (w.e.f December 15, 2019)
	Mr. P. Puranik
	Ms. D. Puranik
	Mr. S. Cohen
	Mr. Y. Vered
	Mr. R. Jadeja
	Mr. R. Nirgudkar
	Mr. M. Elazar
	Mr. Y. Thakar
	Ms. J. Chhabada
	Mr. V. Tiruvayepati
	Mr. V. Mogalapalli
	Mr. K. Shelke
	Mr. P. Risbud
	Mr. A. Shukla (w.e.f. May 29, 2019)
	Mr. A. Bokil (w.e.f. May 29, 2019)
	Mr. A. Ghosh (w.e.f. May 29, 2019)
	Ms. P. Agarwal (w.e.f. May 29, 2019)
	Mr. P. Ramarao (w.e.f. September 5, 2019)
	Mr. H. Riegert (w.e.f. September 19, 2019)
	Mr. Horlacher (w.e.f. September 19, 2019)
	Mr. J. Mishra (w.e.f. September 19, 2019)
	Mr. Ed Hayams
	Mr. Philip Sellwood
	Mr. Tony Thwaites
Mr. David Hampton	
Mr. Asher Bennett	
Mr. Robin Mackie	
Mr. A.D Bennet	
Mr. M Black	
Mr. R.J.D Mackie	
Mr. K Srinivasan (Up to January 10, 2020)	

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 48. Related Party Disclosures (Contd.):

#### (i) Names of the related parties and related party relationship

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. 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. M. Shelke
	Mr. C. Shelke
	Mr. A. Shinde (w.e.f April 08, 2019)
	Mrs. T Pangre (w.e.f April 08, 2019)
Mrs. R Shinde (w.e.f April 08, 2019)	
Post employment benefit trust	Bharat Forge Company Limited Staff Provident Fund
	Bharat Forge Company Limited Employees Group Gratuity Fund
	Bharat Forge Company Limited Officers Group Gratuity Fund
	Bharat Forge Company Limited Officers Superannuation Scheme

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

#### (ii) Related party transactions

In ₹ Million

Sr. no.	Nature of transaction	Name of the related parties and nature of relationship	Year ended	
			March 31, 2020	March 31, 2019
1	Purchase of raw materials, components, stores, spares \$	<b>Associates</b>		
		Tevva Motors Limited	9.30	-
			<b>9.30</b>	<b>-</b>
		<b>Other related parties</b>		
		Kalyani Steels Limited	4,162.65	6,812.96
		Saarloha Advance Material Private Limited	8,058.00	-
		Kalyani Technoforge Limited	3,833.32	-
		Others	149.89	0.66
			<b>16,203.86</b>	<b>6,813.62</b>
		<b>Joint ventures Partners</b>		
REFU Elektronik GmbH	7.83	-		
	<b>7.83</b>	<b>-</b>		
	<b>16,220.99</b>	<b>6,813.62</b>		
2	Staff welfare expenses	<b>Other related parties</b>		
		Institute for Prostate Cancer	0.38	1.09
		<b>0.38</b>	<b>1.09</b>	

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 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, 2020	March 31, 2019	
3	Other expenses - Power, fuel and water	<b>Other related parties</b>			
		BF Utilities Limited	154.51	148.99	
			<b>154.51</b>	<b>148.99</b>	
		<b>Joint ventures Partners</b>			
		REFU Elektronik GmbH	7.13		
			<b>7.13</b>	-	
			<b>161.64</b>	<b>148.99</b>	
		- Machining / subcontracting charges	<b>Other related parties</b>		
			Kalyani Technoforge Limited	124.01	-
			Others	3.11	
			<b>127.12</b>	-	
	- Rent	<b>Other related parties</b>			
		United Metachem Private Limited	6.42	3.97	
		KTMS Properties Company Private Limited	16.59	-	
		Others	3.57	-	
			<b>26.58</b>	<b>3.97</b>	
		<b>Associates</b>			
		Tirupati Engineers	2.03	2.03	
			<b>2.03</b>	<b>2.03</b>	
		<b>Relatives of key management personnel</b>			
		Mrs. S. S. Tandale	0.18	0.18	
	<b>0.18</b>	<b>0.18</b>			
- Donations	<b>Other related parties</b>				
	Harmony Electoral Trust	100.00	150.50		
	Akutai Kalyani Charitable Trust	4.50	-		
		<b>104.50</b>	<b>150.50</b>		
-Directors' fees and travelling expenses	<b>Key management personnel</b>				
	Mr. P. G. Pawar	0.65	0.63		
	Mr. S. M. Thakore	0.83	0.59		
	Mrs. Lalita D. Gupte	0.44	0.23		
	Mr. P. H. Ravikumar	0.68	0.50		
	subtotal c/f	<b>2.6</b>	<b>1.95</b>		

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 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, 2020	March 31, 2019
		subtotal b/f	2.6	1.95
		Mr. P. C. Bhalerao	0.60	0.63
		Mr. Vimal Bhandari	0.42	0.34
		Mr. Naresh Narad	-	0.15
		Dr. T. Mukherjee	-	0.43
		Mr. Dipak Mane	0.16	-
		Mr. Murali Sivaraman	0.18	-
			3.96	3.50
	-Commission to directors other than managing and whole time directors	<b>Key management personnel</b>		
		Mr. P. G. Pawar	1.30	1.30
		Mr. S. M. Thakore	1.30	1.10
		Mrs. Lalita D. Gupte	0.55	0.45
		Mr. P. H. Ravikumar	1.00	1.00
		Mr. P. C. Bhalerao	1.20	1.30
		Mr. Naresh Narad	-	0.30
		Dr. T. Mukherjee	-	0.40
		Mr. Vimal Bhandari	0.55	0.60
		Mr. Dipak Mane	0.30	-
		Mr. Murali Sivaraman	0.30	-
			6.50	6.45
	- Legal and professional fees	<b>Other related parties</b>		
		Kalyani Technologies Limited	80.00	-
		Rafael Advanced Defence Systems Limited	-	49.27
		M J Risbud & Co.	0.09	-
		H M Risbud & Co.	0.21	0.03
		Tirupati Engineers	-	3.93
		Irbaris LLP	-	39.88
			80.30	93.11
	- Repairs and maintenance	<b>Other related parties</b>		
		Kalyani Technoforge Limited	16.27	-
			16.27	-
	- Miscellaneous expenses	<b>Other related parties</b>		
		Tirupati Engineers	1.48	-
		Kalyani Technologies Limited	64.08	-
			65.56	-
			594.64	408.73
4	Sale of goods, raw materials, stores and spares, manufacturing scrap and tooling income (net of returns,rebate etc.)	<b>Associates</b>		
		Tork Motors Private Limited	1.50	-
			1.50	-
		<b>Other related parties</b>		
		Saarloha Advanced Materials Private Limited	1,645.67	-
		Automotive Axles Limited	158.73	420.07
		Others	29.07	22.23
			1,833.47	442.30
		subtotal c/f	1,834.97	442.30

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 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, 2020	March 31, 2019
		subtotal b/f	<b>1,834.97</b>	<b>442.30</b>
		<b>Joint ventures Partners</b>		
		REFU Elektronik GmbH	84.13	-
			<b>84.13</b>	-
		<b>Minority holders</b>		
		Rafael Advanced Defence Systems Limited	634.28	1,024.43
		Elbit Systems Land and C4I Limited	10.32	-
			<b>644.60</b>	<b>1,024.43</b>
			<b>2,563.70</b>	<b>1,466.73</b>
5	Sale of services	<b>Other related parties</b>		
		Automotive Axles Limited	89.32	210.98
		Saarloha Advanced Materials Private Limited	51.91	-
		Others	3.67	-
			<b>144.90</b>	<b>210.98</b>
		<b>Joint ventures Partners</b>		
		REFU Elektronik GmbH	7.62	-
			<b>7.62</b>	-
			<b>152.52</b>	<b>210.98</b>
6	Other income	<b>Other related parties</b>		
	-Rent	Kalyani Maxion Wheels Limited	0.05	0.10
		Nandi Economic Corridor Enterprises	2.61	-
		Baramati Speciality Steels Limited	2.90	-
			<b>5.56</b>	<b>0.10</b>
	-Management Consultancy Services	<b>Associates</b>		
		Ferrovia Transrail Solutions Private Limited	3.20	3.20
			<b>3.20</b>	<b>3.20</b>
	- Sale/discard of property, plant and equipments	<b>Other related parties</b>		
		Automotive Axles Limited	-	4.29
			-	4.29
			<b>8.76</b>	<b>7.59</b>
7	Purchase of tangible and intangible assets (including CWIP)	<b>Other related parties</b>		
		KGEPL Engineering Solutions Private Limited	687.31	-
		Kalyani Technoforge Limited	147.25	-
		Rafael Advanced Defence Systems Limited	-	49.16
		Others	22.17	1.55
			<b>856.73</b>	<b>50.71</b>
8	Finance provided:	<b>Other related parties</b>		
	- Investments by Group	Kheda Economic Infrastructure Private Limited ( includes fair valuation impact )	58.72	(54.88)
			<b>58.72</b>	<b>(54.88)</b>
		<b>Joint ventures</b>		
		REFU Drive GmbH	892.34	-
			<b>892.34</b>	-
		subtotal c/f	<b>951.06</b>	<b>(54.88)</b>

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 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, 2020	March 31, 2019
		subtotal b/f	951.06	(54.88)
		<b>Associates</b>		
		Tork Motors Private Limited	39.99	99.99
		Tevva Motors (Jersey) Limited	-	892.93
		Aeron Systems Private Limited	80.00	-
			119.99	992.92
	- Loan given	<b>Associates</b>		
		Tevva Motors (Jersey) Limited	328.18	-
		Ferrovia Transrail Solutions Private Limited	17.61	-
			345.79	-
			1,416.84	938.04
9	Interest income	<b>Associates</b>		
		Ferrovia Transrail Solutions Private Limited	-	2.29
		Tevva Motors (Jersey) Limited	18.80	-
			18.80	2.29
10	Advance from customers	<b>Minority holders</b>		
		Rafael Advanced Defence Systems Limited	196.46	-
		Others	3.30	-
			199.76	-
11	Advance given to vendors	<b>Associates</b>		
		Ferrovia Transrail Solutions Private Limited	-	191.76
		Tevva Motors Limited	15.51	-
			15.51	191.76
		<b>Other related parties</b>		
		Saarloha Advanced Materials Private Limited	1,350.00	-
			1,350.00	-
			1,365.51	191.76
12	Managerial remuneration	<b>Key management personnel</b>		
		Mr. B. N. Kalyani	176.42	194.77
		Mr. A. B. Kalyani	46.27	59.94
		Mr. G. K. Agarwal	46.50	59.09
		Mr. S. E. Tandale	38.81	50.32
		Mr. B. P. Kalyani	38.20	47.84
		Mr. K. M. Saletore	29.56	37.97
		Ms. T. R. Chaudhari	2.98	2.83
		Others	35.34	12.67
			414.08	465.43
13	Dividend paid	<b>Key management personnel</b>		
		Mr. B. N. Kalyani	0.47	0.39
		Mr. A. B. Kalyani	4.20	3.50
		Mr. G. K. Agarwal	0.03	0.02
		Mr. B. P. Kalyani	0.04	0.02
		Mr. K. M. Saletore	0.01	-
		Mr. S. M. Thakore	0.17	0.14
		Mr. P. H. Ravikumar	0.04	0.03
			4.96	4.10
		subtotal c/f	4.96	4.10

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 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, 2020	March 31, 2019
		subtotal b/f	4.96	4.10
		<b>Relatives of key management personnel</b>		
		Mr. G. N. Kalyani	4.14	3.45
		Others	0.99	0.75
			5.13	4.20
			10.09	8.30
14	Repayment of loan given	<b>Associate</b>		
		Ferrovia Transrail Solutions Private Limited	-	30.10
			-	30.10
15	Loan taken	<b>Minority holders</b>		
		Mr. Rahul Pangare	1.25	-
			1.25	-
		<b>Other related parties</b>		
		Givia Pty Ltd ATF Yajilaara Trust	89.91	-
			89.91	-
		<b>Key management personnel</b>		
		Mr. Kapil Shelke	2.25	-
		Mr. Abhijit Bokil	2.65	-
		Mr. Ashvani Shukla	3.07	-
			7.97	-
		<b>Relatives of key management personnel</b>		
		Mr. M Shelke	1.80	-
			1.80	-
			100.93	-
16	Finance cost	<b>Other related parties</b>		
		Givia Pty Ltd ATF Yajilaara Trust	5.25	-
			5.25	-
17	Repayment of loan taken	<b>Minority holders</b>		
		Mr. Rahul Pangare	0.18	-
			0.18	-
		<b>Key management personnel</b>		
		Mr. Kapil Shelke	2.25	-
		Mr. Abhijit Bokil	2.54	-
		Mr. Ashvani Shukla	3.19	-
			7.98	-
		<b>Relatives of key management personnel</b>		
		Mr. M Shelke	1.80	-
			1.80	-
			9.96	-
18	Contributions paid *	<b>Post employment benefit trusts</b>		
		<b>Provident fund</b>		
		Bharat Forge Company Limited Staff Provident Fund	229.84	214.27
			229.84	214.27
		subtotal c/f	229.84	214.27

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 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, 2020	March 31, 2019
		subtotal b/f	229.84	214.27
		<b>Gratuity fund</b>		
		Bharat Forge Company Limited Employees Group		
		Gratuity fund	35.00	37.50
		Bharat Forge Company Limited Officer's Group		
		Gratuity fund	63.86	62.00
			98.86	99.50
		<b>Superannuation fund</b>		
		Bharat Forge Company Limited Officer's Superannuation scheme	24.03	24.33
			24.03	24.33
			352.73	338.10
19	Provision for diminution in value of loan to associate	<b>Associates</b>		
		Ferrovia Transrail Solutions Private Limited	-	50.00
			-	50.00
	Provision for diminution in value of investment	<b>Associates</b>		
		Tevva Motors (Jersey) Limited	475.87	-
			475.87	-
20	Share based Payment	<b>Key management personnel</b>		
		Mr. M Black	31.26	
			31.26	-

\* 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.

\$ Including Goods and Service tax Wherever applicable for previous year only.

#### (iii) Balance outstanding as at the year end

In ₹ Million

Sr. no.	Nature of transaction	Name of the related party and nature of relationship	As at	
			March 31, 2020	March 31, 2019
1	Trade payables	<b>Other related parties</b>		
		Kalyani Technoforge Limited	1,050.87	-
		Kalyani Steels Limited* [Refer note 22]	469.61	965.60
		Saarloha Advance Material Private Limited [Refer note 22]**	764.12	-
		Others	18.95	22.75
			1,252.68	988.35
		<b>Joint ventures Partners</b>		
		REFU Elektronik GmbH	1.63	-
			1.63	-
		subtotal c/f	1,254.31	988.35

\* Net of advance given amounting to ₹ 470 million (March 31, 2019 : ₹ 470 million)

\*\* Net of advance given amounting to ₹ 250.00 million (March 31, 2019 : ₹ Nil)



## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 48. Related Party Disclosures (Contd.):

(iii) Balance outstanding as at the year end

In ₹ Million

Sr. no.	Nature of transaction	Name of the related party and nature of relationship	As at	
			March 31, 2020	March 31, 2019
		subtotal b/f	<b>1,254.31</b>	<b>988.35</b>
		<b>Associates</b>		
		Tevva Motors Limited	0.22	-
			<b>0.22</b>	-
		<b>Minority holders</b>		
		Rafael Advanced Defence Systems Limited	44.34	93.50
		Elbit Systems Land And C4I Limited	105.92	-
			<b>150.26</b>	<b>93.50</b>
			<b>1,404.79</b>	<b>1,081.85</b>
2	Trade receivable	<b>Other related parties</b>		
		Saarloha Advanced Materials Private Limited	370.23	-
		Automotive Axles Limited	88.67	114.43
		Others	45.00	4.09
			<b>503.90</b>	<b>118.52</b>
		<b>Associates</b>		
		Tork Motors Private Limited	1.43	-
		Ferrovial Transrail Solutions Private Limited	3.20	-
			<b>4.63</b>	-
		<b>Minority holders</b>		
		Elbit Systems Land and C4I Limited	10.72	-
		Rafael Advanced Defence Systems Limited	198.89	192.77
			209.61	192.77
			<b>713.51</b>	<b>311.29</b>
3	Payables for capital goods	<b>Other related parties</b>		
		Kalyani Technoforge Limited	10.86	-
		Others	0.22	-
			<b>11.08</b>	-
		<b>Minority holders</b>		
		Rafael Advanced Defence Systems Limited	5.40	49.16
			<b>5.40</b>	<b>49.16</b>
			<b>16.48</b>	<b>49.16</b>
4	Non-current investments	<b>Other related parties</b>		
		Khed Economic Infrastructure Private Limited (including fair value)	641.78	583.06
			<b>641.78</b>	<b>583.06</b>
		<b>Joint ventures (net of accumulated share of loss)</b>		
		BF Premier Energy Systems Pvt. Ltd.	-	0.02
		Refu Drive GmbH	886.08	-
			<b>886.08</b>	<b>0.02</b>
		<b>Associates (net of accumulated share of loss)</b>		
		Tork Motors Private Limited	232.33	247.70
		Tevva Motors (Jersey) Limited	478.80	808.67
		Hospet Bellary Highways Private Limited	-	0.05
		Aeron Systems Private Limited	70.87	-
			<b>782.00</b>	<b>1,056.42</b>

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 48. Related Party Disclosures (Contd.):

(iii) Balance outstanding as at the year end

In ₹ Million

Sr. no.	Nature of transaction	Name of the related party and nature of relationship	As at	
			March 31, 2020	March 31, 2019
5	Loans given	<b>Associates</b>		
		Ferrovia Transrail Solutions Private Limited	152.60	194.99
		Tevva Motors (Jersey) Limited	328.18	-
			<b>480.78</b>	<b>194.99</b>
6	Loans taken	<b>Joint ventures Partners</b>		
		REFU Elektronik GmbH	79.88	-
			<b>79.88</b>	-
		<b>Other related parties</b>		
		Givia Pty Ltd ATF Yajjalaara Trust	93.36	-
		Growth Spurt Consultant LLP, India	0.58	-
			<b>93.94</b>	-
		<b>Minority holders</b>		
		Mr. Rahul Pangare	4.36	-
		Mr. Vyankoji Shinde	4.18	-
			<b>8.54</b>	-
		<b>Key management personnel</b>		
		Mr. Abhijit Bokil	0.54	-
		Mr. Ashvani Shukla	0.49	-
			<b>1.03</b>	-
		<b>Relatives of key management personnel</b>		
		Mr. Ajitsingh Shinde	1.33	-
		Mrs. Roma Shinde	0.49	-
		Mrs. Tina Pangre	0.49	-
	<b>2.31</b>	-		
	<b>185.70</b>	-		
7	Security deposits given	<b>Other related parties</b>		
		BF Utilities Limited	210.00	210.00
		Kalyani Technologies Ltd	89.40	-
		Radium Merchandise Private Limited	25.00	-
		Others	4.71	0.94
			<b>329.11</b>	<b>210.94</b>
		<b>Relatives of key management personnel</b>		
		Mrs. S. S. Tandale	0.15	0.15
			<b>0.15</b>	<b>0.15</b>
			<b>329.26</b>	<b>211.09</b>
8	Advance to suppliers	<b>Associates</b>		
		Tevva Motors Limited	6.19	-
			<b>6.19</b>	-
		<b>Other related parties</b>		
		Saarloha Advanced Materials Private Limited	1,350.00	-
		Kalyani Technoforge Limited	388.00	-
		KGEPL Engineering Solutions Private Limited	12.70	-
	<b>1,750.70</b>	-		
	<b>1,756.89</b>	-		

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 48. Related Party Disclosures (Contd.):

(iii) Balance outstanding as at the year end

In ₹ Million

Sr. no.	Nature of transaction	Name of the related party and nature of relationship	As at	
			March 31, 2020	March 31, 2019
9	Interest accrued	<b>Associates</b>		
		Tevva Motors (Jersey) Limited	18.80	-
			<b>18.80</b>	-
		<b>Joint ventures Partners</b>		
		REFU Elektronik GmbH	0.53	-
		<b>0.53</b>	-	
10	Advance from customers	<b>Other related parties</b>		
		Automotive Axles Limited	4.20	3.48
			<b>4.20</b>	<b>3.48</b>
		<b>Minority holders</b>		
		Rafael Advanced Defence Systems Limited	131.33	-
		131.33	-	
		135.53	3.48	
11	Capital advances	<b>Other related parties</b>		
		Kalyani Technoforge Limited	10.45	-
		KGEPL Engineering Solutions Private Limited	15.10	-
			<b>25.55</b>	-
		<b>Minority holders</b>		
Elbit Systems Land and C4I Limited	17.67	17.67		
		17.67	17.67	
		43.22	17.67	
12	Interest accrued on loan taken	<b>Other related parties</b>		
		Givia Pty Ltd ATF Yajilaara Trust	5.46	-
		<b>5.46</b>	-	
13	Managerial remuneration payable*	<b>Key management personnel</b>		
		Mr. B. N. Kalyani	60.00	110.00
		Mr. A. B. Kalyani	8.00	24.00
		Mr. G. K. Agarwal	8.00	23.00
		Mr. S. E. Tandale	15.00	28.75
		Mr. B. P. Kalyani	15.00	28.25
		Mr. K. M. Saletore	10.00	21.00
		Others	6.02	-
		<b>122.02</b>	<b>235.00</b>	
14	Commission to directors other than managing and whole time directors	<b>Relatives of directors and other directors</b>		
		Mr. P. G. Pawar	1.30	1.30
		Mr. S. M. Thakore	1.30	1.10
		Mrs. Lalita D. Gupte	0.55	0.45
		Mr. P. H. Ravikumar	1.00	1.00
		Mr. P. C. Bhalerao	1.20	1.30
		Mr. Naresh Narad	-	0.30
		Dr. T. Mukherjee	-	0.40
		Mr. Vimal Bhandari	0.55	0.60
		Mr. Dipak Mane	0.30	-
Mr. Murali Sivaraman	0.30	-		
		<b>6.50</b>	<b>6.45</b>	

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 48. Related Party Disclosures (Contd.):

(iii) Balance outstanding as at the year end

In ₹ Million

Sr. no.	Nature of transaction	Name of the related party and nature of relationship	As at	
			March 31, 2020	March 31, 2019
15	Provision for diminution in value of loan to associate	<b>Associates</b>		
		Ferrovia Transrail Solutions Private Limited	-	182.42
			-	<b>182.42</b>
16	Provision for diminution in value of Investment in associate	<b>Associates</b>		
		Tevva Motors (Jersey) Limited	475.87	-
			<b>475.87</b>	-
17	Share based Payment	<b>Key management personnel</b>		
		Mr. M Black	31.26	-
			<b>31.26</b>	-

### Notes

- \* Does not include gratuity and leave encashment since the same is considered for all employees of the Group as a whole.
- 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, 2020 the Group has not recorded any impairment of receivables relating to amount owed by related parties other than those disclosed separately above (March 31, 2019 : 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.
  - All transactions were made on normal commercial terms and conditions and at market rates.
  - For Details of guarantees to related parties refer note 47
  - The Group has various other welfare trusts to administer the long term benefits for its employees for which no contribution is made in the current or previous year.

### 49. Segment Information

In accordance with paragraph 22 of notified Indian Accounting Standard 108 Operating Segments (Ind AS 108), the Group has disclosed segment information only on the basis of the consolidated financial statements which are presented together with the standalone financial statements. The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group's business is divided into two reporting segments which comprises of "Forgings" and "Others" which represents the Group's businesses not covered in Forgings segment. The Chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment based on an analysis of various performance indicators.

The Forgings segment produces and sells forged products comprising of forgings and machined components for automotive and industrial sector. Others primarily includes various new initiatives which the Group is carrying out other than forging related activities.

No operating segments have been aggregated to form the above reportable operating segments.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 49. Segment Information (Contd.):

In ₹ Million

Sr. No.		March 31, 2020	March 31, 2019
<b>1</b>	<b>Segment revenue</b>		
	Revenue from external customers		
a	Forgings	78,541.54	98,428.76
b	Others	2,437.83	3,123.44
	<b>Total</b>	<b>80,979.37</b>	<b>101,552.20</b>
	<b>Less - Intersegment revenue</b>	<b>(76.10)</b>	<b>(76.09)</b>
	<b>Total</b>	<b>80,903.27</b>	<b>101,476.11</b>
	Adjustments and eliminations *	(344.83)	(18.78)
	<b>Revenue from operations</b>	<b>80,558.44</b>	<b>101,457.33</b>
<b>2</b>	<b>Segment results</b>		
a	Forgings	7,793.60	16,779.11
b	Others	(544.90)	420.46
	<b>Total segment profits (before interest and tax from each reportable segment)</b>	<b>7,248.70</b>	<b>17,199.57</b>
	Less: Finance cost	1,713.29	1,272.15
	Less: Other unallocable expenditure net off unallocable income	129.16	51.36
	<b>Total profits before tax and exceptional items</b>	<b>5,406.25</b>	<b>15,876.06</b>
	<b>Add: Exceptional items (loss)</b>		
a	Forgings	(313.29)	-
b	Others	(475.87)	-
	<b>Total Exceptional items (loss)</b>	<b>(789.16)</b>	<b>-</b>
	<b>Profits before tax and adjustments</b>	<b>4,617.09</b>	<b>15,876.06</b>
	Adjustments and eliminations *	-	113.75
	<b>Profit before tax</b>	<b>4,617.09</b>	<b>15,989.81</b>
<b>3</b>	<b>Segment income/(expense)</b>		
<b>3.1</b>	<b>Segment Depreciation, amortisation and impairment expense</b>		
a	Forgings	5,323.85	5,093.13
b	Others	325.51	118.99
	<b>Total</b>	<b>5,649.36</b>	<b>5,212.12</b>
	Adjustments and eliminations *	(172.21)	(4.18)
	<b>Depreciation, amortisation and impairment expense</b>	<b>5,477.15</b>	<b>5,207.94</b>
<b>3.2</b>	<b>Segment Income tax expense</b>		
a	Forgings	1,117.41	5,644.78
b	Others	5.98	12.47
	<b>Total</b>	<b>1,123.39</b>	<b>5,657.25</b>
	Adjustments and eliminations *	1.24	6.60
	<b>Income tax expense</b>	<b>1,124.63</b>	<b>5,663.85</b>

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 49. Segment Information (Contd.):

Sr. No.	In ₹ Million	
	March 31, 2020	March 31, 2019
<b>3.3</b>	<b>Share of (loss) of associates and joint ventures</b>	
a	Forgings	-
b	Others	(429.03)
	<b>Total share of (loss) of associates and joint ventures</b>	<b>(429.03)</b>
<b>4</b>	<b>Segment assets</b>	
a	Forgings	86,377.45
b	Others	5,963.57
c	Unallocable assets including unutilised fund	23,922.22
	<b>Total</b>	<b>116,263.24</b>
	Adjustments and eliminations *	(634.88)
	<b>Total assets</b>	<b>115,628.36</b>
<b>5</b>	<b>Segment liabilities</b>	
a	Forgings	15,784.19
b	Others	888.71
c	Unallocable	2,123.70
	<b>Total</b>	<b>18,796.60</b>
	Adjustments and eliminations *	(435.26)
	<b>Total liabilities</b>	<b>18,361.34</b>
	<b>Capital employed</b>	<b>97,267.02</b>
<b>6</b>	<b>Other disclosures</b>	
<b>6.1</b>	<b>Investments in associates and joint ventures</b>	
a	Forgings	-
b	Others	1,219.06
	<b>Total</b>	<b>1,219.06</b>
	Adjustments and eliminations *	-
	<b>Investments in associates and joint ventures</b>	<b>1,219.06</b>
<b>6.2</b>	<b>Increase in non-current non-financial asset for the year</b>	
a	Forgings	10,407.45
b	Others	2,590.35
	<b>Total</b>	<b>12,997.80</b>
	Adjustments and eliminations *	(603.16)
	<b>Increase in non-current non-financial asset for the year</b>	<b>12,394.64</b>
<b>7</b>	<b>Information in respect of geographical areas</b>	
<b>7.1</b>	<b>Segment revenue from external customers*</b>	
a	Within India	17,909.87
b	Outside India	62,648.57
	Europe	31,195.33
	USA	29,004.34
	Others	2,448.90
	<b>Subtotal</b>	<b>62,648.57</b>
	<b>Total</b>	<b>80,558.44</b>
		<b>101,457.33</b>

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 49. Segment Information (Contd.):

Sr. No.	In ₹ Million	
	March 31, 2020	March 31, 2019
<b>7.2 Segment non-current assets</b>		
a Within India	41,478.65	36,814.90
b Outside India	14,115.51	11,639.24
<b>Total</b>	<b>55,594.16</b>	<b>48,454.14</b>

- \* The revenue information above is based on location of the customers
- \* 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.

### 50. Hedging Activities and Derivatives

#### Cash flow hedges

#### Foreign currency risk

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.

Particulars	In ₹ Million			
	As at March 31, 2020		As at March 31, 2019	
	Assets	Liabilities	Assets	Liabilities
Fair value of foreign currency forward contracts	-	734.24	1,748.25	-

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arise requiring recognition through profit and loss. Amounts of outstanding forward contracts are as follows:

Nature of instrument	Currency	Purpose	In ₹ Million			
			As at March 31, 2020		As at March 31, 2019	
			Foreign Currency in Million	In ₹ Million	Foreign Currency in Million	In ₹ Million
Forward Contracts	USD	Hedging of highly probable sales	479.76	37,280.80	612.37	45,396.79
Forward Contracts	EUR	Hedging of highly probable sales	111.15	10,688.23	142.20	13,014.68
Range forward contracts	USD	Hedging of highly probable forecast sales	25.25	1,964.98	-	-
Range forward contracts	EUR	Hedging of highly probable forecast sales	8.00	702.65	-	-

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 50. Hedging Activities and Derivatives (Contd.):

The cash flow hedges of the expected future sales during the year ended March 31, 2020 were assessed to be highly effective and a net unrealised gain of ₹ 684.59 million (March 31, 2019: ₹ 1,736.44 million), with a deferred tax liability of ₹ 174.78 million (March 31, 2019: ₹ 606.78 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, revenue from operations (highly probable forecast sales) as an adjustment for the year ended March 31, 2020 as detailed in Note 33, totalling ₹ 646.40 (gross of deferred tax) (March 31, 2019: ₹ 1,220.61 million). The amounts retained in OCI at March 31, 2020 are expected to mature and affect the statement of profit and loss till year ended March 31, 2024.

#### Fair value hedge

At March 31, 2020, the Group had an cross currency swap agreement in place. The same contract was also outstanding as on March 31, 2019. Through this arrangement, the Company has converted one of its USD loans into a Euro loan to avail the benefit of the negative EURIBOR. Under the original agreement the interest rate was fixed at LIBOR + 67 basis points, but due to the cross currency swap arrangement the revised interest rate has been fixed at EURIBOR+ 87 basis points, decreasing the corresponding interest cost on the term loan.

Also as at March 31, 2020, 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, 2020 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 2020
Cross currency swap	EURO 25.52	145.5	Derivative instruments	Nil
Forward Contracts	USD 49.09	(4.55)	Derivative instruments	Nil

The impact of the derivative instrument on the balance sheet as at March 31, 2019 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 2019
Cross currency swap	EURO 25.52	78.13	Derivative instruments	Nil
Forward Contracts	USD 49.09	128.86	Derivative instruments	Nil
Forward Contracts	USD 9.69	27.52	Derivative instruments	Nil

The impact of the hedged item on the balance sheet as at 31 March 2020 is, as follows:

Fair value Hedge	Nominal amount (In Million)	Change in fair value for calculating hedge ineffectiveness for March 2020
Non-current borrowings	USD 30.00	Nil
Trade receivables	USD 1.73	Nil



## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 50. Hedging Activities and Derivatives (Contd.):

The impact of the hedged item on the balance sheet as at 31 March 2019 is, as follows:

Fair value Hedge	Nominal amount (In Million)	Change in fair value for calculating hedge ineffectiveness for March 2019
Non-current borrowings	USD 30.00	Nil
Trade receivables	USD 49.09	Nil
Trade receivables	USD 9.69	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, 2020.

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)
<b>Financial assets at FVTOCI</b>			
<b>Unquoted equity instruments</b>			
Khed Economic Infrastructure Private Limited	-	-	641.78
Avaada SataraMH Private Limited			0.01
<b>Quoted equity instruments</b>			
Birlasoft Limited ( erstwhile KPIT Technologies Limited )	37.39	-	-
KPIT Technologies Limited (Refer note 51 (b))	21.61	-	-
<b>Financial assets at FVTPL</b>			
<b>Unquoted equity instruments</b>			
Gupta Energy Private Limited (Refer note 51 (a))	-	-	-
<b>Derivative instruments</b>			
Fair value hedges	-	145.50	-
<b>Unquoted funds</b>			
Investments in private equity fund	-	211.46	-
Investments in mutual funds	-	12,115.22	-

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 51. Fair Value Hierarchy (Contd.):

In ₹ Million

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Quoted funds/bonds</b>			
Investments in mutual funds	1,614.81	-	-
Secured redeemable non-convertible debentures in Series 237 (Option I) issued by Bajaj Finance Limited	318.87	-	-
<b>Financial liability at OCI</b>			
<b>Derivative instruments</b>			
Cash flow hedges	-	734.24	-
<b>Financial liability at FVTPL</b>			
Fair value hedges (Derivative instruments)	-	4.55	-

### Quantitative disclosure fair value measurement hierarchy for assets / liabilities as at March 31, 2019:

In ₹ Million

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets at FVTOCI</b>			
<b>Unquoted equity instruments</b>			
Khed Economic Infrastructure Private Limited	-	-	583.06
KPIT Technologies Limited (Refer note 51 (b))	57.58	-	-
<b>Quoted equity instruments</b>			
Birlasoft Limited ( erstwhile KPIT Technologies Limited )	60.47	-	-
<b>Derivative instruments</b>			
Cash flow hedges	-	1,748.43	-
<b>Financial assets at FVTPL</b>			
<b>Unquoted equity instruments</b>			
Gupta Energy Private Limited (Refer note 51 (a))	-	-	-
<b>Derivative instruments</b>			
Fair value hedges	-	234.51	-
<b>Unquoted funds</b>			
Investments in private equity fund	-	171.60	-
Investments in mutual funds	-	11,079.61	-

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 51. Fair Value Hierarchy (Contd.):

In ₹ Million

	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Quoted funds</b>			
Investments in mutual funds	1,959.33	-	-
Secured redeemable non-convertible debentures in Series 237 (Option I) issued by Bajaj Finance Limited	268.67	-	-

There have been no transfers between level 1 and level 2 during the year ended March 31, 2020 and March 31, 2019.

#### 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, 2020 and March 31, 2019 are as shown below:

	Valuation technique	Significant unobservable inputs	Range	Sensitivity of the input to fair value
Unquoted equity shares in Khed Economic Infrastructure Private Limited	Cost method	Estimated realization rates for developed land and Land under development	<b>March 31, 2020:</b> ₹ 10.40 million to ₹ 12.60 million / acre <b>March 31, 2019:</b> ₹ 9.90 million to ₹ 12.60 million / acre	5% increase/ (decrease) in realization rate would result in increase/ (decrease) in fair value per share by ₹ 1.56 (March 31, 2019: ₹ 1.49).
		Estimated realization rates for undeveloped Land	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 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 Affairs (MCA) since FY 2014-15. In view of the above, the management believes that the fair value of the investment is Nil as at April 1, 2015 and thereafter.

#### (b) KPIT Technologies Limited

The Group 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.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 51. Fair Value Hierarchy (Contd.):

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%.

Further on January 24, 2019; the resultant entity shares were delisted at ₹ 98.65. Subsequently the said shares were listed on April 22, 2019 with slightly higher price than on January 24, 2019. Accordingly, the investment in shares had been classified under level 1 of the fair value hierarchy in previous year.

#### Reconciliation of fair value measurement of financial assets classified as FVTOCI and FVTPL:

	Unquoted equity shares in Khed Economic Infrastructure Private Limited	Unquoted equity shares in Gupta Energy Private Limited	Unquoted equity shares in Tevva Motors (Jersey) Limited	Unquoted equity shares in Avaada SataraMH Private Limited
<b>As at March 31, 2018</b>	<b>637.94</b>	-	<b>7.92</b>	-
Remeasurement recognised in OCI	(54.88)	-	-	-
Other adjustments [Refer note 6 (c)]	-	-	(7.92)	-
<b>As at March 31, 2019</b>	<b>583.06</b>	-	-	-
Remeasurement recognised in OCI	58.72	-	-	-
Purchases	-	-	-	0.01
Other adjustments [Refer note 6 (c)]	-	-	-	-
<b>As at March 31, 2020</b>	<b>641.78</b>	-	-	<b>0.01</b>

### 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, 2020 and March 31, 2019, other than those with carrying amounts that are reasonable approximates of fair values:

In ₹ Million

	Carrying value		Fair value	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
(i) Investments	4,300.32	8,777.30	4,300.32	8,777.30
(ii) Loans	505.64	180.00	505.64	180.00
(iii) Derivative instruments	145.50	1,175.97	145.50	1,175.97
(iv) Other non-current financial assets	1,292.47	1,364.36	1,292.47	1,364.36
<b>Total financial assets</b>	<b>6,243.93</b>	<b>11,497.63</b>	<b>6,243.93</b>	<b>11,497.63</b>
(i) Borrowings	18,747.34	16,785.16	18,747.34	16,785.16
(ii) Other non-current financial liabilities	2.09	1.10	2.09	1.10
(iii) Derivative instruments	157.19	-	157.19	-
<b>Total financial liabilities</b>	<b>18,906.62</b>	<b>16,786.26</b>	<b>18,906.62</b>	<b>16,786.26</b>

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 52. Financial Instruments by Category (Contd.):

The management assessed that the fair value of cash and cash equivalent, trade receivables, derivative instruments, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

Further the management assessed that the fair value of security deposits and other non current receivables approximate their carrying amounts largely due to expected credit loss/discounting at rates which are an approximation of current lending rates.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- (i) Long-term fixed-rate and variable-rate receivables are evaluated by the Group based on parameters such as individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- (ii) The fair values of quoted instruments are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables above. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.
- (iii) The fair values of the unquoted equity shares have been estimated using a DCF model. 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, 2020, 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 nonperformance risk as at March 31, 2020 and March 31, 2019 was assessed to be insignificant.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 53. 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, 2020 and March 31, 2019.

The sensitivity analysis have 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, 2020.

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, 2020 and March 31, 2019 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 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, 2020, the Group's majority long term borrowings are at a floating rate of interest.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 53. Financial Risk Management Objectives and Policies (Contd.):

#### Interest rate sensitivity

The Group's total interest cost for the year ended March 31, 2020 was ₹ 1,713.29 million and for year ended March 31, 2019 was ₹ 1,272.15 million. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, with all other variables held constant, the Group's profit before tax is affected through the impact on floating rate long term borrowings, as follows:

Particulars	Change in basis points	Effect on Profit before tax and equity (₹ million)
<b>March 31 2020</b>		
USD	+/- 50	44.53
EUR	+50	68.23
EUR*	-50	(46.65)
<b>March 31 2019</b>		
USD	+/- 50	34.25
EUR	+50	57.83
EUR*	-50	(27.29)

\*During the current and 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 Group manages its foreign currency risk by hedging its forecasted sales up to 4 years to the extent of 25%-65% on rolling basis and the Group keep its long term foreign currency borrowings un-hedged which will be natural hedge against its un-hedged exports. The Group may hedge its long term borrowing near to the repayment date to avoid rupee volatility in short term.

The Group 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.

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.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 53. Financial Risk Management Objectives and Policies (Contd.):

Particulars	Change in rate	Effect on OCI (In ₹ Million)	Effect on profit (In ₹ Million)
March 31, 2020	USD/INR – 1	503.02	1.73
	EUR/INR – 1	119.15	Nil
	EUR/USD – 0.01		19.33
March 31, 2019	USD/INR – 1	601.58	59.87
	EUR/INR – 1	139.58	12.32
	EUR/USD – 0.01		17.65

#### 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 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.

Particulars	Change in FC/INR rate	Effect on Profit before tax and equity (In ₹ Million)	Effect on other comprehensive income (In ₹ Million)
31 March 2020	USD 1	112.54	26.79
	EUR 1	120.87	67.34
31 March 2019	USD 1	19.97	28.31
	EUR 1	129.09	72.97

#### 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 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 is done in accordance with the limits set by the Board of Directors of the Group.



## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 53. Financial Risk Management Objectives and Policies (Contd.):

At the reporting date, the exposure to unlisted equity securities at fair value was ₹ 853.24 (March 31, 2019: ₹ 812.24 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 ₹ 59.00 million (March 31, 2019: ₹ 60.46 million). Change of 10% on the NSE market index could have an impact of approximately ₹ 5.90 million (March 31, 2019: ₹ 6.05 million) on the OCI or equity attributable to the Group. These changes would not have an effect on profit or loss.

#### Other price risk

The Group invests its surplus funds in mutual funds and zero coupon bonds which are linked to debt markets. The Group is exposed to price risk for investments in such instruments that are classified as fair value through profit or loss. To manage its price risk arising from investments in mutual funds and zero coupon bonds, the Group diversifies its portfolio. Diversification and investment in the portfolio is done in accordance with Company's investment policy approved by the Board of Directors. An increase/decrease in interest rates by 0.25% will have an impact of ₹ 35.12 million (March 31, 2019: ₹ 32.60 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 includes marquee OEMs and Tier I companies, having long standing relationship with the Group. Outstanding customer receivables are regularly monitored and reconciled. At March 31 2020, receivable from the Group's top 5 customers accounted for approximately 27.91% (March 31, 2019: 43%) 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, 2020 and March 31, 2019 is the carrying amounts as illustrated in the respective notes except for financial guarantees. With respect to financial derivative instruments refer note 50.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 53. 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 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 ₹ 13,730.03 million (March 31, 2019: ₹ 13,038.94 million) and other liquid assets of ₹ 6,069.98 million (March 31, 2019: ₹ 4,754.61 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	> 5 years	Total
<b>March 31, 2020</b>				
Borrowings	20,036.25	16,395.79	2,351.55	38,783.59
Trade and other payables	10,309.30	-	-	10,309.30
Lease Liabilities	31.87	858.62	863.24	1753.73
Other financial liabilities	5,572.20	2.09	-	5,574.29
	<b>36,249.96</b>	<b>17,775.62</b>	<b>3,236.19</b>	<b>57,261.77</b>
<b>March 31, 2019</b>				
Borrowings	20,943.31	15,408.61	1,376.55	37,728.47
Trade and other payables	13,664.37	-	-	13,664.37
Other financial liabilities	3,687.92	1.10	-	3,689.02
	<b>38,295.60</b>	<b>15,409.71</b>	<b>1,376.55</b>	<b>55,081.86</b>

The management believes that the probability of any outflow on account of financial guarantees issued by the Group being called on is remote. Hence the same has not been included in the above table.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 54. 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	In ₹ Million	
	As at March 31, 2020	As at March 31, 2019
Borrowings	43,480.82	40,293.07
Less: Cash and other liquid assets	19,431.90	17,755.72
<b>Net debt</b>	<b>24,048.92</b>	<b>22,537.35</b>
<b>Equity</b>	<b>52,517.29</b>	<b>54,058.92</b>
<b>Net debt / equity Ratio</b>	<b>0.46</b>	<b>0.42</b>

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 wherever possible. Further, as a consequence to this and as part of long term debt planning the group has decided to partially repay the borrowings and partially refinance through alternate lenders.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 55. 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
<b>Parent</b>								
<b>Bharat Forge Limited</b>								
Balance as at 31 March, 2020	101.97	53,550.65	135.58	4,735.16	105.92	(1,831.40)	164.67	2,903.76
Balance as at 31 March, 2019	100.41	53,982.21	103.75	10,712.81	24.62	(66.94)	105.89	10,645.87
<b>Subsidiaries</b>								
<b>Indian</b>								
<b>1) B F Infrastructure Limited</b>								
Balance as at 31 March, 2020	0.55	290.15	(2.73)	(95.46)	(0.00)	0.02	(5.41)	(95.44)
Balance as at 31 March, 2019	(1.04)	(559.77)	(0.07)	(7.39)	(0.10)	0.26	(0.07)	(7.13)
<b>2) Kalyani Strategic Systems Limited</b>								
Balance as at 31 March, 2020	0.78	412.00	(0.03)	(0.98)	-	(0.02)	(0.06)	(1.00)
Balance as at 31 March, 2019	0.66	353.31	0.01	1.50	-	-	0.01	1.50
<b>3) Kalyani Rafael Advanced Systems Private Limited*</b>								
Balance as at 31 March, 2020	0.67	351.99	0.07	2.48	0.23	(3.92)	(0.08)	(1.44)
Balance as at 31 March, 2019	0.66	353.43	0.08	8.55	0.04	(0.10)	0.08	8.45
<b>4) BF Elbit Advanced Systems Private Limited</b>								
Balance as at 31 March, 2020	(0.19)	(97.73)	(0.37)	(12.89)	-	-	(0.73)	(12.89)
Balance as at 31 March, 2019	(0.16)	(84.83)	(0.09)	(8.87)	-	-	(0.09)	(8.87)
<b>5) Analogic Controls India Limited</b>								
Balance as at 31 March, 2020	0.14	72.48	0.60	20.79	0.01	(0.24)	1.17	20.55
Balance as at 31 March, 2019	0.10	51.93	0.67	69.44	0.15	(0.41)	0.69	69.03
<b>6) BFIL - CEC JV*</b>								
Balance as at 31 March, 2020	-	(0.94)	0.06	2.18	-	-	0.12	2.18
Balance as at 31 March, 2019	(0.01)	(3.12)	(0.03)	(3.21)	-	-	(0.03)	(3.21)
<b>7) Eternus Performance Material Private Limited</b>								
Balance as at 31 March, 2020	0.01	2.76	(0.05)	(1.84)	-	-	(0.10)	(1.84)
Balance as at 31 March, 2019	-	-	-	-	-	-	-	-

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 55. Statutory Group Information (Contd.):

In ₹ Million

Name of the entity in the group	Net assets (Total assets - total liabilities)		Share in profit and loss		Share in Other Comprehensive Income / (loss)		Share in Total Comprehensive Income	
	As a % of consolidated net assets	₹ Million	As a % of consolidated profit or loss	₹ Million	As a % of consolidated other Comprehensive income	₹ Million	As a % of consolidated total Comprehensive income	₹ Million
<b>8) Kalyani Centre for Precision Technology Limited</b>								
Balance as at 31 March, 2020	0.37	192.53	(0.22)	(7.57)	-	-	(0.43)	(7.57)
Balance as at 31 March, 2019	-	-	-	-	-	-	-	-
<b>Foreign</b>								
<b>1) Bharat Forge Global Holding GmbH</b>								
Balance as at 31 December, 2019	13.60	7143.32	(61.68)	(2,154.28)	(1.33)	23.05	(120.86)	(2,131.23)
Balance as at 31 December, 2018	16.10	8655.57	(1.81)	(186.53)	0.60	(1.62)	(1.87)	(188.15)
<b>2) Bharat Forge CDP GmbH*</b>								
Balance as at 31 December, 2019	5.94	3118.74	(0.04)	(1.55)	6.27	(108.48)	(6.24)	(110.03)
Balance as at 31 December, 2018	5.97	3211.39	0.12	12.14	(0.93)	2.53	0.15	14.67
<b>3) Bharat Forge Holding GmbH*</b>								
Balance as at 31 December, 2019	1.95	1026.52	-	-	-	-	-	-
Balance as at 31 December, 2018	1.91	1025.20	-	-	-	-	-	-
<b>4) Bharat Forge Aluminiumtechnik GmbH*</b>								
Balance as at 31 December, 2019	3.84	2018.12	0.59	20.49	0.03	(0.51)	1.13	19.98
Balance as at 31 December, 2018	3.71	1995.25	0.35	36.22	0.01	(0.04)	0.36	36.18
<b>5) Bharat Forge Kilsta AB*</b>								
Balance as at 31 December, 2019	(0.10)	(53.56)	(7.94)	(277.41)	0.26	(4.55)	(15.99)	(281.96)
Balance as at 31 December, 2018	(0.02)	(11.85)	(3.04)	(313.55)	0.11	(0.29)	(3.12)	(313.84)
<b>6) Bharat Forge Hong Kong Limited*</b>								
Balance as at 31 December, 2019	-	(1.01)	(0.03)	(1.12)	-	-	(0.06)	(1.12)
Balance as at 31 December, 2018	-	0.13	(0.05)	(4.72)	-	-	(0.05)	(4.72)
<b>7) Bharat Forge Daun GmbH*</b>								
Balance as at 31 December, 2019	0.51	268.37	0.16	5.53	0.86	(14.86)	(0.53)	(9.33)
Balance as at 31 December, 2018	0.51	275.46	0.05	5.08	(0.58)	1.59	0.07	6.67
<b>8) Mécanique Générale Langroise*</b>								
Balance as at 31 December, 2019	0.43	224.10	0.06	2.24	0.02	(0.30)	0.11	1.94
Balance as at 31 December, 2018	0.41	221.81	(0.19)	(19.93)	(0.52)	1.41	(0.18)	(18.52)
<b>10) Bharat Forge CDP Trading*</b>								
Balance as at 31 December, 2019	0.01	3.34	0.02	0.72	-	-	0.04	0.72
Balance as at 31 December, 2018	-	(0.85)	(0.05)	(5.15)	-	-	(0.05)	(5.15)

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### 55. Statutory Group Information (Contd.):

In ₹ Million

Name of the entity in the group	Net assets (Total assets - total liabilities)		Share in profit and loss		Share in Other Comprehensive Income / (loss)		Share in Total Comprehensive Income	
	As a % of consolidated net assets	₹ Million	As a % of consolidated profit or loss	₹ Million	As a % of consolidated other Comprehensive income	₹ Million	As a % of consolidated total Comprehensive income	₹ Million
<b>11) Bharat Forge International Limited</b>								
Balance as at 31 March, 2020	2.35	1232.68	5.66	197.56	-	-	11.20	197.56
Balance as at 31 March, 2019	2.03	1090.44	3.06	315.66	-	-	3.14	315.66
<b>12) Bharat Forge America Inc.</b>								
Balance as at 31 December, 2019	1.49	783.37	(4.43)	(154.87)	-	-	(8.78)	(154.87)
Balance as at 31 December, 2018	1.63	878.76	0.69	71.20	-	-	0.71	71.20
<b>13) Bharat Forge PMT Technologie LLC*</b>								
Balance as at 31 December, 2019	2.61	1369.18	(3.19)	(111.56)	-	-	(6.33)	(111.56)
Balance as at 31 December, 2018	2.56	1378.17	(0.08)	(8.50)	-	-	(0.08)	(8.50)
<b>14) Bharat Forge Tennessee Inc.*</b>								
Balance as at 31 December, 2019	1.00	522.72	(0.46)	(16.01)	-	-	(0.91)	(16.01)
Balance as at 31 December, 2018	0.93	499.81	0.09	9.55	-	-	0.09	9.55
<b>15) Bharat Forge Aluminium USA, Inc.*</b>								
Balance as at 31 December, 2019	(0.23)	(123.26)	(3.30)	(115.10)	-	-	(6.53)	(115.10)
Balance as at 31 December, 2018	-	-	-	-	-	-	-	-
<b>16) Kalyani Precision Machining, Inc.</b>								
Balance as at 31 December, 2019	-	(0.01)	-	0.01	-	-	-	0.01
Balance as at 31 December, 2018	-	-	-	-	-	-	-	-
<b>Non-controlling interests in all subsidiaries</b>								
Balance as at 31 March, 2020	0.61	319.89	(0.17)	(5.86)	0.17	(2.93)	(0.50)	(8.79)
Balance as at 31 March, 2019	0.55	298.36	0.04	4.23	0.03	(0.07)	0.04	4.16
<b>Associates</b>								
<b>(accounting as per the equity method)</b>								
<b>1) Ferrovia Transrail Solutions Private Limited</b>								
Balance as at 31 March, 2020		(9.90)	(0.29)	(10.00)	-	-	(0.57)	(10.00)
Balance as at 31 March, 2019		(9.84)	-	(0.07)	-	(0.01)	-	(0.08)
<b>3) Tork Motors Private Limited (including subsidiaries)</b>								
Balance as at 31 March, 2020		401.78	(1.57)	(54.78)	0.03	(0.45)	(3.13)	(55.23)
Balance as at 31 March, 2019		179.60	(0.12)	(12.05)	0.08	(0.22)	(0.12)	(12.27)
<b>4) Tevva Motors (Jersey) Limited (including subsidiaries)</b>								
Balance as at 31 December, 2019		1,606.87	(10.00)	(349.08)	(1.02)	17.66	(18.79)	(331.42)
Balance as at 31 December, 2018		596.60	(0.98)	(101.57)	-	-	(1.01)	(101.57)

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

In ₹ Million

Name of the entity in the group	Net assets (Total assets - total liabilities)		Share in profit and loss		Share in Other Comprehensive Income / (loss)		Share in Total Comprehensive Income	
	As a % of consolidated net assets	₹ Million	As a % of consolidated profit or loss	₹ Million	As a % of consolidated other Comprehensive income	₹ Million	As a % of consolidated total Comprehensive income	₹ Million
Balance as at 31 March, 2020		278.42	(0.26)	(8.93)	0.01	(0.20)	(0.52)	(9.13)
Balance as at 31 March, 2019		-	-	-	-	-	-	-
<b>Joint Ventures</b>								
<b>(accounting as per the equity method)</b>								
<b>1) BF Premier Energy Systems Pvt. Limited*</b>								
Balance as at 31 March, 2020		(0.02)	-	(0.02)	-	-	-	(0.02)
Balance as at 31 March, 2019		0.03		(0.05)	-	-	-	(0.05)
<b>2) REFU Drive GmbH (including subsidiaries)</b>								
Balance as at 31 December, 2019		933.21	(0.18)	(6.22)	-	(0.04)	(0.35)	(6.26)
Balance as at 31 December, 2018								
<b>Adjustments arising out of consolidation</b>								
March 31, 2020	(38.29)	(20,109.10)	54.14	1,890.83	(11.46)	198.11	118.46	2,088.94
March 31, 2019	(36.92)	(19,850.25)	(3.51)	(350.40)	76.58	(207.98)	(5.68)	(558.38)
<b>Total after elimination on account of consolidation-2020</b>	<b>100.00</b>	<b>52,517.29</b>	<b>100.00</b>	<b>3,492.46</b>	<b>100.00</b>	<b>(1,729.07)</b>	<b>100.00</b>	<b>1,763.39</b>
<b>Total after elimination on account of consolidation-2019</b>	<b>100.00</b>	<b>53,760.56</b>	<b>100.00</b>	<b>10,325.96</b>	<b>100.00</b>	<b>(271.89)</b>	<b>100.00</b>	<b>10,054.07</b>

## **Notes Forming Part of Consolidated Financial Statements**

for the year ended March 31, 2020 (Contd.):

### **56. Effect of Global Health Pandemic Relating to Covid-19**

The outbreak of the coronavirus disease of 2019 ('COVID-19') spread throughout the world and became a global pandemic. The pandemic triggered a significant downturn globally and the challenging market conditions could continue for an extended period of time. From end of March, offices and manufacturing facilities were shut down to contain the spread of COVID-19 and maintain the well-being of employees and stakeholders, including customers. These closures expanded and continued into April / May 2020. The duration of the production and supply chain disruptions, and their related financial impacts, cannot be estimated at this time.

The Group has assessed the impact of COVID-19 on its assets, including property, plant and equipment, receivables, inventories, investment in subsidiaries, joint venture and associates, etc. It was concluded that the impact, at this stage, is not expected to have any further material adverse effect.

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Tridevlal Khandelwal**

Partner

Membership Number: 501160

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: June 29, 2020

Place: Pune

Date: June 29, 2020



## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### Annex - 1

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

### Part "A": Subsidiaries

Sr. No.	Name of the Subsidiary	Reporting Period	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Details of Investments	Turnover	Profit Before Taxation	Provision for taxation	Profit after taxation	% of Holding
1	Bharat Forge Global Holding GmbH	Jan 19 to Dec 19	EUR	79.88	399.42	5,341.00	7,831.82	2,091.40	6,133.51	313.15	(2,286.72)	(10.64)	(2,276.07)	100%
2	Bharat Forge CDP GmbH	Jan 19 to Dec 19	EUR	79.88	39.94	3,328.60	8,325.45	4,956.90	123.82	13,220.35	(852.09)	-	(852.09)	100%
3	Bharat Forge Holding GmbH	Jan 19 to Dec 19	EUR	79.88	2.00	1,024.52	2,365.19	1,338.67	1,362.11	2.70	(0.74)	-	(0.74)	100%
4	Bharat Forge Aluminiumtechnik GmbH	Jan 19 to Dec 19	EUR	79.88	663.03	1,301.33	8,402.09	6,437.73	-	4,710.19	80.27	-	80.27	100%
5	Bharat Forge Kilsta AB	Jan 19 to Dec 19	SEK	7.85	157.00	(76.66)	3,977.89	3,897.54	-	7,123.15	(273.08)	-	(273.08)	100%
6	Bharat Forge Hong Kong Ltd	Jan 19 to Dec 19	USD	75.39	1,037.94	(1,038.89)	0.64	1.59	-	0.00	(1.07)	-	(1.07)	100%
7	Bharat Forge Daun GmbH	Jan 19 to Dec 19	EUR	79.88	3.99	282.57	1,013.88	727.32	-	1,312.14	33.00	-	33.00	100%
8	Mecanique Generale Langroise	Jan 19 to Dec 19	EUR	79.88	47.93	185.92	309.70	75.86	-	476.38	26.76	-	26.76	100%
9	Bharat Forge America Inc.	Jan 19 to Dec 19	USD	75.39	-	783.37	1,741.88	958.51	1,060.74	67.17	(168.49)	(2.67)	(165.82)	100%
10	Bharat Forge PMT Technologie LLC	Jan 19 to Dec 19	USD	75.39	7.35	1,361.83	1,938.77	569.59	-	2,921.79	(119.44)	-	(119.44)	100%
11	Bharat Forge Tennessee Inc.	Jan 19 to Dec 19	USD	75.39	-	522.72	584.16	61.43	282.75	27.14	(11.00)	6.14	(17.15)	100%
12	Bharat Forge Aluminium USA, Inc.	Jan 19 to Dec 19	USD	75.39	-	(123.23)	295.76	418.99	-	-	(123.24)	-	(123.24)	100%
13	Kalyani Precision Machining, Inc.	Jan 19 to Dec 19	USD	75.39	-	(0.01)	0.01	0.02	-	-	(0.02)	-	(0.02)	100%
14	Bharat Forge International Limited	Apr 19 to Mar 20	USD	75.39	7.90	1,224.78	13,736.42	12,503.74	18.75	25,559.47	266.56	56.43	210.12	100%
15	BF Infrastructure Limited	Apr 19 to Mar 20	INR	1.00	2,195.23	(1,905.08)	323.58	33.43	-	-	(94.77)	0.68	(95.45)	100%
16	Kalyani Strategic Systems Limited	Apr 19 to Mar 20	INR	1.00	421.32	(8.82)	565.65	153.15	235.84	3.81	(1.32)	(0.34)	(0.98)	51%
17	Kalyani Rafeal Advanced Systems Private Limited	Apr 19 to Mar 20	INR	1.00	398.03	(46.03)	660.19	308.19	-	642.88	2.53	0.05	2.48	50%
18	BF Elbit Advanced Systems Private Limited	Apr 19 to Mar 20	INR	1.00	19.80	(117.53)	97.91	195.64	-	97.47	(12.89)	-	(12.89)	51%
19	Analogic Controls India Limited	Apr 19 to Mar 20	INR	1.00	184.90	(112.41)	92.69	20.20	-	87.04	27.76	6.97	20.79	100%
20	BFL-CEC JV	Apr 19 to Mar 20	INR	1.00	-	(0.94)	10.71	11.65	-	-	2.18	-	2.18	100%
21	Kalyani Centre for Precision Technology Limited	Apr 19 to Mar 20	INR	1.00	200.10	(7.56)	399.48	206.94	-	-	(7.57)	-	(7.57)	100%
22	Eternus Performance Material Private Limited	Apr 19 to Mar 20	INR	1.00	1.63	1.13	27.43	24.67	-	9.08	(1.98)	(0.14)	(1.84)	51%

## Notes Forming Part of Consolidated Financial Statements

for the year ended March 31, 2020 (Contd.):

### Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

S.N.	Name of Associates/Joint Ventures	Ferrovia Transrail Solutions Private Limited	Note B	March 31, 2020	Aeron Systems Private Limited	March 31, 2020	Tevva Motors (Jersey) Limited	Note B	March 31, 2020	Tork Motors Private Limited	March 31, 2020	Refu Drive GmbH	In ₹ Million		
													December 31, 2019	December 31, 2019	
1	Latest audited Balance Sheet Date														
2	Shares of Associate/Joint Ventures held by the company on the year end														
i	Nos.	4,900		100,000	348,000	794,217	794,217		14,208	300.37	14,208	12,500			
ii	Amount of Investment in Associates/ Joint Venture	0.05		1.00	79.99	892.93	892.93		300.37	919.14	300.37	919.14			
ii	Extend of Holding %	49%		50%	22.41%	36.51%	36.51%		48.86%	50.00%	48.86%	50.00%			
3	Description of how there is significant influence	Note-A		Note-A	Note-A	Note-A	Note-A		Note-A	Note-A	Note-A	Note-A			
4	Reason why the associate/joint venture is not consolidated	Consolidated by equity method		Consolidated by equity method	Consolidated by equity method	Consolidated by equity method	Consolidated by equity method		Consolidated by equity method	Consolidated by equity method	Consolidated by equity method	Consolidated by equity method			
5	Network attributable to Shareholding as per latest audited Balance Sheet	(4.85)		(0.01)	62.39	586.67	586.67		196.31	466.61	196.31	466.61			
6	Profit / Loss for the year														
i	Considered in Consolidation	(10.00)		(0.02)	(9.19)	(349.08)	(349.08)		(54.78)	(6.23)	(54.78)	(6.23)			
ii	Not Considered in Consolidation	-		(0.02)	(31.80)	(606.94)	(606.94)		(57.34)	(6.22)	(57.34)	(6.22)			

#### Note:

- A. There is significant influence due to percentage(%) of Share Capital.
- B. The figures with respect to the year ended March 31, 2020 and December 31, 2019 have been considered on the basis of the unaudited management certified accounts of the associates for Ferrovia Transrail Solutions Private Limited and Tevva Motors (Jersey) Limited respectively.

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 Salestore**  
Executive Director & CFO  
DIN : 01705850

**Tejaswini Chaudhari**  
Company Secretary  
Membership Number: 18907

Place: Pune  
Date: June 29, 2020