BHARAT FORGE

July 20, 2021

To,
BSE Limited,
1st Floor, New Trading Ring,
Rotunda Building, P.J. Towers,
Dalal Street, Fort,
Mumbai - 400 001
BSE SCRIP CODE – 500493

National Stock Exchange of India Ltd.,
'Exchange Plaza',
Bandra-Kurla Complex, Bandra (East)
Mumbai- 400 051
Symbol: **BHARATFORG**
Series: **EQ**

Dear Sir,

Sub: Annual Report for the Financial Year 2020-21

Ref: 60th Annual General Meeting of the Company is scheduled to be held on Friday, August 13, 2021 at 11.30 a.m. (I.S.T.) through Video Conferencing (VC)/Other Audio Visual Means (OAVM)

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Annual Report pertaining to the Financial Year 2020-21 which is circulated to the shareholders on their registered email address.

The same is also available on Company's website at https://www.bharatforge.com/investors/agm.

Kindly take the same on record.

Thanking you,

Yours faithfully,
For **Bharat Forge Limited**

BHARAT FORGE LTD. PUNE 411 036 MUNDHWA

Tejaswini Chaudhari
Company Secretary

Encl: As above

KALYANI
GROUP COMPANY

BHARAT FORGE LIMITED, MUNDHWA, PUNE 411 036, MAHARASHTRA, INDIA.
PHONE : +91 20 6704 2777 FAX : +91 20 2682 0699 (Export), 2682 2387 (Sales/Mktg) 2682 2163 (Materials)
Website : www.bharatforge.com
CIN No. L25209PN1961PLC012046

BHARAT FORGE

KALYANI

Patience Matters — Perseverance Counts

Growing the sustainable way

ANNUAL REPORT
2020-21

Welcome to Our Annual Report 2020-21

Read the report online at
www.bharatforge.com

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.

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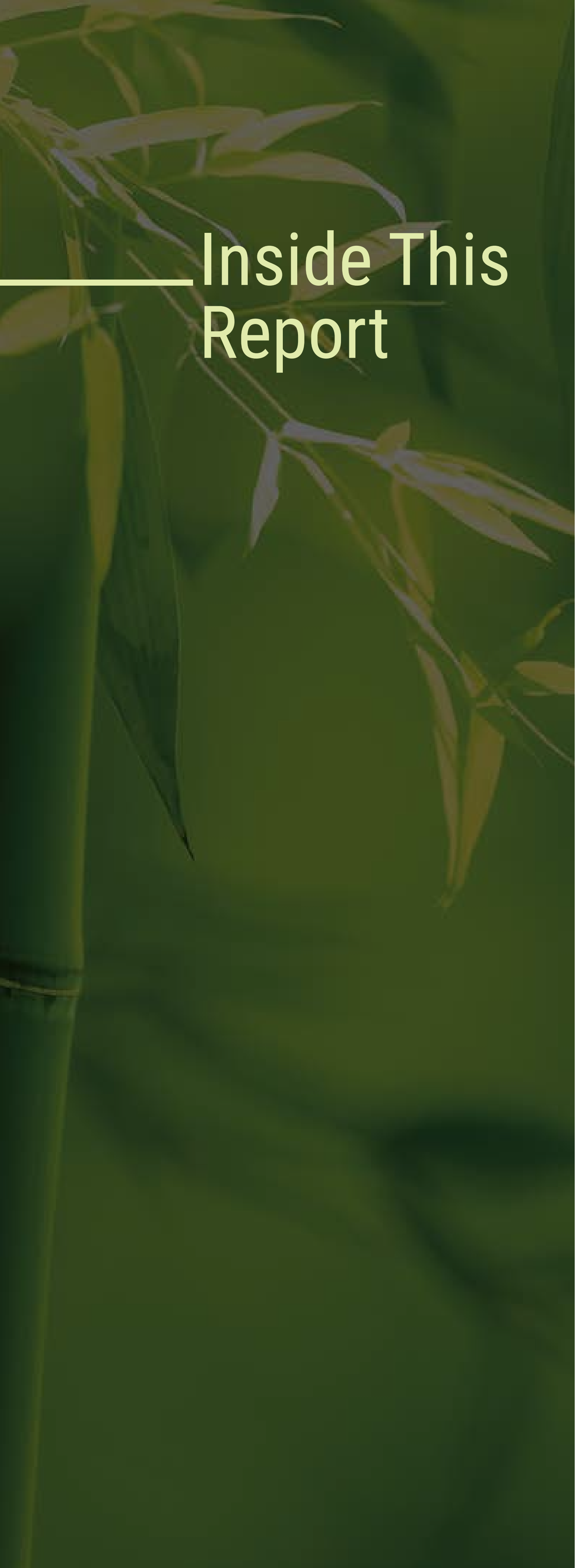

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About the Report

Basis of Reporting

This is our second year of presenting the Report following the principles of Integrated Reporting <IR> as stated by International Integrated Reporting Council (IIRC). Such reporting has emerged as a global benchmark for best practice in corporate reporting for its transparency and disclosures beyond statutory norms. In this Report, we provide a holistic insight on our value creation process using six capitals – Financial, Manufactured, Human, Intellectual, Social & Relationship and Natural Capitals. We also cover information on material matters, governance, performance and prospects in context of external environment. This will 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. We have also followed the principles of <IR> as stated by International Integrated Reporting Council (IIRC).

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, 2020 to March 31, 2021.

Forward-looking Statements

Certain statements in this Report regarding our business operations may constitute forward-looking statements. These include all statements other than statements of historical fact, including those regarding the financial position, business strategy, management plans and objectives for future operations. Forward-looking statements can be identified by words such as 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', 'plans', 'outlook' and other words of similar meaning in connection with a discussion of future operating or financial performance.

Forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realized and as such, are not intended to be a guarantee of future results, but constitute our current expectations based on reasonable assumptions. Actual results could differ materially from those projected in any forward-looking statements due to various events, risks, uncertainties and other factors. We neither assume any obligation nor intend to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Our Capitals

Financial Capital
It represents the capital employed in the business to support our operations and business strategy for generating surplus for the investors and shareholders.

Manufactured Capital
It represents the state-of-the-art manufacturing facilities and equipment in which we have invested financial capital to enable manufacturing of diverse range of products for customers.

Intellectual Capital
It represents our Research and Development (R&D) capabilties, technical excellence and digital readiness that provides us competitive edge in the industry.

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

Social and Relationship Capital
It represents the quality of relationship with our customers, business partners and the communities which enhances our reputation, and facilitates in business growth and giving back to the society.

Natural Capital
It represents the renewable and bring together please environmental resources that we use in our operations as well as the impact of our operations on the environment.

Unprecedented challenges and crises, like the one the world is going through now, tests both our patience and perseverance. And during these testing times, we need both inspiration and assurance.

Perhaps nothing else in nature teaches us more valuable lessons in patience and perseverance than the humble Bamboo tree.

Like any plant, it requires nurturing – water, fertile soil, sunshine. But unlike any other plant, we see no visible signs of life in the first year. In the second year, again, no growth above the soil. The third and the fourth year too pass, and still… nothing.

The patience of the grower is tested. By this time, the doubters begin to lose hope whether these efforts will ever be rewarded. But not the seasoned bamboo grower. He continues nurturing the plant – patiently and persistently.

And finally, in the fifth year the Bamboo tree shows signs of growth. And what growth it is – 80 feet in just six weeks.

But how is it possible? What was unseen is that in all these years, the Bamboo tree was growing a strong foundation under the ground. Had it not done this, it would not have sustained its life as it grew.

At Bharat Forge, we have been growing a strong foundation that will ensure sustained success.

In the past few years, we have seeded new verticals which we are nurturing by providing the right ingredients – capital to invest in technology & people and access to R&D set-up.

We are upskilling and reskilling our people in line with the requirements of the future.

No tangible benefits or progress of these efforts are visible yet. But what is unknown is that this extraordinary hard work, dedication and perseverance has created a solid foundation. And when the time is due in the medium term, these businesses will unleash growth that will change the dynamics of the Company.

We believe Patience Matters. Perseverance Counts.

PATIENCE AND PERSEVERANCE

Building New Businesses Around Future Technologies

The future is going to be radically different than today. The new verticals have been conceived with this future in mind. Like the Bamboo tree, we have been nurturing them by investing in people, building capacities and competencies – with patience and perseverance. The foundation of these businesses is now strong and we are geared to capitalize on the mega opportunities that will arise.

LIGHT-WEIGHTING

Light-weighting of components has become an important focus area for automotive and industrial (aerospace, shipping, wind energy) companies to achieve their targets of operational efficiency and become more sustainable, reliable and cost-efficient. This is more so in case of automotive OEMs seeking to reduce emissions.

At Bharat Forge, we are enabling this through our Centre for Light-weighting Technologies (CLWT) facility in Nellore, Andhra Pradesh. The CLWT is a provider of complete-system light-weighting solutions. They have some of the largest and most advanced machines and expert teams to deliver products of highest quality.

The CLWT works closely with clients to imagine the future of the industry and leveraging its world-class R&D facilities towards converting conventional steel components and subsystems into aluminum/magnesium/composites without compromising on the metallurgical properties of strength. This will help customers achieve their light-weighting targets with the same or even better system efficiencies.

We have started with aluminum die-casting and plan to add magnesium, composites and carbon fiber in the portfolio over time.

Opportunity: Stricter CO_2 emission regulation globally and the advent of electrification in the automotive industry is leading to an increase in usage of aluminum and other light-weight materials..

Outlook: We will focus on development of structural parts for customer globally across automotive and industrial sectors. We intend to be a one-stop shop for all light-weighting requirements.

FY 2018

- Commenced construction of a world-class CLWT facility at Mambattu in Nellore district spread across 100 acres with 100,000 sq. ft. of Die-casting Shop and 50,000 sq. ft of Machining Shop

FY 2019

- Installed the first CLWT machine, a 4200 T die-casting machine which is the biggest in India and the 5th largest in the world
- Acquired customers even before completing the plant construction of the CLWT plant

FY 2020

- Commissioning of CLWT

FY 2021

- Despite COVID-19 challenges, work continued round the clock to ensure timely deliveries to customers

E-MOBILITY

E-mobility is a mega trend that is disrupting the global automobile industry, given its efficiency and lower emissions. Bharat Forge ventured into this business in 2016 by forming a separate vertical and establishing a formal E-mobility strategy. We are targeting opportunities across 2W, 3W, 4W, bus and truck electrification, ranging from providing sub-systems to complete electric powertrains as well as light-weight structural components.

We offer a wide range of modular and customized solutions for the electric powertrains. Using best-in-class technologies, we developed products that are safe, reliable and economical. With our ability to integrate mechanical and electrical components, as well as complex hardware of various configurations and embedded software, we are a one-stop solution.

We have access to sophisticated development facilities – power electronics facility, Electric Drive Unit manufacturing facility and testing facilities – for almost all the components and sub-systems that go in any technologically advanced electric drive powertrain.

Opportunity: According to an independent study by CEEW Centre for Energy Finance (CEEW-CEF), the Indian EV market is predicted to be a USD 206 Billion opportunity by 2030. This includes sales of BEVs, PHEVs, retrofitting of old ICE vehicles as well as the charging infrastructure. India Energy Storage Alliance (IESA) expects EV sales to grow at CAGR of 44% during the period of 2020 and 2027 to hit 6.34-million-unit, primarily led by 2W and 3Ws.

Outlook: We aim to achieve 5-6% market share by 2025 with the help of the strong expertise of Kalyani Powertrains Pvt. Ltd. (KPTL) in the key segments of 2W and 3W, commercial vehicles (buses and trucks). It will also align to the Company's vision of contributing to Atmanirbhar Bharat. In line with this vision, we have devised our business strategies around 'Making Locally but Selling Globally'. Our diverse portfolio of offerings can address the needs of all global customers, including the need to adhere to cleaner mobility or cost effective, safe, reliable and time-bound delivery of customized solutions.

FY 2018

- Acquired 45% stake in Pune-based Tork Motors which develops high performance electric motorcycle and electric powertrains for cargo and passenger 3Ws

FY 2019

- Acquired 35% strategic stake in the UK-based Tevva Motors which develops electric powertrain solutions for commercial vehicles with commercial rights to use its technologies in India
- Set-up 'Engineering and Development Centre' at MIRA, UK for tear down and benchmarking of EVs to expedite knowledge development
- Established a dedicated power-electronics division to develop in-house design and manufacturing capabilities in motor controller, DC-DC converter and on-board charger components of EV
- Formed 50% JV with Germany's Refu Electronik GmbH for the development, manufacturing and selling of onboard controllers and components – mainly drives, invertors, AC/DC converters, all kinds of auxiliary applications, and related power electronics – for hybrid and EVs

FY 2020

- Started localizing electric powertrain for intermediate and Light Commercial Vehicle (ILCV) and 9M Bus segment in India.

DEFENCE

We have been operating in this space for over 10 years and have created a diverse range of products with unique capabilities with Artillery and Protected Vehicles as mainstay. These products, catering to the Indian as well as the Global Armed Forces, are seeing a significant traction. We have several programs ranging from vehicle, small arms, Close-In Weapon System (CIWS), Advanced Towed Artillery Gun System (ATAGS), other artillery guns, torpedo homing heads and Unmanned Aerial Vehicles. The vertical is supported by defence technology and research ecosystem for indigenous innovation in advanced technologies in critical defence systems including next-generation weapons and defence systems.

Our strategic investments/ acquisitions in defence technology start-ups and opening of Defence Incubation Centers, with mentoring from foreign technology experts, has strengthened our capabilities. We are well-positioned to venture into the additional fields of Marine Systems, including Weapon Control Systems (WCS), Command & Control Systems (CMS), and product improvements/ upgrades.

During FY 2021, we have acquired 100% stake in Kalyani Strategic Systems Limited (KSSL) which undertakes all defence related activities. We have emerged as one of the top-ranking defence private industry hubs of India, led by our core metallurgical expertise. We are augmenting our capabilities and production facilities to cater to the defence requirements of India and its allies.

Opportunity: With Government's strong focus on *Atmanibharta* (self-reliance), tremendous opportunities are expected to come in the defence sector.

Outlook: With a strong focus on ESG, we intend to emerge as a major defence product supplier in India and globally. Our strategy will be to Make in India for the world.

FY 2011

- Acquisition of RUAG Ordnance Machining Plant
- BHARAT-52 development started

FY 2012

- Commissioning of plant & First Barrel manufactured

FY 2013

- BHARAT-52 developed

FY 2014

- ATAGS Barrel production started

FY 2015

- ATAGS development commences
- ATAGS Barrel supplies commences
- GARUDA-105 developed

FY 2016

- ULH development commences

FY 2017

- GARUDA 105 firing
- ATAGS firing trials commences
- BHARAT-45 developed
- ATAGS displayed in Republic Day parade

FY 2018

- Acquisition of Gun Facility in UK
- BHARAT-52 Firing (CPE Itarsi)
- ATAGS Pokhran Trials
- ATAGS Winter Firing Trials

FY 2019

- ULH Firing
- ATAGS ballistic, accuracy and consistency trials

FY 2020

- ATAGS firing trials
- Received first major export order worth USD 100 Million to make units of Barak-8 missile kits
- Signed Memorandums of Understanding (MoUs) with established global defence firms like Paramount, General Atomic at Defexpo 2020

FY 2021

- Successfully completed trials for three – Kalyani M4 vehicle, Kalyani Maverick and Mine Protected Vehicle (MPV)
- Awarded a contract to supply the Kalyani M4 vehicle
- JV Protective Carbine (JVPC) successfully completed trials
- FSAPDS successfully completed trials

AEROSPACE

Being a highly technical area with high entry barrier, we focused on understanding technologies and business dynamics, gaining knowledge and capabilities, understanding products and technologies, and building strategic alignments with major Aircraft and Engine OEM's. During this time, necessary quality systems were put in place and investments made in developing products and creating infrastructure and digital manufacturing. Parallelly, we worked on getting ourselves accredited with certifications such as NADCAP, AS – 9100 etc.

Over the years, we have worked on several programs with major OEM's, to gain product competency in engine and aircraft parts. We also are building competencies in part level and sub-assemblies for various Helicopter and Aircraft programs for the Indian market in undercarriage and transmission systems. This exposure, strengthened our product portfolio and has given us a leverage to increase our reach onto the exports. Today, the Company works with 4 major OEM's supplying engine & structural components.

Areas of Competencies

- Titanium forged, finished engine fan blades
- Structural and landing gear parts
- Transmission Parts - Gears, Housings and Casings
- Jet engine and components – stationary and rotating
- Gear box (gears, housing, casing)

Opportunity: The aviation industry is poised to recover from the COVID-19 pandemic and the travel restrictions which ensued. The Company's focus on export market will be complemented by the domestic opportunity arising from the *Atmanirbharta* policy.

Outlook: We look to deepen our relationships with existing customers and explore new opportunities leveraging our competencies in multiple product areas as well as industry credentials. We are also looking at opportunities for acquisitions or tie-ups with other suppliers across the globe. Our strategy will be to move from a component supplier to a sub-Assembly supplier both for domestic defence and global commercial aviation sector. Parallelly, we would leverage our tie-ups with global aerospace OEMs and technology partners to build expertise in sub systems like undercarriage and transmission systems for rotary wing and fixed wing platforms.

FY 2007-11

- Journey started and investments made in building knowledge and understanding of various products

FY 2011-15

- Focused on creating an awareness and understanding of the various products and technologies and putting in place the quality systems
- Made small investments in creating a dedicated process line

FY 2015-17

- Received a major order for a major global aerospace OEM for rotating blades, amongst the most critical parts in aeroengine, for their corporate jet program
- Received first order from a major global aerospace OEM involving forging and certain machining of landing gear components
- Invested in machines, processes and automation technologies

FY 2019

- Became one of the few suppliers of a leading global aerospace OEM to manufacture with zero defect
- Digitalized entire manufacturing platform, a critical requirement in the aerospace to digitally store entire history of the particular part number for easy retrieval

FY 2020

- Indigenously developed new set of blades for a leading global aerospace OEM in record time despite the pandemic, becoming their only supplier in global supply chain to deliver a new product and moving it to production during the lockdown

FY 2021

- Received order from a major global OEM for forging and pre-machined components

TURBOMACHINERY

We set-up the Turbomachinery vertical in 2014. We have the largest testing facility in the entire country to test turbochargers upto 3,500 kilowatts. The expertise of this division is facilitating development of new products for railways, defence and aerospace.

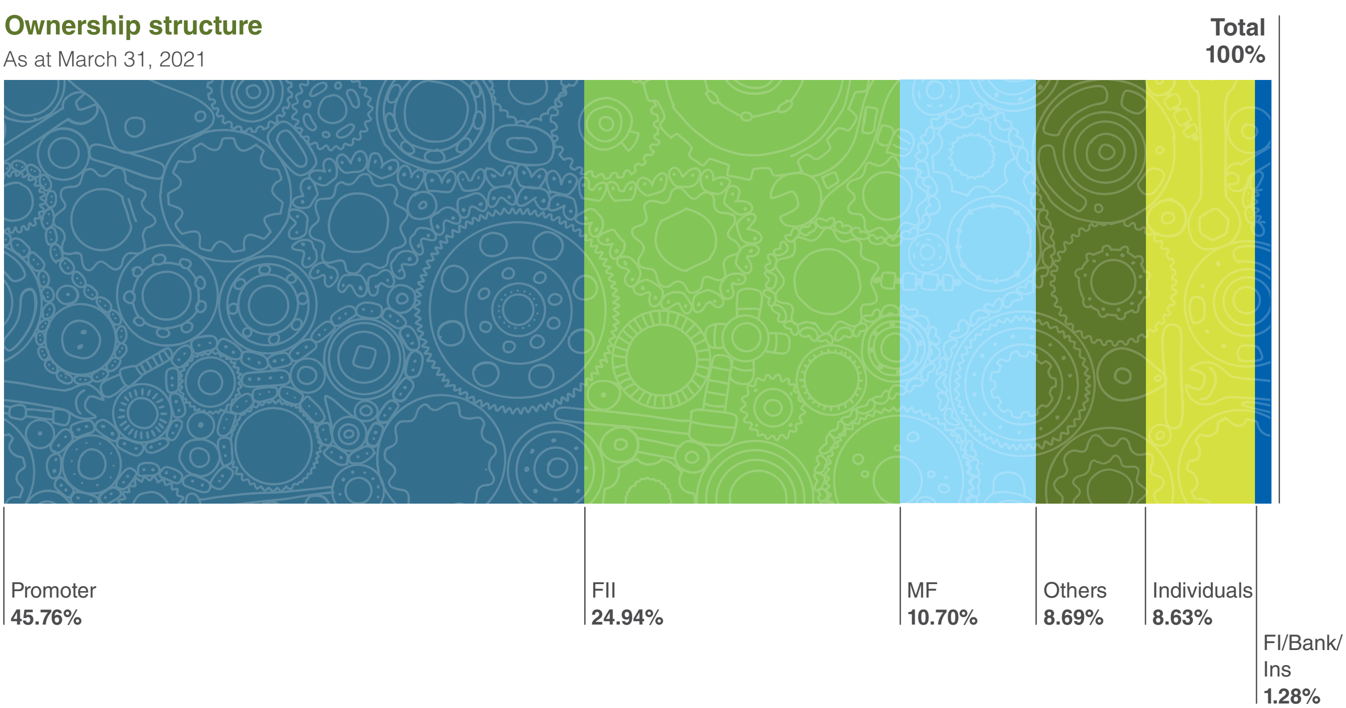
Outlook: As a part of our growth strategy, we intend to do maintenance, repair, and overhaul (MRO) apart from new turbomachinery products including turbochargers. This will help capitalise on the larger opportunities in India and globally. We have also been exploring turbochargers for niche applications which have completely different design requirements. With the expertise that has been developed in design, manufacturing and testing of Turbomachinery products, we have defined our roadmap for expanding into aerospace applications. We are working on few of these development projects with OEM's.

Bharat Forge
Engineering Embedded in DNA

Bharat Forge serves the global market with critical and complex engineering solutions for diverse automotive and industrial applications. Our solutions have a proven track record of delivering high performance and are trusted by leading global OEMs and military defence. We are attractively positioned as a preferred one-stop solution provider supported by our end-to-end capabilities right from product conceptualization, design and development to manufacturing.

We are leveraging our deep engineering expertise and nurturing futuristic technologies to reimagine the future of the industries we serve, and build world-class, non-traditional solutions around it. We are a key player in India's mission for *Atmanibharta* (self-reliance) being the country's largest manufacturer and exporter of auto components and amongst the leading manufacturers of industrial components.

Ownership structure
As at March 31, 2021



Business segments

Automotive

- India's largest auto component exporter and amongst world's leading technology-driven, powertrain and chassis components manufacturer
- Products supplied to leading global automotive OEMs and Tier I suppliers
- Amongst few global companies with front-line design and engineering, dual shore manufacturing and full-service supply capabilities
- Driving change with solutions around E-mobility and light-weighting

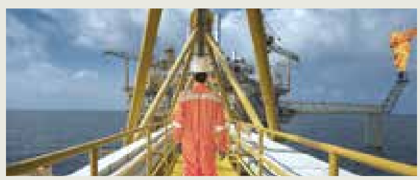
PASSENGER VEHICLES

COMMERCIAL VEHICLES

Industrial

POWER

- Manufacturing critical components for thermal, wind, hydro and nuclear applications across geographies
- Exploring new opportunities around renewable energy

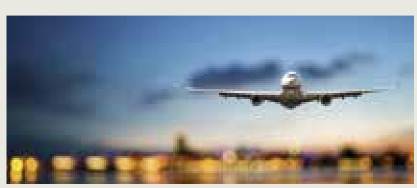


OIL & GAS

- Engineering surface, sub-sea, and deep-sea applications for high-value and high-technology oil & gas

DEFENCE

- A long-standing supplier of critical components for the defence establishments in India
- Plans to set-up new mega facility to meet defence requirements



AEROSPACE

- Manufacturing world-class products (engine, structural and landing gear components)
- Indigenous capabilities
- Reputation of zero defect manufacturing supported by high level of automation

CONSTRUCTION AND MINING

- Manufacturing critical, high end construction and mining components
- Reputation of high product durability for use in extreme applications

RAIL AND MARINE

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

GENERAL ENGINEERING

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

Strengthening Our Global Presence

We have established a solid global presence with 12 manufacturing facilities across 5 strategic countries which are key markets for the businesses that we engage in. It is enabling us local access to leading companies, facilitating opportunities to work closely with customers and meet their evolving needs with more reliability. We have devised strategies to strengthen our presence in these markets and grow profitably.

683,750 TPA

Total capacity

India (Bharat Forge)

Steel Forging Capacity (MTPA)

403,750

Aluminum Casting Capacity (MTPA)

2,400

India (Sanghvi Forging and Engineering)

Steel Forging Capacity (MTPA)

20,000

Europe

Steel Forging Capacity (MTPA)

190,000

Aluminum Forging Capacity (MTPA)

30,000@

North America

Steel Forging Capacity (MTPA)

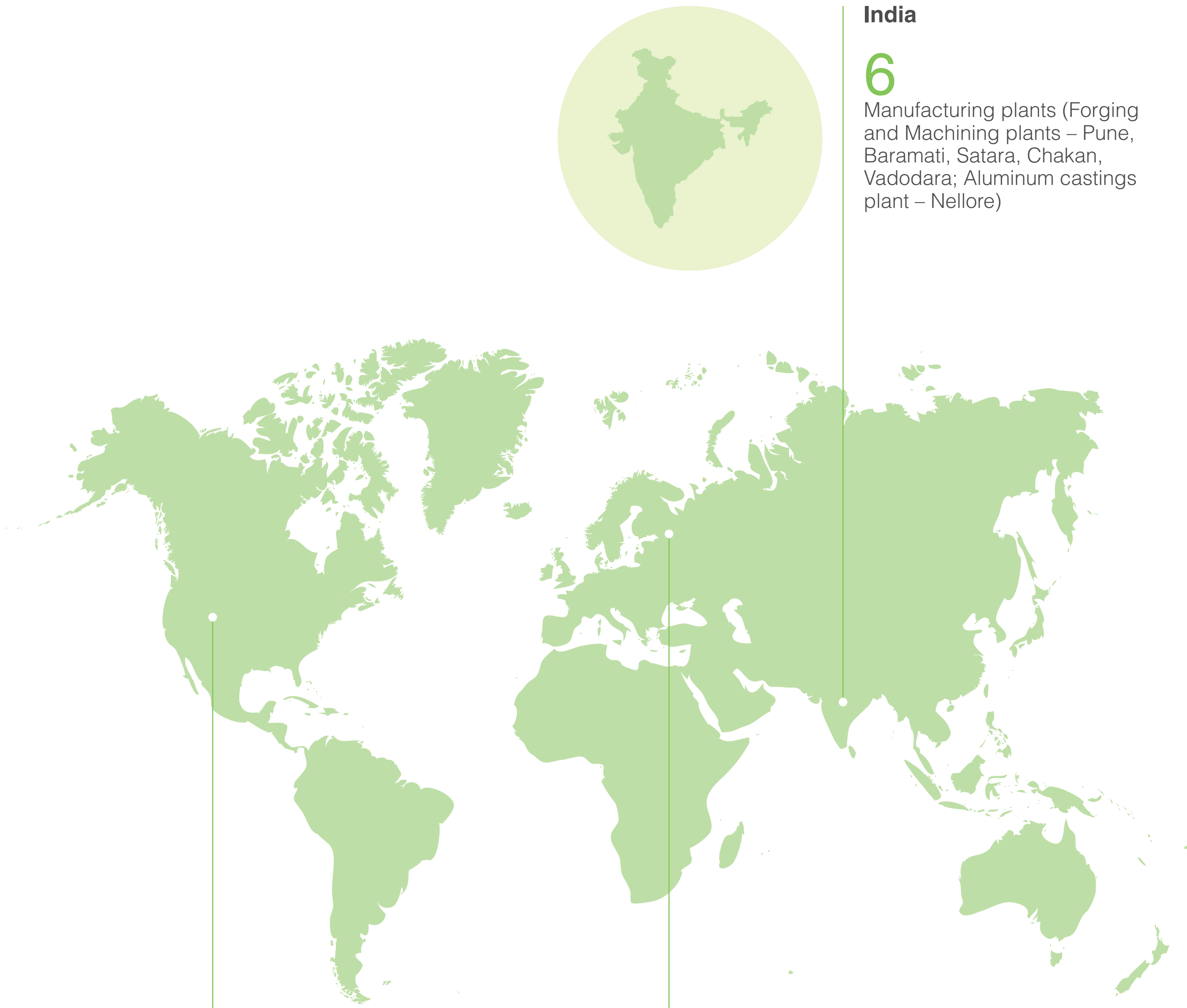
30,000

Aluminum Forging Capacity (MTPA)

Under construction

10,000

@Includes expansion underway in Europe



India

6

Manufacturing plants (Forging and Machining plants – Pune, Baramati, Satara, Chakan, Vadodara; Aluminum castings plant – Nellore)

North America

2

Manufacturing plants

Europe

4

Manufacturing plants

A Resilient Business Model Built with Perseverance

Inputs

Financial Capital

Total capital employed	₹111,146 Million
Debt to equity ratio (Net)	0.61
Capex	₹3,339 Million

Manufactured Capital

Number of plants in India	5
Material cost	₹14,145 Million
Manufacturing cost	₹6,154 Million
Total capacity	403,350 TPA

Intellectual Capital

R&D spending	₹447.45 Million
R&D spend as a % of revenue	1.43%
Patents filed	6

Human Capital

Total employees	4,892
Employee benefit expense	₹4,482 Million

Social and Relationship Capital

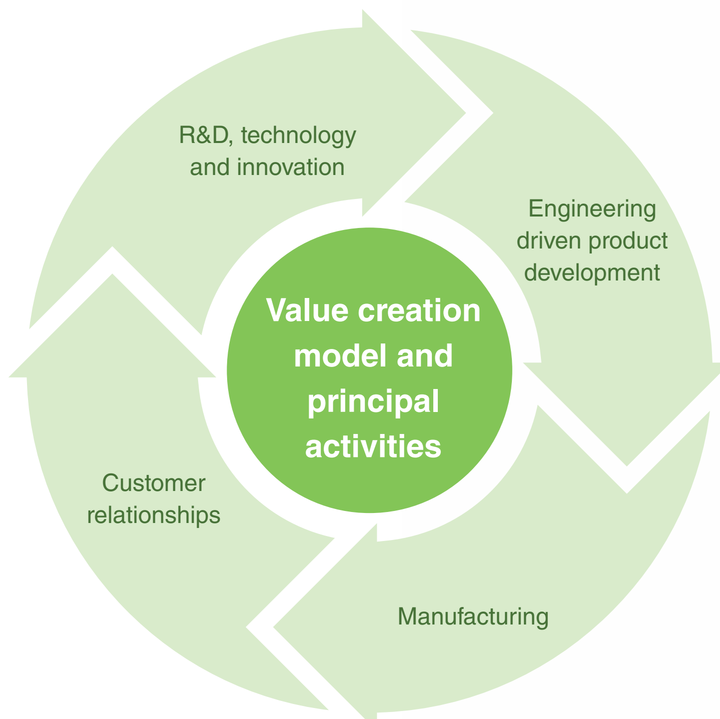
CSR spending	₹183.8 Million
Key CSR focus areas	6
Employee voluntary hours	700 hours

Natural Capital

Renewable energy (MWh)	49,247
% of energy consumed from renewable sources	16.07%
No. of trees planted	500

Sources that enable our value creation

- Deep culture of innovation for technology and product differentiation
- Robust forging competence supported by Industry 4.0 excellence
- Deep and nurtured relationships
- Technical know-how of people
- Vertically integrated model with end-to-end capabilities



Sources that enable our value creation

- Research and Development
- Design and Simulation
- Tools and Die making
- Forging

Precision machining

Outputs

163,198 Mt
Total tonnage

Key segments and products

Automotive

- Commercial vehicles
- Passenger vehicles

Industrial

- Power and Oil & Gas
- Wind Mill
- Rail
- Marine
- Aerospace
- Construction and Mining
- Defence
- Agriculture

Outcomes

Financial Capital

Total income	₹36,515 Million
EBITDA	₹7,348 Million
PAT	₹3,121 Million
Proposed Dividend per share	₹2
RoCE (Net of Cash)	5.3%

Manufactured Capital

Tonnage shipped	165,396 MT

Intellectual Capital

Process improvement	9
Product improvement	11
Technical papers published and presented	6

Human Capital

Employee productivity (revenue per employee)	₹7.5 Million
Lost time injury frequency rate	0.32

Social and Relationship Capital

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

Natural Capital

Waste water reused	100%
Reduction in CO_2 emission through use of renewable sources (tCO_2e)	40,385
Reduction in hazardous waste production (KG/MT)	35%

A Message from the Chairman and Managing Director

B N Kalyani
Chairman and Managing Director

"Storms rage and subside. Tides rise and ebb. Crises come and go. At Bharat Forge, we have remained resilient and patient to tide over the current challenges while retaining our strategic focus to become a future-ready enterprise that is more digital, more competitive and more evolved. We are leveraging our engineering expertise to create tomorrow's solutions with our clients. We are nurturing new businesses even as we become leaner, stronger and more agile. Like the Bamboo tree, rooted in strong foundations, we will be ready to flourish when the time is ripe.

Macro-economic scenario

Financial Year (FY) 2021 has been a year of unprecedented challenges and uncertainties. The COVID-19 pandemic disrupted the way of life, businesses, and the overall economic scenario across the globe. Every country had their set of problems and adopted strict containment measures, including nationwide lockdown. Output in the US contracted 3.4% and in Euro Area by 7.2% in Calendar Year (CY) 2020.

In the Indian context, the GDP declined by 24.4% in the first quarter of FY 2021. However, since the second half of the year, there has been a steady recovery with the economy returning to growth in the fourth quarter and a sharp rebound in all end markets. For FY 2021, the Indian economy contracted by 7.3%.

Though renewed outbreaks are posing fresh challenges, especially in India where the second wave has been devastating, the outlook for the global economy remains positive after a year of negative performance. The aggressive roll-out of vaccines globally provides hope in this global battle against the pandemic.

Automotive industry review

The sector saw sales bottoming out during the first half of the year due to existing challenges as well as halted productions and supply chain disruptions due to pandemic. Since then, it has been on the recovery path, especially the US Class 8 trucks market which has seen robust growth in sales supported by government stimulus and recovering economy.

The Indian automotive industry continued to be under pressure in FY 2021. Several regulatory changes have increased cost of ownership and delayed recovery. The production of passenger vehicles and medium & heavy commercial vehicles in India have declined by 47% and 24% respectively during FY 2018 to FY 2021. While near-term outlook is negative, the industry is expected to bounce back in the medium to long term supported by various government measures like Vehicles Scrappage Policy, push for *Atmanirbharta* (self-reliance) and Production Linked Incentive (PLI) schemes.

"THE PRODUCTION OF PASSENGER VEHICLES AND MEDIUM AND HEAVY COMMERCIAL VEHICLES IN INDIA HAVE DECLINED BY 47% AND 24% RESPECTIVELY DURING FY 2018 TO FY 2021.

Tough resolve amidst disruption

In these unprecedented times, I am proud of the remarkable efforts that we have taken for all stakeholders. The utmost priority was the safety of our people, stakeholders and community as well as our commitment to customers. All our global manufacturing facilities operated in line with the local government regulations. This ensured higher safety standards and simultaneously uninterrupted operations to fulfil the requirements of our customers.

We stood by the communities to provide relief measures including distribution of over 1,000 PPEs to the frontline warriors, 16,000 masks, food packets, and medical kits. We worked towards strengthening the healthcare infrastructure by making provision for oxygen beds, producing ventilators, and distributing oxygen concentrators. We are also helping strengthen the Primary Health Care Centers in villages through improving infrastructure, creating isolation wards, providing COVID-19 medicines, medical apparatus and medical equipment.

WE WORKED TOWARDS STRENGTHENING THE HEALTHCARE INFRASTRUCTURE BY MAKING PROVISION FOR OXYGEN BEDS, PRODUCING VENTILATORS, AND DISTRIBUTING OXYGEN CONCENTRATORS.

Performance review FY 2021

Our overall performance for FY 2021 reflects the challenging backdrop amidst which we operated. On a standalone basis, shipment declined 18% to 165,396 tons and revenues by 20% to ₹36,515 Million in FY 2021. Revenue from domestic business was lower by 8% to ₹16,388 Million primarily led by a decline in industrial business. The exports business declined 26% to ₹19,642 Million led by sharp decline in industrial and commercial vehicle business in the Americas. Low capacity utilization and the subsequent operating deleverage adversely impacted profitability parameters. EBITDA and PAT were ₹7,348 Million and ₹3,121 Million respectively in FY 2021.

Although the full year performance is subdued, it is noteworthy that we have made a strong sequential recovery from Q2 FY 2021 onwards and continue to sustain this encouraging trend. Unlike the earlier downcycles where our balance sheet was weak, this time it remained strong with sufficient liquidity to tide over tough times. Our cash position as on March 31, 2021 was ₹26,752 Million as compared to ₹18,676 Million as on March 31, 2020. Net debt/equity was at a comfortable 0.16.

ALTHOUGH THE FULL YEAR PERFORMANCE IS SUBDUED, IT IS NOTEWORTHY THAT WE HAVE MADE A STRONG SEQUENTIAL RECOVERY FROM Q2 FY 2021 ONWARDS AND CONTINUE TO SUSTAIN THIS ENCOURAGING TREND.

On a consolidated basis, revenue declined 21% to ₹63,363 Million and EBITDA by 24% to ₹8,618 Million. The respective international businesses were impacted due to local lockdown in those geographies.

Making good of adversity

Our international businesses have been a drag to the overall business performance for some time now. We have used the current downturn to enhance their competitiveness. We started restructuring their operations in FY 2020 which continued into this year with initiatives around reducing fixed cost and rationalizing product portfolio by shifting to light-weight material with the sole aim of generating sustainable profitability. We will continue to monitor their performance and revisit them in the next 2-3 years.

Another area of focus has been our export industrial business, where a large part of business comes from Oil & Gas. However, this segment is severely impacted, with revenues down more than 80% as compared to the peak in FY 2019. To further mitigate volatility on our business, we have identified renewable energy as a new sector to focus on. This is in alignment with the technology shift happening globally in which the companies are increasingly moving from fossil fuel to renewables. We already have presence in this space and are trying to build on it. Already, positive momentum is happening in this space because of *Atmanirbharta* with imports that were happening from China shifting to India.

Considering the opportunities in the industrial space, we have undertaken a strategic decision to acquire the stressed assets of Sanghvi Forgings based in Vadodara. This will help enhance our footprint in India and strengthen our industrial product manufacturing capabilities.

A year of positive regulatory developments

Challenges and performance aside, FY 2021 has been an eventful year in terms of positive and proactive steps taken by the government to provide relief to various affected stakeholders. Strong tangible steps were taken towards making India a self-reliant, self-sufficient manufacturing giant including the roll-out of *Atmanirbharta* and PLI schemes across various industries.

The Indian manufacturing sector, whose contribution to GDP stagnated at ~15% over the past many decades, received a much-needed policy boost which holds potential for driving its growth. Progress is already visible in the consumer electronics space and the pharmaceutical space. The trickledown benefit of the PLI is massive and will hopefully result in significant job creation.

The Vehicles Scrappage Policy is a major shot in the arm for Indian automotive sector which was in the making for many years. It is highly relevant in the Indian context, as the country has oldest fleet (average age of over 10 years) of vehicles on the road among other major automotive manufacturing countries.

Being on the right side of opportunity

These recent supportive policy measures by the government provide good ground for growth, much of it being aligned to our growth strategy. The government's clarion call for *Atmanirbharta,* through creating a list of items to be manufactured in India, holds in good stead for the defence manufacturing ecosystem which has received a major push.

Bharat Forge is well-positioned to benefit from this. We have been in this business for many years now and have established deep competencies. In view of the largescale opportunities that may arise, we have acquired 100% stake in our defence arm Kalyani Strategic Systems Limited (KSSL). This will enable us to participate in various defence programs and consolidate all defence activities relating to products and equipment under KSSL. Many of our programs, armored vehicles, artillery, etc., are progressing well and we expect positive developments. During FY 2021, our armored vehicles vertical made a breakthrough by securing a prestigious order for supply of

STRONG TANGIBLE STEPS WERE TAKEN TOWARDS MAKING INDIA A SELF-RELIANT, SELF-SUFFICIENT MANUFACTURING GIANT INCLUDING THE ROLL-OUT OF *ATMANIRBHARTA* AND PLI SCHEMES ACROSS VARIOUS INDUSTRIES.

WE HAVE BEEN IN THIS BUSINESS FOR MANY YEARS NOW AND HAVE ESTABLISHED DEEP COMPETENCIES. IN VIEW OF THE LARGESCALE OPPORTUNITIES THAT MAY ARISE, WE HAVE ACQUIRED 100% STAKE IN OUR DEFENCE ARM KALYANI STRATEGIC SYSTEMS LIMITED (KSSL).

Kalyani M4 vehicle for use in high altitude terrain. We have also received an order from the government for development and supply of certain components and products. Our ambitious ATAGS Artillery Gun continues to undergo trials.

As far as the PLI scheme is concerned, details for the automotive components sector is not yet spelt out. However, we expect it will provide opportunity to grow and expand, both in terms of new products and market share.

Staying ahead of automotive technological changes

In my past address, I had mentioned that technology will cause tectonic shifts in the automotive industry. This is already visible to some extent especially in the personal mobility space. A part of our business is exposed to this shift and may come under stress in the medium term. In the worst-case scenario of complete shift away from Internal Combustion Engine (ICE), we predict a hit of 10-12% on our business in the medium- to long-term. The E-mobility business and other verticals we are focusing on will more than make up for this loss of revenues.

Historically, Bharat Forge has always thrived and grown during such technology changes. We are confident of repeating this if the shift from ICE to E-mobility happens. We approached this by investing strategically in startups with existing expertise in E-mobility solutions. Also in FY 2021, the E-mobility business along with all investments and holdings was spun off into a separate 100% subsidiary – Kalyani Powertrain Limited (KPTL). This will ensure dedicated attention to growing the business with right leadership and right focus. KPTL has made tangible progress during the year having initiated discussion with OEM/ fleet operators to provide solutions for the E-mobility platform.

The Aluminum Die Casting facility, Centre of light-weighting in Nellore is now ready for commercial production while two Aluminum Forging facilities are coming up in North Carolina, US and Brand-Erbisdorf, Germany. These centers will work closely with automobile companies to conceptualize new solutions, including those for E-mobility.

Building future-ready capabilities

As we go deeper into defence, E-mobility, light-weight materials and industrial beyond the existing business, the challenges will be different from what we have faced so far. It will entail creating a talent pool with completely new skill sets and intensifying research and innovation.

It is because of this, that we have put these businesses under separate companies which employ large number of young engineers having expertise in software designing. We are continually focusing on strengthening our HR practices to attract and retain talent.

We continue to have deep emphasis on research and innovation, which is the core of our business and enables us to create new products in these areas of growth, with added emphasis on electronics. Our primary R&D centers – Kalyani Centre for Technology and Innovation (KCTI) and Kalyani Centre for Manufacturing Innovation (KCMI) – are leading this.

“

HISTORICALLY, BHARAT FORGE HAS ALWAYS THRIVED AND GROWN DURING SUCH TECHNOLOGY CHANGES. WE ARE CONFIDENT OF REPEATING THIS IF THE SHIFT FROM ICE TO E-MOBILITY HAPPENS.

“

AS WE GO DEEPER INTO DEFENCE, E-MOBILITY, LIGHT-WEIGHT MATERIALS AND INDUSTRIAL BEYOND THE EXISTING BUSINESS, THE CHALLENGES WILL BE DIFFERENT FROM WHAT WE HAVE FACED SO FAR.

Sustainability at Bharat Forge

Your Company has been addressing the topic of sustainability through the solutions we provide to our customers. Our efforts in light-weighting of products are contributing to lighter vehicles which are more fuel-efficient and more importantly consume less resources in manufacturing process. We also have a circular ecosystem for manufacturing where the bulk of the raw material scrap is reused to manufacture clean steel.

As a responsible corporate, we envisage doing more when it comes to either reduced usage of resource or increased utilization of renewable energy in our operations. In FY 2021, around 16% of the power utilized was from renewable energy sources. We expect more initiatives on sustainability to be rolled out in the coming months.

Message to Shareholders

We have successfully emerged stronger out of every down cycle, improving our margins by re-aligning our product mix, reducing our costs and innovating. We are confident that these will enable us to see through this down cycle as well. This time the difference is that we have a strong balance sheet with a significant amount of liquidity to tide over tough times.

We have capitalized on this to acquire land parcel in Khed SEZ (about 45 kms from Pune). We intend to develop our next mega manufacturing facility here to meet the growing requirements of the business with current facilities being fully utilized. This facility will provide the flexibility to house all new initiatives including defence and E-mobility. Also, this location being outside the city limits, is apt for defence business given the sensitive and varied nature of business.

Moving forward, we will continue to restructure our businesses, to make them future-ready, to whatever extent needed. The future is going to be faster, with more variety and newer customers who will expect the supply chain to play greater role in their business. In line with this future, we have created new businesses most of which are non-traditional and are expected to expand and provide us growth opportunities. We expect these efforts will reduce cyclicity in our business.

I thank all our stakeholders for their trust. Your continued support has helped us to overcome the down cycle and we see better days ahead following revival in export businesses and improving prospects in the non-automotive segment. Our international business is also now operating at a satisfactory level and improving steadily every quarter. Our new growth engines hold immense potential to become large. We remain poised and prepared for the next decade to create significant and sustainable value for all our stakeholders.

Warm regards,

B N Kalyani
Chairman and Managing Director

"WE HAVE SUCCESSFULLY EMERGED STRONGER OUT OF EVERY DOWN CYCLE, IMPROVING OUR MARGINS BY RE-ALIGNING OUR PRODUCT MIX, REDUCING OUR COSTS AND INNOVATING.

Board of Directors

Mr. B N Kalyani
Chairman and
Managing Director

2 3 5

Mr. G K Agarwal
Deputy Managing Director

Mr. A B Kalyani
Deputy Managing Director

2 5

Mr. B P Kalyani
Executive Director

Mr. S E Tandale
Executive Director

Mr. K M Saletore
Executive Director

Mr. P C Bhalerao
Non-Executive Director

1 3 4 5

Mr. P G Pawar
Independent Director

1 2 4 5

Mr. S M Thakore
Independent Director

1 4

Mrs. L D Gupte
Independent Director

3

Mr. P H Ravikumar
Independent Director

1

Mr. V R Bhandari
Independent Director

4

Mr. D B Mane
Independent Director

Mr. M G Sivaraman
Independent Director

Board Committee

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

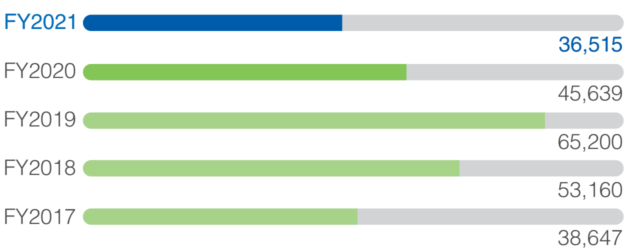
Member of the Committee

Chairperson of the Committee

Performance Highlights of the Year

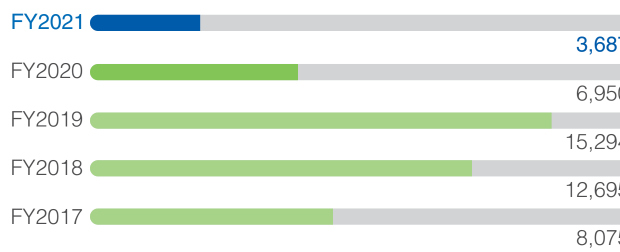
Revenue from Operations

(₹ Million)



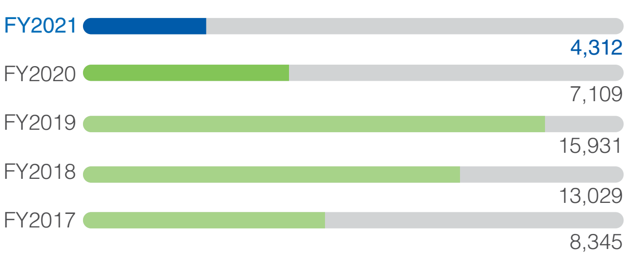
EBIT

(₹ Million)



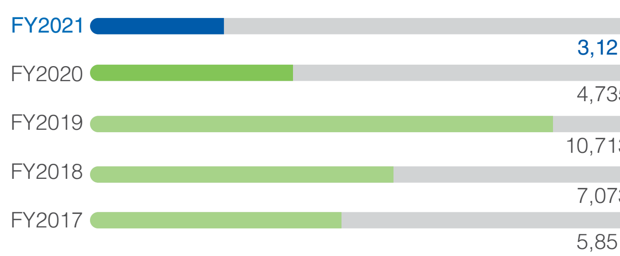
Profit before Tax (Before Exchanged Gain/Loss)

(₹ Million)



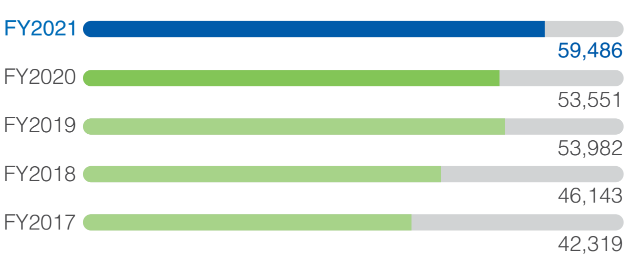
Profit after Tax

(₹ Million)

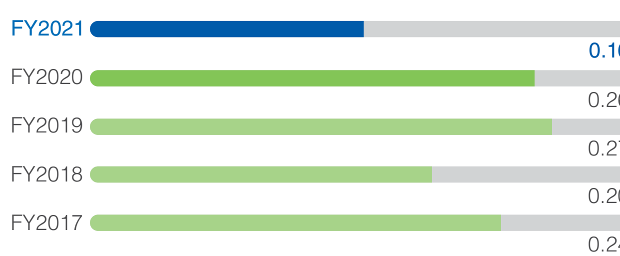


Net Worth

(₹ Million)

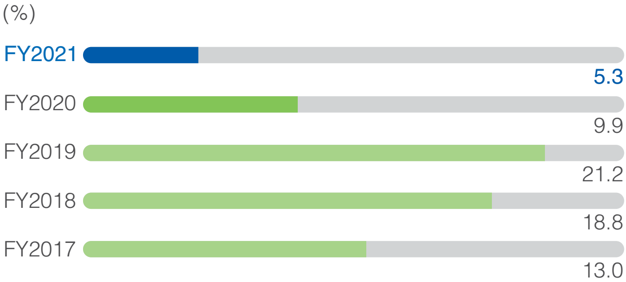


Debt Equity Ratio (Net of Cash)



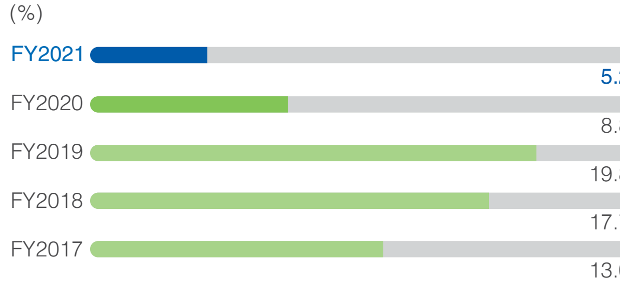
ROCE (Net of Cash)

(%)



RoNW

(%)



FINANCIAL CAPITAL

Strengthening Finances with Prudence and Perseverance

Our Financial Capital represents the engine that enables investments in other capitals to drive our growth and strengthen our competitive positioning. Over the years, we have created a right capital structure and allocated funds judiciously in right areas which is reflected in our resilient performance and balance sheet position. These have translated into a robust financial foundation which is sustainable across market cycles.

Managing capital inputs

- Prudent capital structure and allocation in businesses
- Access to low cost funds for capex
- Prudent management of surplus funds

Managing capital outcomes

- Strong balance sheet position with adequate liquidity and excellent gearing ratio
- Sustained strong cash flow generation
- Credit rating AA+

Prudent financial management

At Bharat Forge, we have a robust system in place to assess funding requirement for ensuring sustainable operations. All funds are either generated from business surplus or through financing activities. Our focus is on determining an optimal capital structure to reduce cost of funds and use funds prudently to generate maximum returns. We use surplus funds either to pay off debt, address inorganic growth opportunities, invest in business or for working capital requirements. All such decisions are made keeping in mind that the Company maintains adequate liquidity given the cyclical nature of our business.

In the past few years, we have made investments in capacity expansion. We have also invested in automation and digital manufacturing to reduce costs, in our subsidiaries to make their operations more sustainable in the long run and in new ventures where we see growth. This prudent capital allocation has helped us generate adequate cash flows and maintain operating profitability in excess of 20% despite the immense challenges faced due to cyclicality and the COVID-19 pandemic.

We have effectively used free cash flows in paying off debt, which is an important part of our strategy, to lower debt and finance cost. As a result, our net debt/equity stands at a comfortable 0.16 as on March 31, 2021. We also invest remaining surplus cash in a diversified portfolio (fixed deposits with premium financial institutions and safe liquid instruments) with the aim of generating returns. Our cash and cash equivalents stood at ₹26,752 Million as on March 31, 2021.

Financial highlights FY 2021

Performance review of the year

FY 2021 was a challenging year due to the impact of the COVID-19 pandemic and the ensuing economic lockdown globally. The pandemic further impacted demand, production and deliveries. We saw a decline in demand across all major geographies and business segments. As a result, all key performance indicators have been on a negative trend.

(₹ Million)

	FY 2021	FY 2020	% change
Total Revenue	36,515	45,639	↓ 20.0%
EBITDA	7,348	10,399	↓ 29.3%
EBITDA %	20.1%	22.8%	↓ 270 basis points
PBT	4,312	7,109	↓ 39.3%
PAT	3,121	4,735	↓ 34.1%
ROCE % (Net of Cash)	5.3	9.9	↓ 460 basis points
RONW %	5.2	8.8	↓ 360 basis points

Strong balance sheet position

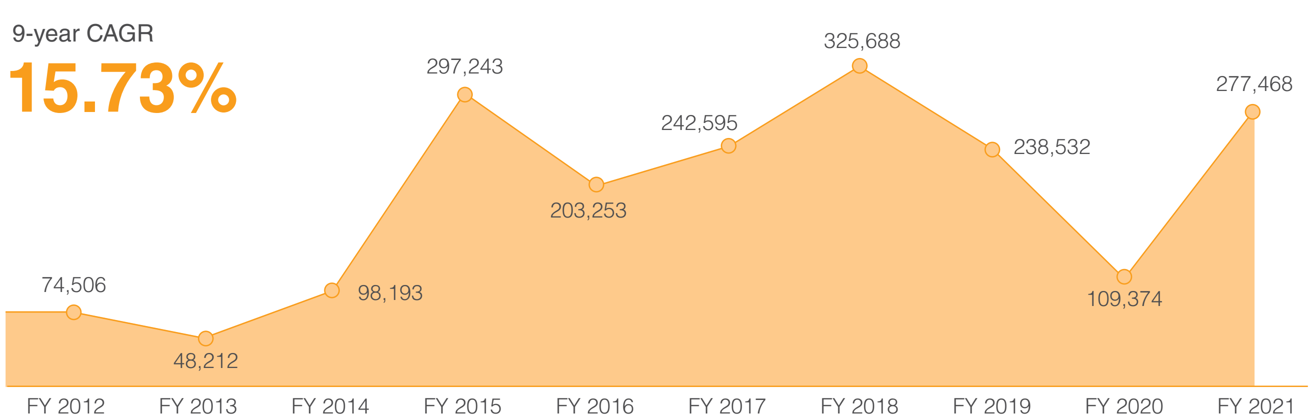
Unlike the previous downturn, our sustained efforts in prudent financial management has ensured that it remained strong throughout the current downturn with significant level of liquidity. Our gearing position remains at a comfortable position and strong cash flows provide headroom for expansion.

	FY 2021	FY 2020
Debt / Equity	0.61	0.60
Debt / Equity (Net)	0.16	0.26
Long Term Debt / Equity (Net)	(0.10)	(0.01)
Cash	26,752	18,676

Value created for shareholders

We have created a robust business model and adopted a strategy which is focused on long-term value creation, despite any short-term hiccups. This has ensured sustained returns to our shareholders and capital appreciation for our shareholders in the last ten years. Despite the volatility and uncertainty in our end markets and the need to invest in new businesses and manufacturing capacities, we have ensured uninterrupted distribution of wealth creation in the form of dividend to the shareholders.

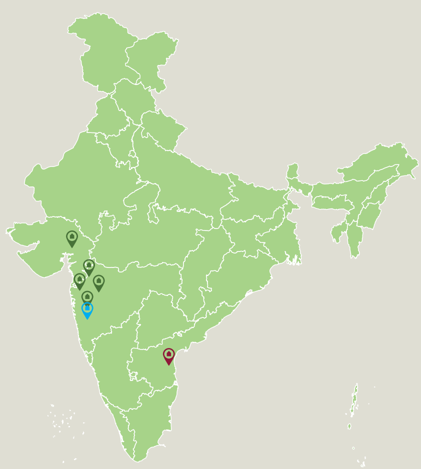
Market capitalization (₹ Million)



MANUFACTURED CAPITAL

Building on Scale and Operational Excellence

We have been building our manufacturing prowess by investing in right capacities and capabilities. Our persistent focus on technology and training has resulted in improving processes, driving efficiencies and enhancing our competitiveness. These proactive investments helped ensure seamless operations despite the pandemic. Persevering in our drive to become the most efficient and advanced engineering company, we continue to nurture these technologies and have embarked upon a journey to create the next mega facility that will grow our capabilities multifold.



Our manufacturing assets

- Forging and machining plants – Pune, Baramati, Satara, Chakan, Vadodara
- Aluminum casting plant – Nellore
- Land acquired for new mega facility – Khed, Pune

Expanding scale, geographic footprint and proposition

Despite the pandemic, we effectively used FY 2021 to strengthen our manufactured capital. We successfully commissioned a new forging facility in Baramati which is amongst the most modern, efficient and cost competitive globally. It is designed on lean principles and houses the entire chain of manufacturing from dies to final forged component. We acquired stressed assets of Sanghvi Forgings & Engineering's which included a 20,000 TPA forging plant in Vadodara, Gujarat which complements our industrial product business and provides entry in a new region.

We now have six operational plants in India – five for steel forging and machining and one for aluminum castings. These plants meet highest global manufacturing standards including ISO 9001, ISO 14001, TS 16949, AS 9100 REV C, NADCAP, API Q1 and PED 97/23/EC.

Sustaining operations and improving operational efficiency

With the announcement of lockdown, we ensured a safe plant shutdown to avoid any unexpected incidents. This period was used productively to plan a safe and effective re-start and strategies for a reset work environment. We also developed comprehensive operating plan to improve operational efficiencies.

In May 2020, all plants re-started safely with strict adherence to regulatory and safety guidelines. Operations

were carried out with bare minimum staff for safe working while rest worked from home. A virtual war room was set-up with daily reviews by senior management. Digital platforms were used to facilitate collaborative working, exchange of information, monitoring equipment health, use of AI & ML and interfacing with customers.

As a result of these efforts, we were able to meet all customer demands and ensure uninterrupted new product development and new customer introduction. Several new products were successfully launched through virtual audits by customers. It also helped in continuing with our efforts of turning around international businesses focused around reducing fixed cost and rationalizing product mix towards light-weight materials.

Progressing on Industry 4.0

Connected all energy and natural gas meters on Industrial Internet of Things (IIoT) platform for real-time information on power utilization and quality, thus facilitating interventions to reduce energy consumption.	Undertaking sensorization and condition monitoring efforts on priority to ensure zero unplanned downtime in hydraulics, pneumatics and electronics.	Completely automated operational reporting for the data coming out of machines using IIoT platform.	Use of augmented reality for training operators and guidance during actual maintenance process.

Loss Time Injury Frequency Rate

(per million man hours)

FY 2021	0.32
FY 2020	1.00
FY 2019	1.08
FY 2018	0.40

Total Recordable Cases Frequency Rate

(per million man hours)

FY 2021	2.14
FY 2020	1.44
FY 2019	1.39
FY 2018	1.48

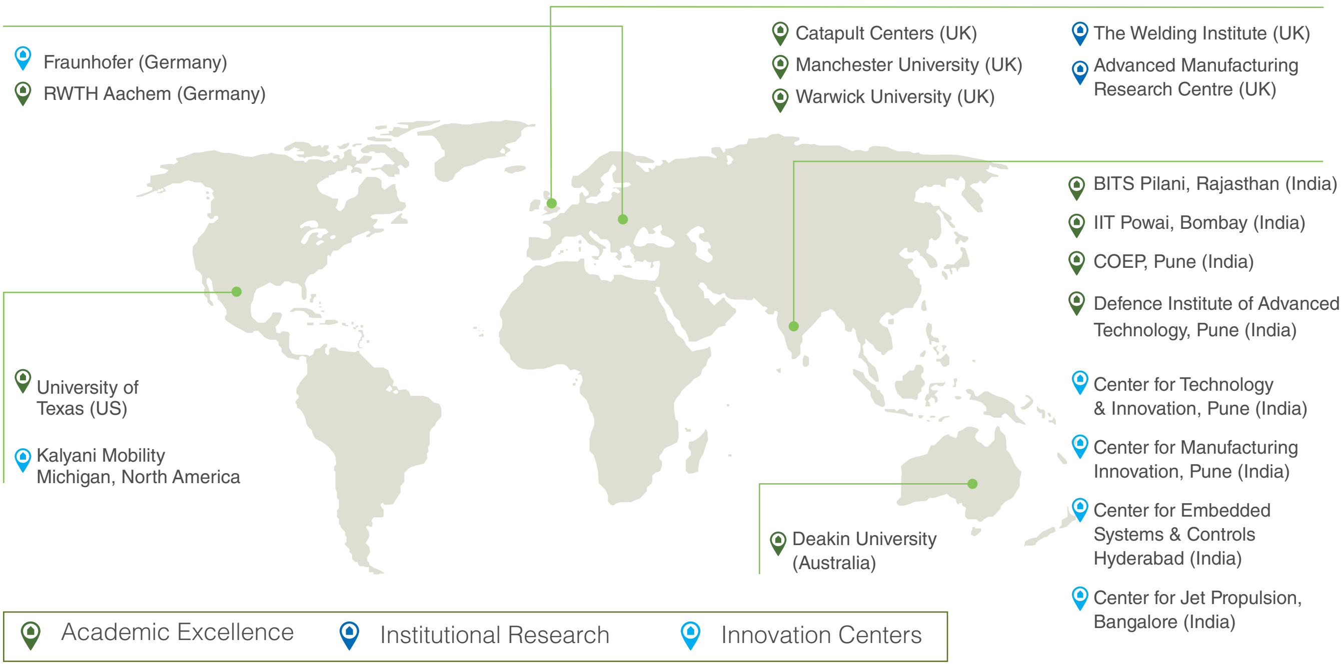
INTELLECTUAL CAPITAL

Fostering a Culture of Innovation

Innovation is at the core of our value creation. We are constantly pushing boundaries of R&D to create sustainable innovations as well as futuristic solutions and to improve processes. These facilitate us in staying ahead of the curve to meet evolving customer needs and to deliver sustainable value.

Global technology and innovation ecosystem

People competencies are key to innovation. We collaborate with the global technology ecosystem such as advanced learning academic institutions, institutional research agencies and innovation centers to skill our people as well as to co-innovate solutions for shaping a better tomorrow.



Our Research and Development Infrastructure

Kalyani Centre for Technology and Innovation (KCTI)

KCTI is a DSIR-recognized and NABL-certified centre, which is central to our innovation and technology-driven strategy. It is enabling us to deepen intellectual capital by facilitating advanced technical training and academic courses to people and by undertaking extensive R&D through its network of innovation centers, research institutions and academic institutions. It is acknowledged and approved by all critical customers.

Focus areas

- Research on metallurgical properties of various metals and optimization of forging processes through advanced labs of heat treatment, metallography, fatigue, creep testing
- Improve performance of the existing products by value addition and value engineering
- Development of total systems from design to end use
- Co-assist BFL in development of new processes and products from conceptualization to end use

Kalyani Centre for Manufacturing Innovation (KCMI)

Having cutting-edge equipment, KCMI facilitates in new product development and in incubating new technologies through its rapid prototyping capabilities.

Focus areas

- Joint engineering support during product development
- Speedy development of prototypes
- Establishment design for manufacturing processes and technology

Kalyani Mobility

The new R&D center based in Michigan, North America, will primarily support product development for the light-weighting and E-mobility businesses. It will also be leveraged to incubate disruptive technologies in material alloys and manufacturing process. It is expected to act as a beachhead for the Group's global R&D activities in the coming few years.

Contribution by our R&D Centers

129
R&D employee strength

4
Patent designs filed in FY 2021

6
Total patents filed in FY 2021

179
Total research papers presented globally

Commitment to Socio Economic Development

As a responsible company, we have always balanced performance with purpose. We have identified priorities for sustainable development that are aligned with our business strategy. We are focused on driving the social and economic development, while minimizing our impact on the environment.

Our sustainability efforts

Economic

- Development of E-mobility solutions
- Use of innovative technologies to increase plant productivity
- Job creation and economic growth of regions where we operate

Environment

- Increased use of renewable energy, Value Energy Stream Mapping and implementation of Energy Management Programs (EMPs) to reduce energy consumption
- Minimizing resource consumption
- Biodiversity protection and offsetting carbon emission through tree plantation
- Reduction and effective disposal of wastes

Social

- Open dialogue with all stakeholders
- World-class safety standards and implementation of digital workplace
- Employees skill upgradation, safety training and welfare measures
- Holistic development program across 100 villages covering improving water availability, supporting agriculture, promoting education, creating infrastructure, and ensuring better health, hygiene & nutrition
- Undertaking education, skill development and women empowerment programs

Sustainability is critical to our long-term success. It facilitates a responsible growth such that we meet the needs of the society for today and tomorrow. In our business, we are pioneering initiatives that will contribute to a better future for humanity. We are also making efforts to grow consistently, but only by ensuring safest and more sustainable production standards. At the same time, we will continue to be committed to the growth and well-being of our employees as well as the communities around us.

The sustainability commitment comes from the top with our Board taking responsibility for integrating these matters in our business strategy and objectives. They provide guidance which is percolated across all level. We have aligned our efforts to the United Nations' Sustainable Development Goals (SDGs) framework, and are continuously monitoring them for improvement.

HUMAN CAPITAL

Propelling Progress by Unlocking the People-Potential

Talented employees with right competencies are key to our success and competitiveness in the future in which we aspire to be at the forefront of technology solutions. We are undertaking multiple skilling programs and preparing our workforce for a new-age where smart ways of working are prevalent. We continue to develop business- and performance-oriented leaders to unlock the people potential that will take Bharat Forge into the future.

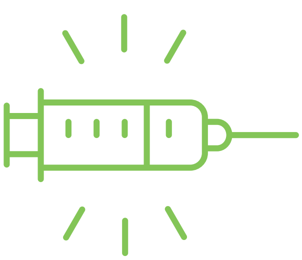
Our people priorities

- Attract & retain qualified and motivated employees
- Develop employees for the future that will be more digital and will require new skills
- Improve labor productivity with Industry 4.0 training
- Increase industrial safety across all facilities

Training a future-ready workforce

We are training our people to be equipped with new-age skills and competencies that will ensure the success of the Company as well as theirs. We are accomplishing this through collaboration with various institutions that facilitate skill development, management development, and technology development. Additionally, we have internal programs to provide accelerated training on Industry 4.0 – Hydraulics, Pneumatics, Sensor Technology, Human Machine Interface, PLC & Control Wing, Mechatronics, AR & VR, Big data analysis, and IoT.

During FY 2021, due to pandemic, we focused on online training and skill enhancement in the areas of Industry 4.0, Sensor, Robotics and Manufacturing Engineering. Online learning methodology was leveraged to help employees to understand advance engineering concept and transform their knowledge into daily activity. The usage of online learning through THORS learning platform reported exponential rise. More than 1,100+ employees were upskilled on new technologies through this.



We have taken the responsibility of vaccinating employees. 95% of those aged over 45 years have been vaccinated and those aged over 18 years will be vaccinated when they are available.

Employee health, safety and welfare

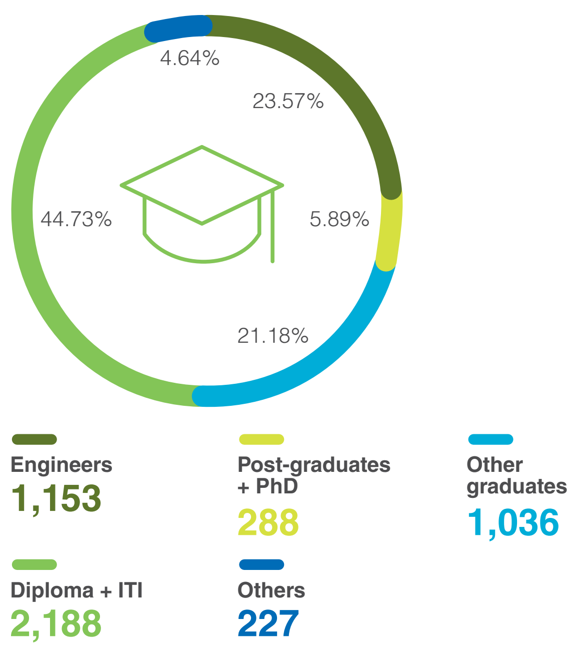
With the onset of pandemic, we introduced work from home policy for ensuring employee safety. All internal and external meeting and training initiatives were moved to virtual platform. At manufacturing facilities, a strict 'no visitor' policy was introduced for social distancing norms, except in some cases but only with a negative RT-PCR report valid for 48 hours. Measures like 100% temperature screening, use of masks and daily monitoring of oxygen levels and pulse rates were conducted across organization. Security staff was trained as per the COVID-19 protocols. Transport vehicles, shop floor and canteen were disinfected multiple times in a shift while all offices were disinfected daily.

Twice a week virtual meeting of all department HR facilitators and once a week of all HOD were done to take stock of COVID-19 situation and preventive measures. COVID-19 war room with a 24x7 manned helpdesk was created for immediate emergency help. Doctor teleconsultation facilities and tie-ups with best hospitals were made. Employees were also provided mental and psychological counseling assistance given the challenging times. Our teams ensured twice a week personal connect with all COVID-19 infected employees.

Workforce diversity

Bharat Forge is an inclusive workplace where we encourage equality in all forms and treat all employees with dignity.

Diversity at Bharat Forge by Qualification



SOCIAL AND RELATIONSHIP CAPITAL

Supporting Customers in Challenging Times

In a rapidly-evolving market, our customers are faced with the challenge of remaining agile in their market strategy. As a strategic supplier-partner to them, we are constantly undertaking R&D and driving efficiencies to rapidly provide technology and solutions that can increase their competitiveness. In FY 2021, with the challenges related to pandemic, customer relationship management has undergone a lasting paradigm change. We adopted innovative means to continue meeting their demands and surpassing their expectation to deepen the relationships.

In FY 2021, our operations and supply chain were impacted due to the pandemic-related lockdown which saw our plants remain shut as per regulatory guidelines and the subsequent reduced mobility due to travel restrictions. Despite the astute challenges, we maintained close collaboration with our customers in India and globally and strived to ensure sustained fulfillment of demands. Our teams put in great efforts in managing all ends of the supply chain by adopting a proactive approach and transparent communication to ensure no line down situation at our customers end. Our efforts and performance have enabled us to exceed their expectations and have been highly appreciated by them.

Virtual collaboration

We successfully overcame the multiple challenges by actively implementing virtual interface and digital collaborations across all functions. One such example is the change in Plant Audits by customers which is now being successfully done via virtual interface. Quarterly Supplier Business Reviews have also been shifted to online mode as against in person earlier in line with the increasing demand from the customers.

Focusing on customers future needs

Innovation and technology have been at the core of Bharat Forge. With the emerging trends on light-weighting and E-mobility, we are focused on continually developing and delivering solutions on these fronts for our customers. An important aspect of our ability to delight customers is by working closely with them to imagine the future of their industry and co-develop solutions.

New product development process

Despite our facilities being impacted with lockdowns, we intensified our focus on the new product development process. This helped us in having an enhanced engagement with our customers, thereby utilizing the lock down period productively.This will ensure the timely and successful launch of our products at customer end.

Recognition from customers

ASHOK LEYLAND

Gold Award for Strategic Alignment

JOHN DEERE

Achieving Excellence for Quality

TOYOTA

Appreciation on Quality and Delivery

CATERPILLAR®

Supplier Quality Excellence Process

PACCAR

SPM Leader Award

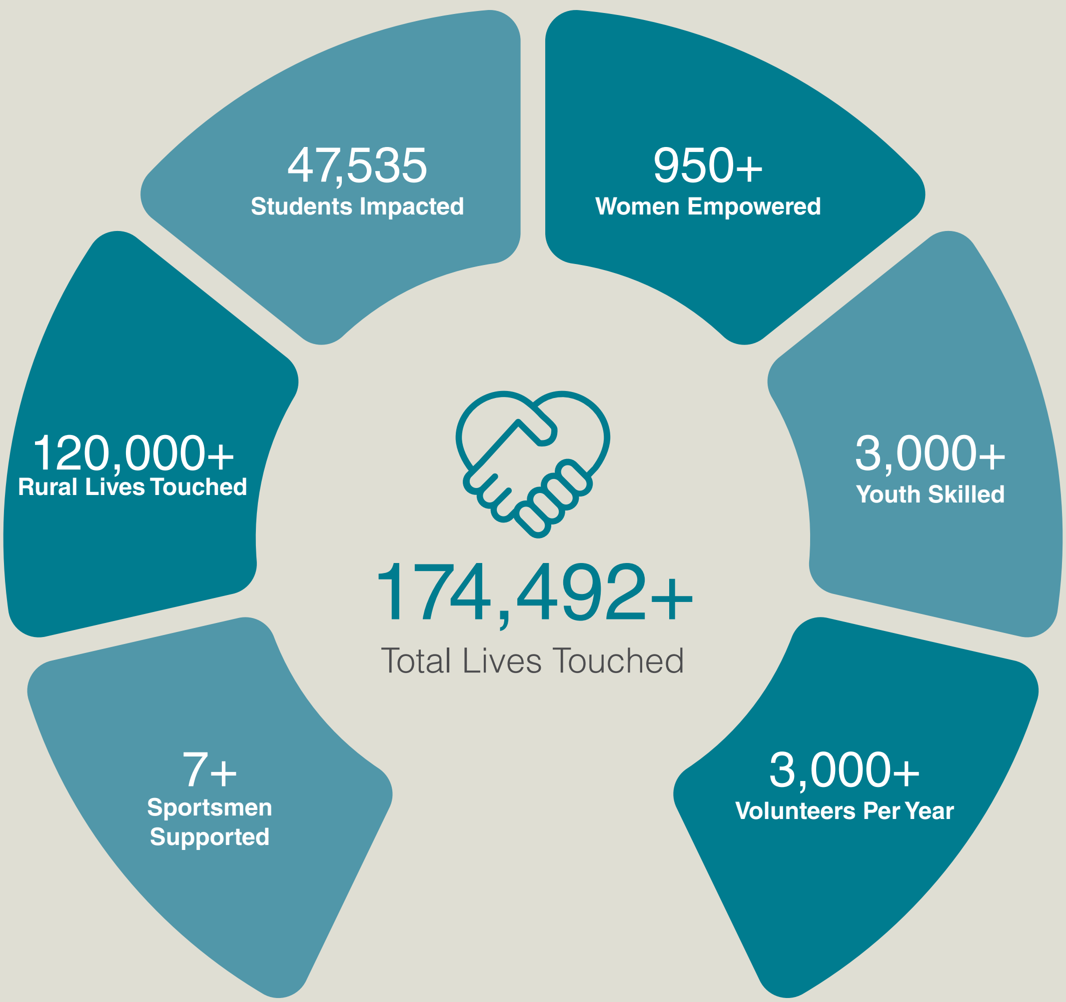
Cummins

COVID-19 Outstanding Supplier Award 2020

Inclusive and Sustainable Development

Mainstreaming progress and prosperity have been at the core of our thinking and actions. For more than four decades, worked towards creating a holistic, inclusive and sustainable society. In FY 2021, with the onset of COVID-19, a lot of our efforts were channelized towards supporting the Government in controlling its spread and providing relief to communities affected by it.

At Bharat Forge, we are promoting development of regions through identifying needs and undertaking focused initiatives around them. By undertaking projects around village development, fostering education, skill development, women empowerment, and health & hygiene, we enable communities to become self-sustainable such that they can resolve their issues and attract necessary resources. We ensure involvement of local communities in our projects to ensure deeper impact which can help stimulate economic development and improve their standards of living. Most of our social programs are designed to be long-term to ensure lasting impact on the communities.



Supporting in tough times

During COVID-19 pandemic, we undertook multiple relief efforts to provide relief to the communities. We distributed PPEs, masks, food packets and medical kits. We helped in setting up of sanitization tunnels and oxygen beds, producing ventilators, and distribution of oxygen concentrators, etc. which were essential to save lives.

We are helping strengthen the Primary Health Care Centers in the villages to enable them treat local patients so that they would not be required to travel. Towards this, we facilitated in creating isolation wards, providing COVID-19 medicines, medical apparatus and equipment, and helping in improving their infrastructure.

Promoting a better world

Our water harvesting and tree plantation projects and initiatives towards keeping surrounding clean by constructing underground gutters are ensuring cleaner, greener and healthier villages. Until now, we have planted more than 34,755 trees, which we also maintain, ensuring a survival of more than 90%. We also provide safe drinking water by helping villages in establishing RO plant.

Comprehensive village development

We are undertaking a large-scale development of villages through our flagship program which involves developing 100 villages in Maharashtra in the areas of water availability, livelihood, education, health & nutrition and infrastructure creation. Every village is analyzed in these five essential indicators, and a strategic approach is adopted to come up with focused and need-based solutions to improve them.

Agriculture and water availability

Agriculture is the major source of livelihood in villages. Water being a key requirement for it, we have undertaken multiple projects to improve its availability. We have built several bandhara (low dam) and water harvesting infrastructure and desilting of talav (water reservoir) which have helped several of these villages in getting access to irrigable water. Improved water availability has contributed to a change in cropping pattern which has resulted in better yield. Further, the dug materials for constructing bandhara have been used to construct roads. Our land leveling and organic farming initiatives have enabled tribals undertake cultivation. We have also helped farmers in starting processing units. These initiatives have helped villages to become self-sustaining ecosystems and farmers to increase the production of crops resulting in a rise in income and elevating living standards. We have also developed appropriate infrastructure for safe drinking water and storing them.

Health and nutrition program

We undertake health outreach programs for cancer screening and other diseases which have helped improve the health of women through better diagnosis and behavioral change. We have also trained Asha workers to measure the impact of nutritional programs for school children, which has helped contribute to an improvement in their health.

Fostering education

We have helped 34 Zilla Parishad schools to develop their infrastructure including school building, repairing and painting, and construction of toilets and compound walls. Availability of right infrastructure has provided a facilitative atmosphere encouraging children to continue learning.

Impact of Village Development Project

1.2+ Lakh
Total lives touched

461,400 m3
Water capacity created due to water harvesting projects

434,067 m3
Silt removed for water harvesting work

3,055 Acres
Land cultivated due to water harvesting work

5
Bandharas constructed for water conservation

5
Drinking water tanks constructed

21,130
People benefited with water tanks

69.25 Acres
Barren land brought under cultivation by land leveling

2
Lift irrigation projects

53 Kms
Internal road constructed

28 Schools
Infrastructure development of Zila Parishad Schools in villages

225
Women screened for cancer

Ensuring learning and holistic development

Our education efforts, alongside imparting knowledge, focuses on enhancing child's confidence and self-reliance through working on their communication and life skills. Our key programs 'Pradnya Vikas Program' and 'Anubhav Shala – Khelghar' have helped develop child's personality and leadership skills. We have also supported Pratham Pune Education Foundation (PPEF) in their efforts in educating underprivileged children by conducting sessions on Mathematics, Science, English and Marathi. Over 150,000 children have benefited through it.

Award-winning CSR efforts

Won the prestigious 'MCCIA Annual Award 2020'

Bharat Forge was declared the winner of 'The Mahratta Chamber of Commerce, Industries & Agriculture (MCCIA) Annual Awards 2020' under Corporate Social Responsibility.

Won 'Outstanding commitment & dedicated support as the Industry Partner' Award for 2020

Bharat Forge was bestowed with this award by the Government of Maharashtra under skill development category for developing and upgrading Industrial Training Institutes (ITIs) at Khed, Bhor and Malegaon.

NATURAL CAPITAL

Operating Responsibly for a Sustainable World

As natural resources get dangerously depleted, we are consciously making efforts to embed sustainability considerations across all investments, business decisions and operational activities. Our key underlying principle is RRR: Reduce, Reuse and Recycle. This is helping us minimize resource consumption, waste generation and carbon emissions. We are increasingly focusing on developing efficient and sustainable products & processes targeted at reducing carbon footprint, preserve natural resource consumption and fight climate change.

Minimizing resource consumption

Our constant focus on innovation and making products more efficient for our customers has also helped contribute towards reduction in consumption of resources. One such innovation during the year has been the light-weighting of crankshaft ,reducing weight of the product by 12%. We continue with the practice of replacing wooden boxes with metal pallets and packaging boxes that can be recycled and reused.

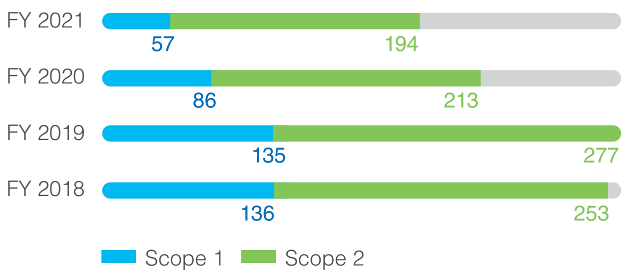
Climate action

Minimizing carbon footprint through the reduction of GHG emission is of paramount importance to us. During the year, we procured 31.18 MW of solar power to reduce energy consumption from fossil sources. In our manufacturing processes, we continue to improve and innovate on ways to reduce consumption and the resultant emission. Some of the key measures undertaken towards this include:

- PNG conversion
- New technology induction heater
- Magnetic resonance for fuel, pyro block insulation and waste heat recovery in furnaces
- Use of micro-alloy steel to eliminate heat treatment
- LED light installation in place of MV lamps
- Renewable energy generation (wind and solar)

GHG Emission

(thousand ton CO_2e) (Scope 1 and Scope 2)



These actions, coupled with other measures, have resulted in a reduction in carbon emissions from production. Emissions declined from 1.41 per ton of production in FY 2020 to 1.28 per ton of production in FY 2021.

Minimizing wastes

We are continually undertaking efforts to reduce hazardous and non-hazardous waste in our production. During the year, we undertook measures like recycling of waste oil through change in disposal pathway which reduces hazardous waste load and recycling of ETP sludge which reduced thereby reducing disposal to landfilling.

Recycling water

Curbing water consumption is one of the fundamental aspects of sustainability. Activities such as upgradation in recycling of treated effluent, recycling of RC fan cooling water using close loop system have led to reduction in freshwater usage. Further, we are also using rainwater harvesting techniques to recharge water table.

Creating a circular ecosystem (reuse)

We ensure a circular ecosystem whereby 100% raw material scrap is recycled to manufacture clean steel. About 30% waste heat is recovered using regenerative burners resulting in reducing the fuel combustion. We also have zero discharge of wastewater. It is treated and reused for maintenance of greenery in the plant.

Impact of our environmental programs

	FY 2020	FY 2021	Change (%)
Energy consumption (GJ)	2,090,642	1,606,504	↓ 23.16
GHG Emission (Thousand tons CO_2e)	273	211	↓ 22.71
Specific Water Consumption (KL/MT Production)	5.52	5.70	↑ 3.26%
Total Hazardous Waste (kg per MT of Production)	4.08	2.65	↓ 35.05
% Renewable energy of total electricity consumed	8.77%	16.07%	↑ 730 basis points
Energy Intensity (tCo_2Eq/MT production)	1.41	1.28	↓ 9.22
% Recycle of water of total water consumption	28.11%	30.25%	↑ 214 basis points
Total Non-Hazardous Waste (kg per MT of Production)	426.56	253.93	↓ 40.47
Wastewater discharge (m^3/day)	0	0	-

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

Management Discussion and Analysis

Economic Review

Global Economy

The global economy witnessed an unprecedented crisis in 2020 as the outbreak of the novel coronavirus pandemic towards the end of 2019 spread rapidly across the globe. While stringent lockdowns and restrictions enforced by major economies played a critical role in saving lives, they resulted in extreme damage to economic activities, thereby plunging the world economy into a deep recession. As per the International Monetary Fund (IMF) estimates, the global economy contracted by 3.3% in 2020 as against 2.8% growth registered in 2019. Economic activity was hit by reduced personal interaction, while uncertainty about the post-pandemic landscape discouraged consumption and investment.

Advanced Economies (AEs) witnessed 4.7% contraction in 2020 as compared to 1.6% growth recorded in 2019. Precautionary social distancing and strict lockdowns in response to surging COVID-19 cases triggered a drastic collapse in economic activity. Growth is, however, expected to rebound, particularly in the United States (US) and Japan, reflecting additional fiscal support in both the countries at the end of 2020. As the vulnerable population gets vaccinated, contact-intensive sectors are expected to resume and drive a significant pickup in growth.

Emerging Market and Developing Economies (EMDEs) have been hit hard by the pandemic, particularly the ones with the highest number of cases and those reliant on services, tourism, and industrial commodity exports.

Growth across EMDEs plummeted to 2.2% in 2020 vis-à-vis 3.6% growth clocked in 2019. Notably, effective containment measures, a forceful public investment response, and central bank liquidity support facilitated a strong recovery in China in the second half of 2020.

Outlook

A raft of sizable, swift, and favorable fiscal and monetary responses by most governments and central banks have been aiding the recovery in economic activity. Massive vaccination drives and additional policy support in a few large economies such as United States and Japan have raised hopes of a turnaround in 2021, with growth expectations of 6.0% in 2021 followed by 4.4% in 2022. The strength of the recovery is projected to vary significantly across countries, depending on access to medical interventions, effectiveness of policy support, and exposure to cross-country spillovers. However, new virus mutations and accumulating human toll may pose challenges, even as growing vaccine coverage lifts sentiment. Strong multilateral cooperation is required to bring the pandemic under control everywhere. With growing vaccine availability, improved therapies, testing, and tracing, local transmission of the virus is expected to be brought to low levels everywhere by the end of 2022. *(Source: IMF World Economic Outlook, April 2021)*

Indian Economy

India was amongst the few countries that went into a nationwide lockdown post the pandemic, and after that, the economy unlocked in phases. Overall economic slowdown, led by COVID-19 onstage followed by stringent lockdowns severely impacted economic activity, bringing manufacturing and trading activities to a grinding halt. Mobility restrictions and social distancing led to unprecedented supply chain and manufacturing disruptions and weakened investment and consumption demand. As estimated by IMF, India's Gross Domestic Product (GDP) contracted by 8.0% in FY 2021 vis-à-vis 4.2% growth recorded in FY 2020.

In the second half of FY 2021, however, restrictions on inter-state movements were lifted to ensure mobility of goods, thereby easing supply side pressures. A rebound in the industrial activity, stronger car sales, rising production and consumption, higher goods and services tax revenue collections and improvement in the availability of finance from banks have added buoyancy to the economic activity. Recovery in economic activity and improved investor sentiments can also be attributed to the powerful fiscal and monetary reforms undertaken since March 2020 to combat the economic fallout.

> Supported by strong fiscal and quasi-fiscal measures along with mass vaccination drives, India's growth is likely to rebound to 12.5% in FY 2022 and 6.9% in FY 2023.

Notable initiatives such as special package under 'Atmanirbhar Bharat'; liquidity support for banks and financial institutions; liberalization of Foreign Direct Investment (FDI) norms; creation of National Infrastructure Pipeline (NIP); Production-Linked Incentive (PLI) scheme to boost domestic manufacturing – are all expected to reinvigorate the economy. Supported by strong fiscal and quasi-fiscal measures along with mass vaccination drives, India's growth is likely to rebound to 12.5% in FY 2022 and 6.9% in FY 2023. With this, India will leave China behind and become the fastest-growing economy in the world. However, the second wave of coronavirus infections, trajectory of vaccination drive and its impact on contact-intensive sectors may pose challenges for the economy. *(Source: IMF World Economic Outlook, April 2021)*

Business Environment

Automobile Business

Global Automotive Industry

The global automotive industry grappled with multiple issues during the year. On one hand, the sector saw greater clarity emerge on Brexit; yet on the other hand, mounting trade tensions, muted global growth and enhanced regulatory norms fundamentally changed the contours of the business environment. The onslaught of the COVID-19 pandemic saw automakers suffer a difficult first half of 2020 with sales plummeting in most markets, slightly lifted by a buoyant second half. Global shutdowns halted productions and supply chains were disrupted.

On the positive side, demand for Class 8 trucks in the US has been surging despite supply chain disruptions and shortage of raw materials and components. Consumer goods spending continues to drive demand for new trucks with the easing of the pandemic and recovery in economic activity. Freight growth remains vibrant as fleets are rushing to add capacity to keep pace with the growing demand. Moreover, the EU commercial vehicle market shrank in 2020 with the impact of the COVID-19 lockdown and economic slowdown weighing down the performance for the year.

Further, 2021 will be the year electric vehicles (EVs) will take centrestage. Global EV sales are expected to rise sharply, particularly in Europe, supported by numerous government incentives, increasingly stringent emission regulations, and newer launches. Government-led infrastructure spending will also buoy demand for Commercial Vehicles (CVs), which will outpace those of cars. Online sales is another trend that is likely to gain momentum as e-commerce has been growing by leaps and bounds during the pandemic. Increasing proliferation of emerging technologies and the expected transformation of the automotive landscape including fuel efficiency norms, electric vehicles, autonomous driving, and connectivity will lead to greater demand for E-mobility solutions.

Outlook

A difficult 2020 has bled into a challenging, yet opportunistic 2021. The pandemic has compelled vehicle makers to review their supply chains, production, and sales operations. Despite the economic recovery and encouraging vaccine rollouts, COVID-related risks such as resurgence of infections and renewed quarantines remain worryingly high, which could further dent demand prospects. However, 2021 will see a continuation of trends that have been bubbling even before the pandemic. From ramping up EV investment to digital playing an ever-increasing role in the vehicle purchase journey, sustainability and customer experience will be the standout priorities for the automakers this year. As auto component manufacturers set their course for the future, strategizing to build to meet local and global demand, expanding to complementary sectors and optimizing costs will help regain growth momentum and shape the next normal.

From ramping up EV investment to digital playing an ever-increasing role in the vehicle purchase journey, sustainability and customer experience will be the standout priorities for the automakers this year.

Company Review of the Exports Auto Market

(₹ Million)

Particulars	CV Export Revenues	PV Export Revenues
Q1 FY 2021	822	572
Q2 FY 2021	1,648	1,188
Q3 FY 2021	3,167	1,053
Q4 FY 2021	3,958	1,638
FY 2021	**9,595**	**4,451**

Both the CV & PV revenues have witnessed sharp recovery post the opening up of global economy. The export CV revenue uptick can be attributed to the synchronized recovery seen in both the North American and European markets. The positive outlook provided by the global OEM for CY 2021 provides tailwinds for the CV revenues as we enter FY 2022. The recovery in PV export revenues is very encouraging, as we have ended the year with highest quarterly revenues from this segment.

Indian Automotive Industry

The Indian automotive industry is the pillar of the manufacturing sector and provides employment to a large pool of people. Being the fourth largest automotive market globally, the sector plays a vital role in India's aspiration to become a USD 5 Trillion economy. Increasing urbanization, large working-age population, rising incomes and strong impetus on infrastructure and construction sectors have been driving the industry's growth over the years.

FY 2021 has been one of the toughest years in the history of the automotive industry with the COVID-19 pandemic putting brakes on the growth of the industry. Already battered by a prolonged slowdown before the coronavirus pandemic due to factors such as regulatory changes and migration to BS VI emission norms, liquidity constraints, and weaker demand environment, the sector was brought to a standstill due to the nationwide lockdown and restrictions enforced to curtail the spread of the virus.

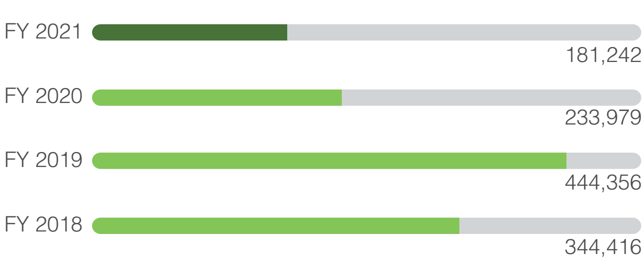
The declining trend in underlying demand was underway even before the COVID-19 pandemic. Over the period FY 2018 to FY 2021, production volumes for MHCV & PV segment have declined by 47% and 24%, respectively.

Outlook

Although the near-term outlook is negative due to the lockdown to curb the second wave of COVID-19, the medium to long term outlook is very encouraging, especially for the MHCV sector. The focus on infrastructure spending, government's focus on increasing manufacturing as % of GDP from 16% to 25%, PLI schemes, Atmanirbhar Bharat Abhiyan policy and the scrappage policy coupled with investment in road infrastructure points to a long runway for the MHCV sector.

While the Company continues to identify and address new opportunity in the domestic automotive industry, commencement of operations at CLWT enables BFL to open up newer avenues in traditional and new technology mobility solution going ahead.

India MHCV Production



India PV Production

Aluminum Forging Facility, Germany

Industrial Business

BFL's core business in O&G is dependent on shale drilling in North America. Due to COVID-19 lockdowns, oil demand dropped dramatically leading to fleet count reduction in 2019. This drop was so sudden and significant that many O&G companies filed for bankruptcy. This led to a significant drop in BFL's exports to North America. O&G revenues dropped to around ₹136 Crores in FY 2021 from almost ₹1,000 Crores in FY 2019. During the second half of FY 2021, drilling activities have been improving consistently which is positive for BFL's businesses. During this period, BFL's customers launched new model of fluid end, which was developed & approved expeditiously and well appreciated.

During this period, BFL evaluated opportunities in other sectors to de-risk its business from O&G sector. The focus is on high growth areas in India which are currently imported, besides new business. This development will also support Atmanirbhar Bharat initiative. Sectors under focus are renewable energy (wind power) and steel industry. All the global OEMs for wind turbines have now set up manufacturing facilities or increasing capacity in India which is leading to growth in component/parts supply chain, starting from castings, gear boxes, bearings etc. BFL has the capabilities to produce many critical forgings needed for wind turbine.

The industrial sectors addressed by the Company (Construction & Mining, PSU including Defence & Power, Engineering Sector) have a significant linkage to government spending on infrastructure and defence. While these sectors will continue to grow as investment in infrastructure increases, one focus area for the Company is renewable energy space. BFL is present in a small way in this supply chain but the acquisition of Sanghvi Forgings provides a relatively new & bigger capacity to address this sector requirement. Today, most of the component requirement is being addressed by way of imports. BFL's endeavor will be to grow this business in the medium to long term.

Overseas Business

The Company's manufacturing presence in the overseas market has been through a series of acquisitions to have a footprint close to its customers and its strategy of dual shore manufacturing. These companies are market leaders in their product segment. However, their financial performance has been uninspiring for the past decade due to various reasons. Over the past 18 months, the Company has undertaken series of measures to turn around the financial performance of these subsidiaries.

The key elements of the turnaround are reduction of the fixed costs, restructuring of the product portfolio and focus on aluminum forgings. While the first two elements have been implemented, the shift to aluminum forgings is a continuous process and is expected to be the key driver of sustainable improvement in financial performance.

Over the past decade, the Company has expanded the Aluminum forging capacity in Europe to around 30,000 TPA. It is now setting up a greenfield facility in North America with a capacity of 10,000 TPA. With all capacities on stream, the Company's endeavor is to take the Aluminum Forgings business from around EUR 60 Million in CY 2020 to around EUR 200 Million in the coming 4-5 years. This shift in revenue contribution will also result in meaningful and sustainable improvement in financial parameters in the coming decade.

Defence and Aerospace Business

In Defence and Aerospace sector, the Company is seeing traction from its diversified product portfolio along with Artillery and Protected Vehicles being the main stay, capitalizing on the 'Atmanirbhar Bharat' campaign.

Year of Successful Trials

This year has been the year of trials for its diversified product portfolio. The ongoing pandemic has impacted the world adversely, but it hasn't dented the spirit of BFL's teams. Despite unfavorable situations, the Company has shown some indomitable spirit in carrying out the trials across the country. These trials were conducted under extreme conditions across the length and breadth of the country, from Leh (vehicle) in north to Trichy (small arms) in south; from Pokhran (CIWS) in west to Sikkim (ATAGS) in east; over land (Artillery Gun, Vehicles, CIWS etc.), sea (Torpedo homing heads) and air (UAVs).

Most of our programs are in advanced stages of trials. Starting with Artillery business, in the month of January 2021, ATAGS program has successfully completed its Sikkim winter trial, which is the second last stage of the trials before summer trials. In its vehicles business, BFL has created a record by successfully completing trials for three of its platforms, namely Kalyani M4, Kalyani Maverick & MPV. During the year, Company received an order from the Indian Army for the supply of protected armored vehicle, Kalyani M4.

Aero Show

During the recently concluded Aero-India 2021 event in Bengaluru, Karnataka, the Company showcased its indigenously built technological capabilities and strengths across the span of jet engines, aerospace components and air defence systems. This event also provided an amazing platform, where the Company signed Memorandums of Understanding (MoUs) with various established defence firms to further augment its overall manufacturing capabilities and defence technologies.

ATAGS Firing in Sikkim

Team ATAGS on reaching Luckrep-Northern Most Point

Bharat Forge protected vehicles displayed post completion of successful trials

Financial Review

STANDALONE: Analysis of Profit and Loss Statement

(₹ Million)

Particulars	FY 2021	FY 2020	% Change
Total Revenue	36,515.12	45,638.84	(20.0)
Raw Material	14,144.54	17,489.09	(19.1)
Manufacturing Expenses	6,153.61	7,831.49	(21.4)
Manpower Cost	4,482.37	4,823.60	(7.1)
Other Expenditure	4,386.79	5,095.56	(13.9)
Total Expenditure	29,167.31	35,239.74	(17.2)
EBITDA	7,347.81	10,399.10	(29.3)
EBITDA (%)	20.1	22.8	(11.7)
Depreciation	3,660.75	3,448.71	6.1%
Interest	779.15	1,450.28	(46.3)
Other Income	1,404.57	1,608.88	(12.7)
PBT	4,312.48	7,108.99	(39.3)
Exchange Gain/(Loss)	(71.58)	(243.94)	(70.7)
PBT	4,240.90	6,865.05	(38.2)
Exceptional Items	(91.83)	(939.14)	(90.2)
PBT	4,149.07	5,925.91	(30.0)
Taxation	1,028.13	1,190.75	(13.7%
PAT	3,120.94	4,735.16	(34.1)

Analysis of Balance Sheet Statement

(₹ Million)

Particulars	March 31, 2021	March 31, 2020
Long Term Debt	20,557	18,227
Working Capital Loan and Bill Discounting	15,560	14,084
Equity	59,486	53,551
Cash	26,752	18,676
D/E	0.61	0.60
D/E (Net)	0.16	0.26
RoCE (Net of Surplus Funds)	5.3%	9.9%
RoNW	5.2%	8.8%

The financial performance during the year was impacted by the economic lockdown imposed by the government to arrest the spread of COVID-19. This resulted in only 10 months of manufacturing possible in the year. Hence, the results should be seen in light of the loss of 2 months working. To tide over the tough times and taking advantage of low interest rate regime prevailing at that time, the Company raised long-term funds via NCD to the tune of ₹500 Crores. This coupled with the cost reduction initiatives has ensured a robust balance sheet at the end of FY 2021.

CONSOLIDATED: Analysis of Profit and Loss Statement

(₹ Million)

Particulars	FY 2021	FY 2020	% Change
Total Revenue	63,362.61	80,558.44	(21.3)
Raw Material	26,341.56	35,765.32	(26.3)
Manufacturing Expenses	10,754.73	12,773.87	(15.8)
Manpower Cost	10,710.60	11,954.57	(10.4)
Other Expenditure	6,922.17	8,675.64	(20.2)
Total Expenditure	54,744.82	69,169.40	(20.9)
EBITDA	8,633.55	11,389.04	(24.2)
EBITDA (%)	13.6	14.1	(3.8)
Depreciation	6,121.59	5,477.15	11.8
Interest	1,077.29	1,713.29	(37.1)
Other Income	1,688.98	1,878.63	(10.1)
PBT	3,123.65	6,077.23	(48.6)
Exchange Gain/(Loss)	(16.17)	(241.95)	
Exceptional Items	(3,062.28)	(789.16)	
Share of (Loss)/Profit of Associates and Joint Ventures	(299.74)	(429.03)	
PBT	(254.54)	4,617.09	
Taxation	1,015.12	1,124.63	
PAT	(1,269.66)	3,492.46	

The performance at a consolidated level reflects the impact of lockdown of economic activities globally. The exceptional item reflecting in the P&L pertains to the fine imposed on the German operations.

Analysis of Balance Sheet Statement

(₹ Million)

Particulars	March 31, 2021	March 31, 2020
Long Term Debt	26,328	23,445
Equity	54,468	52,517
Cash	28,755	20,070
Long Term D/E	0.48	0.45
Long Term D/E (Net)	(0.04)	0.06

Human Resources

Since March 2020, life has been upended completely by the global pandemic. Ensuring business operations, employee safety and welfare became the foremost concerns for Bharat Forge. The pandemic made the Company rethink not just its business strategies but also the employee environment and BFL proactively adopted the new normal.

1: Initiatives for Safety and Welfare

Work from Home

The Company introduced the work from home policy that met both the objective of employee safety as well as business continuity. Use of virtual platform was made mandatory for all the meetings and interactions with employees. All external interactions were mandated to be conducted online to ensure safety and social distancing. Employee trainings and classes were moved to an online learning platform.

Safe Environment at Workplace

BFL followed a strict 'no visitor' policy keeping in mind the social distancing norms. Physical meetings or visitors in exceptional cases were allowed only with a negative RT-PCR report valid for 48 hours. For the safety of employees, 100% temperature screening and masks at each entry point of factories and offices was installed along with daily monitoring of oxygen levels and pulse rates of each department. To maintain safe hygiene levels, employee transport vehicles, shop floor and canteen were disinfected multiple times in a shift while all its offices were disinfected daily.

Support System

Bharat Forge has always been known for having a culture of a big extended family and strong support system. During these challenging times, this support was needed the most. BFL's teams ensured twice a week personal connect with all employees suffering from coronavirus, whether they were isolating at home or were hospitalized. Given the unprecedented scenario and need for emergency help, the Company also created COVID war room, a 24x7 manned helpdesk for employees to reach out in times of need. In addition to the arrangement of teleconsultation for employees with doctors, BFL also tied up with hospitals in Pune where latest and best capabilities are present for severely ill patients. It also provided mental and psychological counseling assistance to anyone in need as it is equally important.

Vaccination

Employees have always been the Company's first priority and it is important to create a safe and secured ecosystem for them to thrive in. RT-PCR tests were conducted for all non-vaccinated employees to identify and segregate COVID positive cases. BFL conducted mass vaccination drives for employees as per GOI criteria by tie-up with vaccination center right next to its plant. More than 95% of employees above the age of 45 years were vaccinated. Once the vaccine is available, employees above the age of 18 will also be vaccinated.

COVID Training and Re-Grouping

BFL's HR and support staff has been extremely efficient in ensuring all the policy initiatives and employee reach. For this, virtual meeting of all department HR facilitators were conducted twice a week, to take stock of COVID preventive measures in the shop floor and a forum to exchange ideas for better prevention of COVID. Once a week meeting of all HOD was also conducted to take stock of COVID and its preventive measures for the employees. It was also important to train the security staff regarding COVID-19 and the security procedures to be followed.

While the pandemic has altered the work-life conditions, it has not affected BFL's spirit. As an organization, the Company is stronger than ever and contributing to a larger cause. It is committed to come out of this pandemic, while ensuring safety and wellbeing of employees.

2: Online Training and Skill Enhancement

During the pandemic, BFL precisely focused on online training and skill enhancement of its employees. Its primary focus was to deploy various trainings online which would lead to increase in competency level of our employees. Focused training was imparted pertaining to Industry 4.0, Sensor, Robotics and Manufacturing Engineering.

The Company leveraged online learning methodology to help employees understand advance engineering concept and transform their knowledge into day-to-day activity. The usage of online learning through THORS learning platform reported exponential rise.

More than 1,100+ employees utilized this as good learning opportunity to up skill themselves and stay updated on new technologies.

3: Harmonious Industrial Relations

Industrial relations philosophy emphasizes on involvement of workers and their representatives to ensure implementation of changes and peaceful wage settlements. BFL entered into a long-term wage settlement with its union i.e. Bharat Forge Kamgar Sangh at Mundhwa Plant. The wage settlement is effective till June 30, 2022.

The Company also continued with Industry 4.0 training to workers to build a digital workplace and improve their understanding of products and processes. It also partnered with unions to ensure cordial and proactive industrial relations across all the plants.

Information Technology

At the start of the pandemic, BFL geared up with all technology components needed for remote working. This includes secure connectivity using Virtual Private Network and providing virtual desktop environment, while ensuring security with two factor authentication.

During the lockdown, moving towards paperless operations was a must. Bharat Forge deployed Microsoft 365 suite. This has been a game-changer. This helped the Company to move on real collaboration, breaking down the silos within cross-function teams, and driving

> Focused training was imparted pertaining to Industry 4.0, Sensor, Robotics and Manufacturing Engineering.

decision-making using accurate data. The Company also rolled out production scheduling solution integrated with ERP for the Aerospace vertical. Along with this, it rolled out data analytics using Qlik for key business functions to become more data-driven.

Some of the major highlights as part of Industry 4.0 include:

Energy Efficiency

Bharat Forge has already connected all energy meters on Industrial IoT platform. The natural gas meters are also connected. The real-time information of power utilization and quality of power has helped with interventions to reduce the energy consumption.

Zero unplanned Downtime with condition monitoring

Bharat Forge has taken a goal of zero unplanned downtime in Hydraulics, Pneumatics, and Electronics. To achieve this, sensorization was taken on priority along with condition monitoring. Bharat Forge already has achieved this goal on many forging lines.

During the year, Bharat Forge moved towards total automated operational reporting for the data coming out of machines using IoT platform. The Company also leveraged augmented reality for training operators and guiding them during actual maintenance process.

Corporate Social Responsibility

At Bharat Forge, sustainability i.e. integration of social and environment objectives into business objectives and inclusive growth are the key factors enshrined in the spirit behind the CSR Act. Village Development, Education, Skill Development, Women Empowerment, Health & Hygiene, supporting and nurturing the talented player and Swachh Bharat are the key CSR projects of the Company.

BFL's efforts on environment front includes water harvesting projects, planting and taking care of trees and keeping surrounding clean by constructing underground gutters in the villages.

In its social development project, the Company aims for social inclusion by focusing on development of every individual in its 100 target villages. It is helping drive livelihood by improving agriculture scenario and facilitating skill development. Education of underprivileged children is ensured by strengthening Zilla Parishad schools infrastructure. Health and hygiene of villagers is ensured by facilitating safe drinking water and building infrastructure and facilities to store and conserve it.

Additionally, in FY 2021, the Company undertook several measures to strengthen the country's fight against the COVID-19 pandemic. It distributed PPEs, relief materials and oxygen concentrators, supported setting up of sanitization tunnels, oxygen beds and production of ventilators, and helped strengthen infrastructure of the village Primary Health Care Centers.

The Company undertakes impact assessment through independent party to track the progress of its ongoing projects and take necessary actions where required. Meetings are also held with community members to identify needs.

Read more on Page 38-43

Risk Management

Considering the cyclical nature of the business and the ongoing transformation of the global automotive landscape, it is imperative to identify risks and take adequate mitigation measures. The risks may be internal as well as external in nature. Bharat Forge has a robust risk management framework to identify, manage, and mitigate key business risks and maintain consistent growth and success.

Industry Risk

The US and European operations contribute more than half of the Company's total revenue. A global economic slowdown or continent-specific shocks may disrupt these markets and adversely affect the Company's revenue generation capability.

Mitigation Strategy

Diversification of business into multiple industries such as Automotive, Defence, Oil and Gas, Mining and Construction, Power, Aerospace, E-mobility, etc. has enabled the Company to de-risk its business model. In addition, the Company has also diversified geographically with a global presence across 5 countries. The Company continues to evaluate and add newer geographies and newer customers to its portfolio. With a diverse global presence, the impact of country-specific shocks will be minimal.

Foreign Exchange Risk

The Company has significant foreign currency liabilities as 54% of its revenue is generated from exports business. Any adverse or unfavorable movement in the exchange rates may adversely impact its profitability.

Mitigation Strategy

The Company practices hedging and also enters into simple forward contracts on a rolling basis to insulate itself from exchange rate fluctuations. Further, the Company ensures a natural hedge by maintaining its foreign currency borrowing less than its exports at any given time.

Raw Material Risk

Unavailability of critical raw materials such as steel, aluminum, energy, etc. at competitive rates may interrupt Bharat Forge's operations and adversely impact margins and profitability.

Mitigation Strategy

Steel is the most crucial raw material for the Company, the availability of which is met through a group company, thus ensuring continued supply at competitive prices. The Company 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 been instrumental in mitigating the raw material risk.

Technology Risk

The Company operates in a highly competitive, regulated, and cyclical industry. The entire automobile industry is the midst of 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. Failure to stay abreast with the evolving technological developments may damage the Company's global competitive position.

Mitigation Strategy

The Company is embracing the transformative changes shaping the automotive industry and is proactively developing new growth engines. Investment in newer and best-in-class technologies will enable the Company to adapt to future changes and cater to emerging demands, thereby building capabilities 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 entail sustained investments in capacity, technology, and extensive R&D. Unavailability of external sources of funds at competitive rates and at the right time may impact its business plans and profitability.

Mitigation Strategy

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 optimal utilization of debt, has enabled it to maintain healthy net debt/equity ratio at 0.16 as on March 31, 2021. Moreover, the Company's strong business model and R&D capabilities have enabled it to generate ample free cash flows. This has successfully reduced its dependence on external source of funding.

Talent Risk

Talented pool of employees and its retention are paramount for the Company's sustainable growth. Failure to retain skilled teams and high attrition levels may affect the day-to-day functioning of the Company and adversely affect its business operations.

Mitigation Strategy

The Company has people-centric policies and promotes meritocracy across all the hierarchies. The robust HR policy of the Company ensures maintaining a conducive work environment and minimal attrition rates. Periodic training and skill development programs are conducted by the Company to hone employee capabilities. Further, the Company encourages new talent acquisition and rewards excellent employee performance.

Cyber Security Risk

The Company's operations are increasingly dependent on IT systems, digital interactions, and management of information. The cyber attack threat of unauthorized access and misuse of sensitive information or disruption to operations can inhibit business operations in several ways.

Mitigation Strategy

The Company is certified for information security management system ISO 27001:2013 and suggested controls by the standard are implemented and monitored continuously. VAPT test is regularly conducted for IT infrastructure and actions are taken thereafter on highest priority to close the findings. In addition, the cyber security posture is validated by independent expert agencies. The Company strives to deploy latest technologies to protect organization's information assets as well as give increased emphasis on information security training and awareness of employees.

COVID-19 Risk

The disruptions due to COVID-19 related lockdowns, challenges in production, managing supply chains pose multi-dimensional risks that are rapidly evolving. These can disrupt supply chain and manufacturing processes and adversely impact business.

Mitigation Strategy

While the physical & mental effect of the pandemic and its adverse impact on the employees takes precedence, the Company continues to monitor these developments closely and keep exploring alternative strategies including use of digital medium and a hybrid approach of work from home and presence of staff required to minimize its impact on the business.

Internal Control Systems and their Adequacy

The Company has in place a well-framed internal control system that authorizes, records, and reports transactions to safeguard assets and protect against loss from unauthorized use or disposition. The internal controls ensure the reliability of data and financial information to maintain accountability of assets. These internal controls are supplemented by extensive internal audits, management review, and documented policies, guidelines, and procedures.

Board's Report

For the year ended March 31, 2021

To the Members,

Your Directors have pleasure in presenting the 60th (Sixtieth) Annual Report on the business and operations of the Company together with the audited financial statements for the Financial Year ended March 31, 2021.

1. FINANCIAL HIGHLIGHTS

The financial performance of the Company on standalone and consolidated basis for the Financial Year ended March 31, 2021 as compared to previous year is summarised in the following table:

In ₹ Million

Particulars	Standalone		Consolidated	
	31-Mar-21	31-Mar-20	31-Mar-21	31-Mar-20
Total Income	**37,919.69**	**47,247.72**	**65,051.59**	**82,437.07**
Exports Revenue	**19,558.66**	**26,501.79**	**46,666.08**	**62,648.57**
Net Profit				
Profit for the year before Taxation and Exceptional item	**4,240.90**	**6,865.05**	**3,107.48**	**5,835.28**
Share of (loss) / Profit of associates and Joint Venture	-	-	(299.74)	(429.03)
Add / (Less): Exceptional item	(91.83)	(939.14)	(3,062.28)	(789.16)
Provision for Taxation:				
Current Tax	882.21	1,779.29	906.56	1,833.61
Deferred Tax	145.92	(588.54)	108.56	(708.98)
Profit for the year	**3,120.94**	**4,735.16**	**(1,269.66)**	**3,492.46**
Less: Non-controlling interest	-	-	(5.85)	(5.86)
Profit for the year attributable to equity holders of parent	3,120.94	4,735.16	(1,263.81)	3,498.32
Items of other Comprehensive Income for the year (Net of tax)	197.84	(161.10)	127.76	(236.05)
Total	**3,318.78**	**4,574.06**	**(1,136.05)**	**3,262.27**
Balance of Profit from Previous year	43,007.03	41,768.31	40,900.29	40,973.36
Profit available for Appropriation	**46,325.81**	**46,342.37**	**39,764.24**	**44,235.63**
Appropriations :				
Interim Dividend on Equity Shares	-	1,629.56	-	1,629.56
Tax on above dividend	-	317.21	-	317.21
Final Dividend on Equity Shares	-	1,163.97	-	1,163.97
Tax on above dividend	-	224.60	-	224.60
Transfer to General Reserve	-	-	-	-
Surplus retained in Statement of Profit and Loss	46,325.81	43,007.03	39,764.24	40,900.29

2. DIVIDEND

Based on the Company's performance, the Directors are pleased to recommend for approval of members a final dividend of ₹ 2/- per equity share (i.e. 100%) of the face value of ₹ 2/- each. The final dividend on equity shares, if approved by the members, would involve a cash outflow of ₹ 931.17 Million and shall be subject to deduction of income tax at source.

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

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

3. RESERVES

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

An amount of ₹ 46,325.81 Million is proposed to be retained as surplus in the Profit and Loss account.

4. PERFORMANCE OF THE COMPANY

The outbreak of COVID-19 pandemic globally and in India has caused a significant social and economic disruption. Your Company has diligently followed all the Government issued guidelines including adoption of social distancing norms at workplace and necessary precautions for all employees on an ongoing basis.

In the first few months of this financial year, overall demand slumped due to mandatory lockdowns, as such adversely impacting your Company's production and capacity utilization. In this difficult period, your Company focused hard on cost optimization, digitalization across all functions including the shop floor and a heightened focus on customers and new product development.

Despite the moderate operating performance, your Company has endeavored to maintain a strong balance sheet. Your Company is well positioned and committed to further strengthen financial performance in future.

The operations of your Company in India and globally resumed in a phased manner starting mid May, 2020 however, with utilization at sub-optimal levels. In these difficult times, your Company continued to fulfill customer's demands in India and globally while also ensuring the safety and well-being of its employees which was very well acknowledged and highly appreciated by customers.

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

Standalone & Consolidated

In the financial year 2020-21, the revenue of the Company declined by 19.74% and Profit after Tax decreased by 34.09%, as compared to the last financial year 2019-20 on a standalone basis. The total revenue decreased by 19.74% to ₹ 37,919.69 Million as compared to last year of ₹ 47,247.72 Million. Whereas export revenue reduced by 26.20% to ₹ 19,558.66 Million as compared to last year of ₹ 26,501.79 Million. On a consolidated basis, the Company, its subsidiaries and joint venture companies, achieved total revenue of ₹ 65,051.59 Million as against ₹ 82,437.07 Million, a decline of 21.09%.

Domestic Business

After a very weak first quarter due to COVID-19 related mandatory lockdowns, the sequential quarters witnessed a steady revival of domestic business. During the year under review, your Company has seen strong recovery in second half for medium and heavy commercial vehicle volumes, robust demand in agriculture and farm sector, growth in passenger car segment with new customers and continued growth in existing and new products that Company has developed for many of these sectors.

The Medium and Heavy duty Commercial market shrunk by 27% for the year. However, your Company's sales in this segment remained stable due to our relentless efforts to maintain and grow market share with our customers.

This could not have been possible without the wholehearted support by customers. Your Company saw a strong growth in revenues from agricultural segment backed by a strong farm segment, thanks to the massive thrust on rural infrastructure development initiatives by the Government of India. Your Company also gained traction in the passenger vehicle segment and despite an overall drop in the segment, your Company's revenue witnessed substantial growth. Your Company also maintained steady presence in the industrial segments. Your Company is also well poised to address growth opportunities that may emerge from the ambitious and important program launched by the Government of India – 'Atmanirbhar Bharat'.

In the defence sector, your Company has so far completed the initial trails of artillery guns and is intending to complete the final stage of trails in due course after which it will be available for sale. We are also working relentlessly for timely delivery of recently bagged order for Kalyani M4 vehicles, which is due later this year.

International Business

COVID-19 being a global pandemic, had a negative impact on demand across the world. Consequently, this had an adverse impact on the exports of your Company in all segments of its operations.

North American and European Heavy Duty Truck market shrunk by 38% and 28% in the year 2020, respectively. We have intensified our engagement with customers and continue to maintain a strong position. For the Passenger Car segment, there was a significant reduction in demand however, our exports declined relatively marginally.

Revival of demand was quickest from the global transportation segment – both Heavy Truck and Passenger Cars. Industrial segments were slow to revive. Oil and Gas segment was very severely affected as such, remained in a slump throughout the year.

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

Despite the challenges for operations, logistics, etc. your Company has ensured supply chain fulfilment for all our customers. Your Company has received generous appreciation for our dependability.

Overseas Operations

Post the COVID-19 lockdown, the global automotive industry has picked up and all segment have witnessed sharp rebound across geographies. The Company's main addressable segments, Class 8 Heavy trucks in North America and 16T and above Heavy Duty Trucks in Europe have seen sharp increases in demand.

In Germany and in North Carolina, the Company undertook expansion by adding additional press lines for aluminum products for passenger cars and the plant is under trial production phase. It is expected to ramp up production in the coming years. In North America, the Company has set up a center of excellence for light-weighting, which is an engineering and solutions center.

5. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013 ("ACT")

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

6. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

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

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

7. DEPOSITS

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

8. INTERNAL FINANCIAL CONTROLS

Your Company has in place adequate internal financial controls, with reference to financial statements, commensurate with size, scale and complexity of its operations. An extensive risk based programme of internal audits and management reviews provides assurance to the Board regarding the adequacy and efficacy of internal controls. The internal audit plan is also aligned to the business objectives of the Company which is reviewed and approved by the Audit Committee. Further, the Audit Committee monitors the adequacy and effectiveness of your Company's internal control framework. The internal control system has been designed to ensure that financial and other records are reliable for preparing financial and other statements and for maintaining accountability of assets.

9. RISK MANAGEMENT

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

10. MATERIAL CHANGES AND COMMITMENTS, AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no adverse material changes or commitments occurred after March 31, 2021 which may affect the financial position of the Company or may require disclosure.

11. SIGNIFICANT AND MATERIAL ORDERS

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

There are no application made or proceeding pending under the Insolvency and Bankruptcy Code, 2016 as at the end of the financial year, nor the Company has done any one time settlement with any Bank or Financial Institutions.

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, 2021 stood at ₹ 931.18 Million.

During the year under review, the Company has not issued shares with the differential voting rights nor has granted any stock options or sweat equity. As on March 31, 2021, none of the Directors of the Company hold any instruments convertible into equity shares of the Company.

Debt

During the financial year 2020-21, the Company issued and allotted 5,000 listed rated unsecured redeemable non-convertible debentures of the face value of ₹ 1 Million each for cash aggregating to ₹ 5,000 Million to identified investors on a private placement basis.

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 were 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 05, 2020 and December 04, 2020. The list of equity shareholders whose shares are liable to be transferred or which have been transferred to IEPF, as the case may be, can be accessed on the website of the Company at the link: https://www.bharatforge.com/investors/shareholders-information/unclaimed-dividend.

15. ANNUAL RETURN

In accordance with Sections 92(3) read with 134(3)(a) of the Act, the Annual Return of the Company as on March 31, 2021 is available on the website of the Company at: https://www.bharatforge.com/investors/agm.

16. DIRECTORS' RESPONSIBILITY STATEMENT

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

a. in preparation of the annual accounts for the financial year ended March 31, 2021, 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, 2021 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. K. M. Saletore (DIN:01705850) and Mr. P. C. Bhalerao (DIN 00037754), 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 and Remuneration Committee of the Company, the Board of Directors of the Company re-appointed Mr. B. P. Kalyani (DIN: 00267202) and Mr. S. E. Tandale (DIN: 00266833) as the Executive Directors of the Company for a period of 5 (five) years, commencing from May 23, 2021. The appointment is subject to approval of the shareholders. Accordingly, the resolution for re-appointment of Mr. B. P. Kalyani and Mr. S. E. Tandale forms part of Notice convening the 60th Annual General Meeting.

Further, in the 59th Annual General Meeting of the Company held on September 23, 2020, the shareholders appointed Mr. K. M. Saletore (DIN 01705850) as an Executive Director of the Company, for the period of 5 (five) consecutive years, commencing from February 02, 2020.

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 60th Annual General Meeting of the Company for reference of the shareholders.

Independent Directors' Declaration

The Company has received the necessary declarations from each Independent Director in accordance with Section 149(7) of the Act and Regulations 16(1)(b) and 25(8) of the Listing Regulations, that he / she meets the criteria of independence as laid out in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations. In the opinion of the Board, there has been no change in the circumstances which may affect their status as Independent Directors of the Company and the Board is satisfied of the integrity, expertise, and experience of all Independent Directors on the Board.

18. NUMBER OF MEETINGS OF THE BOARD

The Board met 7 (Seven) 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 intervening gap between the meetings was within the period prescribed under Act.

19. BOARD EVALUATION

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

As part of the evaluation process, the performance of Non-Independent Directors, the 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 and functional heads at Board meetings and through other interactive programs. Such meetings/ programs include briefings on domestic and global business of the Company. Besides this, the Directors are regularly updated about Company's new projects, R&D initiatives, changes in regulatory environment and strategic direction. The Board members are also provided relevant documents, reports and internal policies to facilitate familiarization with the Company's procedures and practices, from time to time.

The details of programmes for familarisation 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

21. BUSINESS RESPONSIBILITY REPORT

In accordance with the Listing Regulations, we have provided the Business Responsibility Report (BRR) as a part of this Annual Report describing the initiatives undertaken by the Company from an environmental, social and governance perspective during the year under review.

22. INFORMATION PURSUANT TO RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Sr. No.	Information Required	Input
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year	Please refer **Annexure B**
2	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	Please refer **Annexure B**
3	The percentage increase in the median remuneration of employees in the financial year	**7.77%**
4	The number of permanent employees on the rolls of company	**4,388**
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Percentage increase in salaries of managerial personnel at 50th Percentile is: (13.84%) Percentage increase in salaries of non- managerial personnel at 50th Percentile is: 0.025%. The increase in remuneration is not solely based on company performance but also includes various other factors like individual performance, experience, skill sets, academic background, industry trends, economic situation and future growth prospects etc. besides Company performance. There are no exceptional circumstances for increase in the managerial remuneration.
6	Affirmation that the remuneration is as per the remuneration policy of the company.	The remuneration paid to the Directors is as per the Remuneration policy of the company.
7	Statement showing the names of the top ten employees in terms of remuneration drawn and the name of every employee, who- (i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees; (ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month; (iii) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company.	Please refer **Annexure C**

23. NOMINATION AND REMUNERATION POLICY

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

24. CORPORATE GOVERNANCE

The Company has been practicing the principles of good Corporate Governance over the years. A separate section on corporate governance and a certificate from the Practicing Company Secretary regarding compliance of conditions of Corporate Governance as stipulated under the Listing Regulations forms part of this Annual Report. The Chairman and Managing Director and the Chief Financial Officer of the Company have certified to the Board on financial statements and other matters in accordance with the Regulation 17 (8) of the Listing Regulations pertaining to CEO/CFO certification for the financial year ended March 31, 2021.

25. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

During the year under review, the Company acquired 100% of paid-up equity share capital of Kalyani Powertrain Private Limited, in order to segregate and undertake Company's existing E-mobility business initiatives through a separate entity specifically acquired for this purpose.

Further, two of Company's foreign step-down subsidiaries viz., Bharat Forge Hong Kong Limited and Bharat Forge CDP Trading has been de-registered and dissolved. The closure of these two step-down subsidiaries did not have any material impact on the operations / financials of the Company, either on a standalone or on a consolidated basis.

As on March 31, 2021, the Company has 23 (Twenty-three) subsidiaries (including step down subsidiaries) and 4 (Four) Associate Companies and 1 (One) Joint Venture Company. In accordance with Section 129(3) of the Act, the Company has prepared the consolidated financial statement, which forms part of this Annual Report. Further, a statement containing salient features of the financial statements of our subsidiaries in the prescribed Form **AOC-1** is presented in a separate section forming part of the financial statements.

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://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 2020-21.

27. AUDITORS

A. Statutory Auditors and Audit Report

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

The Auditor's Report for FY 2020-21 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 2020-21. The Secretarial Audit Report for the financial year ended March 31, 2021 is appended as **Annexure "D"** to this report.

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 2021-22.

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 2021-22. 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 60th Annual General Meeting.

In accordance with the provisions of Section 148(1) of the Act, read with the Companies (Cost Records & Audit) Rules, 2014, the Company has maintained cost records.

The Cost Audit report for the Financial Year 2019-20 was filed with the Ministry of Corporate Affairs on November 12, 2020.

D. Reporting of fraud by auditors

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

28. CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

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

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

29. OBLIGATION OF THE COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act) and the Rules thereunder. All women 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 329 employees through awareness sessions for creating greater awareness with respect to the Company's' Policy on Sexual Harassment at workplace.

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

30. VIGIL MECHANISM

Pursuant to the provisions of Section 177(9) of the Act, read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of the Listing Regulations and in accordance with the requirements of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Board of Directors had approved the Policy on Vigil Mechanism/Whistle Blower and the same has been hosted on the website of the Company. 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 "F"** to this report.

32. COMPLIANCE WITH SECRETARIAL STANDARDS

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

33. ACKNOWLEDGEMENT

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

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

The Directors express their special thanks to Mr. B. N. Kalyani, Chairman and Managing Director, for his untiring efforts for the progress of the Company.

For and on behalf of the Board of Directors

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

Pune: June 04, 2021

ANNEXURE "A"

FORM NO. AOC-2

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

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

1. **Details of contracts or arrangements or transactions not at arm's length basis**
   There are no contracts or arrangements or transactions entered into by the Company during the year ended March 31, 2021, which are not at arm's length basis.

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

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

For and on behalf of the Board of Directors

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

Pune: June 04, 2021

ANNEXURE "B"

RATIO OF REMUNERATION OF EACH DIRECTOR TO THE MEDIAN REMUNERATION OF THE EMPLOYEES OF THE COMPANY

Sr. No.	Name of the Director	Designation	Ratio of remuneration of each director to the median remuneration of the employees of the Company	% Increase/ (decrease) in the Remuneration
1.	Mr. B. N. Kalyani	Chairman and Managing Director	223.43	(23.34%)
2.	Mr. S. M. Thakore	Independent Director	2.67	18.57%
3.	Mr. P. G. Pawar	Independent Director	2.80	11.54%
4.	Mr. P. C. Bhalerao	Non-Executive Director	2.64	7.89%
5.	Mrs. L. D. Gupte	Independent Director	1.19	27.59%
6.	Mr. P. H. Ravikumar	Independent Director	2.19	13.33%
7.	Mr. D. B. Mane*	Independent Director	NA*	NA*
8.	Mr. M. G. Sivaraman*	Independent Director	NA*	NA*
9.	Mr. G. K. Agarwal	Deputy Managing Director	60.47	(23.62%)
10.	Mr. A. B. Kalyani	Deputy Managing Director	60.00	(25.16%)
11.	Mr. B. P. Kalyani	Executive Director	47.86	(27.73%)
12.	Mr. S. E. Tandale	Executive Director	50.25	(25.75%)
13.	Mr. V. R. Bhandari	Independent Director	1.26	11.43%
14.	Mr. K. M. Saletore	Executive Director and CFO	37.69	(27.82%)
15.	Ms. T. R. Chaudhari	Company Secretary	3.35	(13.84%)

* Mr. D. B. Mane and Mr. M. G. Sivaraman were appointed as Directors 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 "C"

STATEMENT UNDER SECTION 197 (12) OF THE COMPANIES ACT, 2013, READ WITH THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2021

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	173,566,458	Permanent Employee	B.E. (Mech.) (Hons), MS (M.I.T.)	49	01.04.1972	72	-	0.0168
2.	Mr. A. B. Kalyani	Deputy Managing Director	46,605,735	Permanent Employee	B.E.(M)	22	24.10.1999	45	Carpenter Technology	0.1504
3.	Mr. G. K Agarwal	Deputy Managing Director	46,972,463	Permanent Employee	B.E.(Mech.), M.B.A.	48	01.11.1976	70	Guest Keen Williams Ltd., Howrah	0.0011
4.	Mr. B. P. Kalyani	Executive Director	37,181,226	Permanent Employee	B.E.(P), MBA, MS	39	02.08.1982	58	-	0.0013
5.	Mr. S. E. Tandale	Executive Director	39,033,472	Permanent Employee	B.E.(M)	30	01.08.1991	52	-	-
6.	Mr. K. M. Saletore	Executive Director and CFO	29,277,249	Permanent Employee	B.Com., C.A., PGDM	33	18.11.2011	54	Tata Realty & Infrastructure Ltd.	0.0002
7.	Mr. R.S. Bhatia	President and CEO (I/C Defence Products)	19,730,946	Permanent Employee	B.E.(Civil), PGDBA (Symbiosis), MMS	47	03.05.2010	65	Larsen & Toubro Ltd., Powai, Mumbai	-
8.	Mr. M. U. Takale	Executive Vice President and Director Engineering	15,968,638	Permanent Employee	B.E.(Mech.), MBA, MS	39	02.11.1982	60	-	0.0011
9.	Mr. S. B. Pustake	President CAM - Baramati	14,066,029	Permanent Employee	B.E. (Met)	41	09.04.2009	64	Head Forging Unit, SEFORGE Ltd., Vadodara, Gujarat	-
10.	Mr. V. M. Munje	President-Corporate & Group General Counsel	9,835,769	Permanent Employee	B.Com., LLB., F. C.S., Dip in IPR (WIPO, Geneva)	27	25.07.2011	51	Tata Group, Corporate, Mumbai	0.0002

Notes:

1. Remuneration shown above includes Salary, Company's contribution towards Provident Fund and Superannuation Scheme, Allowances, Perquisites, commission but excludes Gratuity unless paid/payable.
2. The nature of employment in case of Chairman and Managing Director, Deputy Managing Director and Executive Directors is contractual and terms of remuneration are governed under the Board and Shareholders' resolution.
3. None of the above Employee/Directors is related to any of the Directors, except Mr. B. N. Kalyani who is a father of Mr. A. B. Kalyani, Deputy Managing Director and Mr. A. B. Kalyani who is a son of Mr. B. N. Kalyani, Chairman and Managing Director of the Company.
4. Experience includes number of years of service elsewhere, wherever applicable.
5. Director fees of GBP 100,000 each from Bharat Forge International Limited, U.K. for the financial year 2020-21 is payable to Mr. B.N. Kalyani and Mr. A. B. Kalyani.

ANNEXURE " D"

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

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 March 31, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 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;

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.

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, there were no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. except following:

1. The Board, at its meeting held on July 29, 2020, has passed a resolution to issue upto 5,000 rated, unsecured, listed redeemable, transferable, non-convertible debentures of face value ₹ 1,000,000/- each for an aggregate amount of ₹ 5,000,000,000 (Rupees Five Thousand Million Only) on private placement basis in one or more tranches. The said debentures were allotted in dematerialized form on August 6, 2020.

2. Board at its meeting held on December 4, 2020 approved the Submission of Resolution Plan for acquisition of Sanghvi Forging and Engineering Limited as per the provisions of the Insolvency & Bankruptcy Code;

3. The Board at its meeting held on February 12, 2021 approved to undertake Electric Vehicle (EV) business initiatives including further opportunities (organic as well as inorganic) through a Special Purpose Vehicle (SPV) which would be a wholly owned subsidiary of the Company. As an initial step, to form a wholly owned subsidiary, the Company decided to

acquire a newly formed Company within Kalyani Group named Kalyani Powertrain Private Limited (KPPL). In this regard, on March 16, 2021, the 'Investment Committee – Strategic Business' of the Company has approved to acquire 100% stake in KPPL which shall act as the SPV to carry on the EV business.

For **SVD & Associates**
Company Secretaries

Sridhar G. Mudaliar
Partner
FCS No: 6156
CP No:2664

UDIN : F006156C000407458

Place: Pune
Date: June 04, 2021

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

'Annexure A'

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

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

Management's Responsibility

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

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.

3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.

4. We have relied on the documents and evidences provided by electronic mode, in view of 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.

7. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

For **SVD & Associates**
Company Secretaries

Sridhar G. Mudaliar
Partner
FCS No: 6156
CP No:2664

UDIN : F006156C000407458

Place: Pune
Date: June 04, 2021

ANNEXURE "E"

ANNUAL REPORT ON CSR ACTIVITIES

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

1. **Brief outline on CSR Policy of the Company:**

At Bharat Forge, our attempt is to constantly keep reshaping our Corporate Social Responsibility ("CSR") initiatives and realign ourselves to better suit the government's vision for social development. This belief of giving back has driven us to accomplish more every year, through our CSR efforts under the governance of our CSR Committee Leaders. Our motto is to focus on sustainable business practices for the betterment of business as well as the society.

Our CSR policy aims to have dedicated approach to development of community by expending in the areas of Village Development (works on 5 major indicators - Water harvesting, livelihood, health, education and internal roads), primary, secondary and tertiary education for the underprivileged children, skills development, health and hygiene, cleanliness, Swaccha Bharat, women empowerment, sustainability, environment and ecological protection and encouragement to nationally recognized sports through one or more implementing agencies/trusts.

The projects undertaken by the Company are within the broad framework of Schedule VII of the Companies Act, 2013 ("Act"). Amidst the COVID-19 crisis, as a part of CSR, Bharat Forge initiated several aid programmes to help sections of the community tackle the socio-economic disruptions caused by the crisis. Our COVID-19 initiatives also attempted to raise awareness in the society about sanitation, social distancing and imparted instructions about the do's and don'ts, in order to mitigate the spread of the virus.

The detailed policy and gist of CSR activities can be viewed on the Company website at: https://www.bharatforge.com/sustainability/corporate-social-responsibility

2. **Composition of CSR Committee:**

Sr. No.	Name of the Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. P. G. Pawar	Independent Director Chairman of CSR Committee	2	2
2.	Mr. B. N. Kalyani	Chairman and Managing Director Member of CSR Committee	2	2
3.	Mr. Amit B. Kalyani	Deputy Managing Director Member of CSR Committee	2	2

3. **Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.**

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

- The CSR Policy of the Company is available at-
https://www.bharatforge.com/assets/pdf/csr/csr-policy02920.pdf

- The CSR projects undertaken by the Company is available at-
https://www.bharatforge.com/sustainability/csr-programmes

4. **Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).**
The Company takes cognizance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 ("CSR Amendment Rules"). The Company has undertaken the impact assessment of its CSR projects for financial year 2020-21 through independent agencies. The summary of the aforesaid impact assessment can be accessed on the Company's website at:

https://www.bharatforge.com/sustainability/corporate-social-responsibility#

5. **Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any –**

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

6. **Average net profit of the Company as per Section 135(5).**
₹ 11,262.54 Million

7. (a) **Two percent of average net profit of the Company as per Section 135(5) –** ₹ 225.25 Million

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

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

(d) **Total CSR obligation for the financial year (7a+7b+7c) –** ₹ 225.25 Million

8. (a) **CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year. (In ₹ Million)	Amount Unspent (in ₹ Million)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)*		
	Amount ₹	Date of transfer	Name of the Fund	Amount ₹	Date of transfer
183.80	27.00	April 30, 2021	-	Nil	-

* As per Section 135(5) of the Act, the unspent amount of ₹ 14.50 Million (not pertaining to an on-going project) will be transferred to such fund as is specified in Schedule VII of the Act by September 30, 2021.

(b) Details of CSR amount spent against ongoing projects for the financial year:

In ₹ (Million)

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project Duration (in years)	Amount allocated for the project (in ₹ Million)	Amount spent in the current financial year (in ₹ Million)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹ Million)	Mode of Implementation Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
1.	Village Development											
a.	Developing 100 villages from 5 districts – Major focus on 5 indicators - Water, livelihood, internal roads, health and education	(x)	No	Maharashtra	Pune, Satara, Kolhapur, Ahmednagar & Solapur	2 years on each indicator	72.66	59.14	13.52	Direct as well as through Implementing Agencies	Maharashtra Arogya Mandal (MAM) for Ambegaon; Karjat Jamkhed Integrated Development Foundation	CSR00002233; CSR00004382
b.	Health Checkup camps for women from villages - (Health Indicator under Village Development Project)	(i), (x)	No	Maharashtra	Pune, Satara, Kolhapur, Ahmednagar & Solapur of maharastra		1.70	0.39	1.31	No	Pune Neurosciences Trust and Research Society	CSR00003785
c.	Swachha Sunder Gaon Competitions	(iv), (x)	No	Maharashtra	Pune, Satara, Ahmednagar, Kolhapur, Solapur		3.00	-	3.00	Yes	NA	NA
	Tree Plantation						0.30	-	0.30	No	Maharashtra Arogya Mandal for Ambegaon (MAM)	CSR00002233
2.	Kalyani Urology Centre of Excellence at Ruby Hall Clinic	(i)	Yes	Maharashtra	Pune	2 years from 2019	26.00	26.00	-	No	Grant Medical Foundation	CSR00004934
3.	Pratham Pune Education Foundation	(ii)	Yes	Maharashtra	Pune	3 years	2.86	2.86	-	No	Pratham Pune Education Foundation	CSR00001197
	Pradnya Vikas Programme	(ii)	Yes	Maharashtra	Pune	3 years	9.80	5.31	4.49	No	Jnana Prabodhini	CSR00002565
	Anubhav Shala (Khelghar)	(ii)	Yes	Maharashtra	Pune	3 years						
	ITI Khed, Bhor & Malegaon	(ii)	No	Maharashtra	Khed, Bhor, Malegaon,	5 years with ITI Khed and 3 years with ITI Bhor, Malegaon				Yes	NA	NA

In ₹ (Million)

Sr. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project		Project Duration (in years)	Amount allocated for the project (in ₹ Million)	Amount spent in the current financial year (in ₹ Million)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹ Million)	Mode of Implementation Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
	Centre of Excellence in RF & Microwave Technology	(ii)	Yes No	Maha-rashtra, Telan-gana	Pune, Hyderabad	3 years from 2019	20.00	16.08	3.92	Yes	NA	NA
4	Community Development & Women Empowerment	(iii)	Yes	Maharash-tra	Pune	3 years	0.60	0.29	0.31	Yes	NA	NA
	TOTAL						136.92	110.07	26.85			

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

In ₹ (Million)

Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project (in ₹ Million)	Mode of implementation - Direct (Yes/ No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
1.	Lakshya - Sports Initiatives	(vii)	Yes	Maharashtra	Pune	1.48	No	Lakshya Institute	CSR00002633
2.	Higher education support to girl student of India School Business Management	(ii)	Yes	Maharashtra	Pune	1.00	Yes	NA	NA
3.	Provided books to primary school of ZP through Balbhartthi -Anmol Prakashan- Ministry of Education- Govt. of Maharahtra	(ii)	Yes	Maharashtra	Pune	1.50	Yes	NA	NA
4.	Support to compedium of RIT	(ii)	Yes	Maharashtra	Pune	0.23	Yes	NA	NA
5.	Various Educational Initiatives -Vidyarthi Sahayak Samiti, Jagriti School for Blind Children & Finishing School	(ii)	Yes	Maharashtra	Pune	0.80	No	Vidyarathi Sahayyak Samiti	CSR00004583
								The National Federation of the Blind	CSR00002723
6.	Health Support -Urology Machine for Sasson	(i)	Yes	Maharashtra	Pune	0.05	Yes	NA	NA
7.	Wellness health bands for Pune Police	(i)	Yes	Maharashtra	Pune	1.00	Yes	NA	NA
8.	Sewage Treatment Plant for Paraphelic home at Khadki	(iv)	Yes	Maharashtra	Pune	2.10	Yes	NA	NA
9.	Maintenance of Pune Cantonment Garden	(iv)	Yes	Maharashtra	Pune	1.00	Yes	NA	NA
10.	COVID-19 Support	(i), (xii)	Yes	Maharashtra	Pune	59.60	Yes	NA	NA
11.	Khayal Yadnya-Kanebuva Pratishthan	(v)	Yes	Maharashtra	Pune	1.00	Yes	NA	NA
	TOTAL					69.76			

(d) **Amount spent in Administrative Overheads:** ₹ 3.98 Million
(e) **Amount spent on Impact Assessment, if applicable:** Not applicable
(f) **Total amount spent for the Financial Year (8b+8c+8d+8e):** ₹ 183.80 Million
(g) **Excess amount for set off, if any:** Nil

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

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹ Million)	Amount spent in thereporting Financial Year (in ₹ Million)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years. (in ₹ Million)
				Name of the Fund	Amount (in ₹ Million)	Date of transfer	
1	2	3	4	5			6
1.	2019-20	NIL	NA	NA	NA	NA	NA
2.	2018-19	NIL	NA	NA	NA	NA	NA
3.	2017-18	NIL	NA	NA	NA	NA	NA
	TOTAL	-	-	-	-	-	-

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

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

(a) Date of creation or acquisition of the capital asset(s): NA
(b) Amount of CSR spent for creation or acquisition of capital asset.: NA
(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. : NA
(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): NA

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5).:

The Company needs to mandatorily spend an amount of ₹ 225.25 Million towards CSR activities during the financial year 2020-2021.

However, due to the unprecedented pandemic of COVID-19 which resulted in persistant lockdowns and restrictions on mobility, your Company was unable to execute certain projects. Hence, the unspent amount of ₹ 27 Million pertaining to ongoing projects has been transferred to Unspent CSR Account and the differential amount of ₹ 14.50 Million will be transferred to such fund as specified under Schedule VII of the Act in pursuance of the CSR Amendment Rules, 2021.

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

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

ANNEXURE "F "

INFORMATION AS PER SECTION 134(3) (M) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2021

A. CONSERVATION OF ENERGY

I. Steps taken for Conservation of Energy:

- Replacement of oil with gas for improving combustion efficiency.
- Replacement with high velocity burners for HT furnaces.
- LED lamps replaced with MV lamps.
- On-line energy management system for optimum utilization of motors, pumps and compressors.
- Magnetic resonance system for fuel conservation.
- Pyro bloc insulation for Heat Treatment furnaces.
- Pneumatic to Hydraulic conversion for hammers.

II. Steps taken for utilising alternate source of energy:

- Increased use of wind and solar energy.
- Solar Energy Generation.
- Total usage of Non-Conventional Electrical Power amounted to 24%.
- Use of PNG instead of Oil for Furnaces.

III. The Capital investment on energy conservation equipment:

The Company has made capital investments amounting to ₹ 167.14 Million during the year resulting in substantial savings.

B. TECHNOLOGY ABSORPTION:

I. Efforts made towards technology absorption:

- Forging components design innovation for Lightweighting with Geometry as well as Material optimization.
- Technology development for cold forgings and Precision / near net shape forgings.
- Development of Aerospace forgings with exotic materials like Inconel, waspalloy etc.
- Technology development of forging Brake discs through press route.
- Technology development of forging Pinions & housings through Press route.
- Design and development of pre ICU and ICU ventilators.
- Design and development of 160 Kg. jet engine.
- Design and development of surveillance & logistics drones for Indian Defence system.
- Design and development of Hovercraft.

- Design and development of the ring rolling process for Waspalloy (Nickel based superalloy) to be used in critical application of aerospace sector.
- Design and development of closed die forging process for IN718 (Ni based alloy) to be used in critical application of aero engine.
- Design and development of closed die forging process for Ti6Al4V (Ti based alloy) to be used in critical application of aero engine.
- Development of cold weld technology for improving the die life.
- Development and adoption of cold jet technology for faster cleaning of forging equipment and robots.
- Development of Laser Shock peening technology for fatigue life improvement of automotive components.
- Lightweighting of automotive and non-automotive components using stress and deflection theory.
- EV-Battery and electronics components heating and cooling CFD analysis and technology established to calculate required heat sink.

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

1) Influence of Nitrocarburizing and Post-Oxidation on Surface Characteristics, Fatigue, and Corrosion Fatigue Behavior of AISI 4330V Steel (Transactions of the Indian Institute of Metals volume 73, pages2471–2479(2020), August, 2020)
2) Influence of tempering in different melting routes on toughness behavior of AISI 4340 steel (Journal of Materials Engineering and Performance, September, 2020)
3) Deformation behavior of Ti6Al4V microstructures under uniaxial loading: Equiaxed vs transformed ß microstructure (Materials Characterization, January, 2021)
4) Microstructure and mechanical properties of friction welded carbon steel (EN24) and nickel-based superalloy (IN718) (International Journal of Minerals , Metallurgy and Materials, January, 2021)
5) Understanding the Stress Rupture Behavior and Microstructural Changes in Austenitic Stainless Steel SS321 (National Metallurgist Day (NMD-ATM) 2020, at IIT Bombay, Feb 23-27, 2021)
6) Influence of tempering in different melting routes on toughness behaviour of AISI 4340 steel (National Metallurgist Day (NMD-ATM) 2020, at IIT Bombay, Feb 23-27, 2021)

IP Generation:
- During the year, 6 patents filed.
- During the year, 4 design registrations 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.
- Cost and cycle time reduction.

- Product life improvement.
- Development of components for Aerospace application.
- 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 Ground Vehicles (UGV's)	2016	Completed	UGV1 (4*4) & UGV 2 (6*6) Successfully developed.
Unmanned Aerial Vehicles (UAV's)	2018	In Progress	Fully autonomous test flights is in progress.
Electromagnetic Railgun	2018	Completed	Design of 1^{st} prototype has been developed successfully.
Payload Carrying VTOL Unmanned Aerial Vehicles (UAV's)	2019	In Progress	Trials at user end are in progress.
Hovercraft	2019	In Progress	Testing of current hovercraft is in progress.
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 planned.

IV. Expenditure on Research and Development:

In ₹ Million

Sr. No.	Particulars	Amount
i)	Capital	75.73
ii)	Recurring	-
iii)	Total R&D expenditure	447.45
iv)	Total Income	36,515.12
v)	Total R&D expenditure as a percentage of total income	1.43%

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. Due to the massive global spread of COVID 19 starting February, 2020, Financial Year 2020-21 has been a highly volatile year across all geographies and markets. Despite the challenges for operations, logistics etc. the Company has ensured supply chain fulfillment for all the customers in India and the world. All our customers have appreciated our enhanced and proactive connectivity and performance.

ii. The Company continues to maintain its strong positions with customers across all segments i.e. Commercial Vehicles, Automotive, Industrial etc.

iii. We have further intensified our business development and new product development activities in spite of the lockdown and associated challenges including reduced mobility due to travel restrictions. We have successfully overcome such challenges by actively implementing Virtual interface and Digital Collaborations across all functions including customer critical actions like plant audits.

iv. We continue to focus on growth from all our segments with a high emphasis on growing / retaining our market share.

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

i. Total Foreign Exchange earnings: ₹ 19,751.82 Million

ii. Total Foreign Exchange outgo: ₹ 3,301.79 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 the stakeholders comprising of regulators, employees, customers, vendors, investors and the society at large.

Our corporate governance practices reflect our value system. Corporate Governance in Bharat Forge 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 Board of Directors provides entrepreneurial leadership to the Group and strategic direction to the management. It is collectively responsible for promoting the long-term success of the Group through the creation and delivery of sustainable shareholder value. It is vital to have a well-balanced board with a combination of Executive, Non-executive and Independent Directors. The Board is dedicated to good governance and international best practices. It is committed to ensuring a decisive attitude from the top that requires a commitment from all Directors and employees to the values of integrity, transparency and continuous oversight of the Company's performance. The Company's policy is to maintain an optimum combination of Executive, Non-Executive and independent directors. As on March 31, 2021, 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 have 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 2020-21, the Board of the Company met 7 (Seven) times on June 29, 2020, July 29, 2020, August 12, 2020, November 11, 2020, December 04, 2020 , February 12, 2021 and March 19, 2021. The maximum gap between two Board Meetings was 91 (Ninety- One) and minimum time gap was of 30 (Thirty) 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 2020-21, the last Annual General Meeting ("AGM") held on Wednesday, September 23, 2020 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, 2021, are given herein below:

Table 1: Composition of the Board of Directors etc. for the year 2020-21

Name of the Director	Category	Attendance Particulars			No. of Directorships and Committee Memberships/ Chairmanships in Indian Companies as on March 31, 2021*			Directorship in other listed entity (Category of Directorship)
		Number of Board Meetings Held	Number of Board Meetings Attended	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	
Mr. B. N. Kalyani (Chairman and Managing Director)	Executive	7	7	Yes	9	3	Nil	1. Hikal Limited $ 2. Kalyani Steels Limited $ 3. BF Utilities Limited $ 4. Automotive Axles Limited $
Mr. S. M. Thakore	Independent	7	7	Yes	7	6	1	1. Prism Johnson Limited # 2. Sharda Cropchem Limited # 3. Alkyl Amines Chemicals Limited #
Mr. P. G. Pawar	Independent	7	7	Yes	12	2	2	1. Force Motors Limited #
Mr. P. C. Bhalerao	Non-Executive	7	7	Yes	1	2	1	--
Mrs. L. D. Gupte	Independent	7	7	Yes	5	5	Nil	1. TVS Motor Company Limited # 2. ICICI Lombard General Insurance Company Limited # 3. Godrej Properties Limited # 4. India Infradebt Limited #
Mr. P. H. Ravikumar	Independent	7	7	Yes	12	8	4	1. Aditya Birla Capital Limited # 2. Escorts Limited #

Name of the Director	Category	Attendance Particulars			No. of Directorships and Committee Memberships/ Chairmanships in Indian Companies as on March 31, 2021*			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. D. B. Mane	Independent	7	7	Yes	2	Nil	Nil	--
Mr. M. G. Sivaraman	Independent	7	7	Yes	4	3	0	1. Huhtamaki PPL Limited # 2. ICICI Lombard General Insurance Company Limited (Additional Director) #
Mr. V. R. Bhandari	Independent	7	7	Yes	7	3	1	1. Kalpataru Power Transmission Limited # 2. JK Tyres & Industries Limited # 3. DCM Shriram Limited # 4. RBL Bank Limited $
Mr. G. K. Agarwal	Executive	7	7	Yes	1	Nil	Nil	--
Mr. A. B. Kalyani	Executive	7	6	Yes	9	2	Nil	1. Hikal Limited $ 2. Kalyani Steels Limited $ 3. BF Utilities Limited $ 4. BF Investment Limited $ Kalyani Investment Company Limited $ 5. Schaeffler India Limited #
Mr. B. P. Kalyani	Executive	7	7	Yes	1	Nil	Nil	--
Mr. S. E. Tandale	Executive	7	7	Yes	1	Nil	Nil	--
Mr. K. M. Saletore	Executive	7	7	Yes	10	1	Nil	--

* 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.

$ Non-Independent, Non-Executive

\# Independent, Non-Executive

Independent Directors

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

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

Your Company recognizes the crucial role that the Independent Directors play in ensuring an efficient and transparent work environment hence, during the year 2020-21, 1 (one) meeting of Independent Directors was held on June 29, 2020 without the presence of any Non-Independent Director. 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/Fimiliarisation-Programme-for-independent-directors

III. COMMITTEES OF THE BOARD

As on March 31, 2021, 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

The Board continues to recognise that an appropriate mix of diversity and skills is key for introducing different perspectives into Board debate and for better anticipating the risks and opportunities in building a long-term sustainable business. As set out in the charts below, each member of the Board offers a range of core skills and experience that is relevant to the successful operation of the Group.

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

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.

Areas of expertise required	Description
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.

In the table below, the specific areas of focus or expertise of individual board members have been highlighted. However, the absence of a mark against a member's name does not necessarily mean the member does not possess the corresponding qualification or skills:

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	✓	✓	✓	✓	✓	✓	✓
Mr. S. M. Thakore Independent Director	✓	✓	-	-	-	-	✓
Mr. P. G. Pawar Independent Director	✓	✓	✓	✓	✓	✓	✓
Mr. P. C. Bhalerao Non-Executive Non-Independent Director	✓	✓	-	-	-	✓	✓
Mr. V. R. Bhandari Independent Director	✓	✓	✓	✓	✓	✓	✓
Mr. P. H. Ravikumar Independent Director	✓	✓	✓	✓	-	✓	✓
Mrs. L. D. Gupte Independent Director	✓	✓	✓	-	✓	✓	✓
Mr. D. B. Mane Independent Director	✓	✓	✓	✓	✓	✓	-
Mr. M. G. Sivaraman Independent Director	✓	✓	✓	-	✓	✓	✓
Mr. A. 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 Company has constituted Audit committee in line with provisions of Regulation 18 of Listing Regulations and Section 177 of the Act.

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

All the members of the Audit Committee possess accounting, economic, legal and financial management expertise.

The Annual General Meeting (AGM) held on Wednesday, September 23, 2020 was attended by the Chairman of the Committee, Mr. P. G. Pawar, to answer shareholders' queries.

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

The Company Secretary acts as the Secretary to the Audit Committee Meeting.

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

The primary role/ responsibility of the Audit Committee is:-

a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

b) Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;

c) Approval of payment of remuneration to Statutory Auditors for any other services rendered by the Statutory Auditors;

d) Reviewing, with the management, the Annual Financial Statements and Auditor's Report thereon before submission to the Board for approval; and

e) Reviewing, with the management, the quarterly Financial Statements before submission to the Board for approval/ the statement of uses/application of funds raised through an issue/ Approval or any subsequent modification of transactions of the Company with related parties.

The detailed terms of reference pursuant to the provisions of the Listing Regulations and in accordance with the Act are placed on the website of the Company:- https://www.bharatforge.com/investors/corporate-governance/policies.

2. NOMINATION AND REMUNERATION COMMITTEE

The Company has constituted Nomination and Remuneration committee in line with the provisions of Regulation 19 of the Listing Regulations and Section 178 of the Act.

Mr. P. G. Pawar, Independent Director, is the Chairman of the Nomination and Remuneration Committee. The other members of the Committee include Mr. S. M. Thakore – Independent Director, Mr. V. R. Bhandari - Independent Director and Mr. P. C. Bhalerao – Non-Executive, Non-Independent Director.

The primary role/ responsibilities of the Nomination and Remuneration Committee are:-

a) To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a remuneration policy, for the Directors, Key Managerial Personnel and other employees;

b) To identify qualified persons to become Directors and Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and to carry out evaluation of every Director's performance;

c) To extend or continue the term of appointment of the Independent Director based on the performance report of Independent Director;

d) To formulate a criteria for evaluation of performance of the Independent Directors and Board of Directors; and

e) To device a policy on diversity of Board of Directors.

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 alongwith the terms of reference of the committee is available on Company's website: https://www.bharatforge.com/investors/corporate-governance/policies.

3. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

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

Mr. P. G. Pawar, Independent Director, is the Chairman of the Corporate Social Responsibility Committee. The other members of the Committee include Mr. B. N. Kalyani – Chairman and Managing Director and Mr. A. 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 primary role/ responsibilities of the Corporate Social Responsibility Committee are:-

a) To formulate and recommend to the Board, a CSR Policy in terms of Schedule VII of the Act;

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 policy of the Company including the terms of reference is disclosed on the Company's website at the link: www.bharatforge.com/investors/corporate-governance/policies.

4. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Company has constituted Stakeholder Relationship Committee in line with the provisions of Regulation 20 of the Listing Regulations and Section 178 of the Act.

Mr. P. C. Bhalerao, Non-Executive Non-Independent Director, is the Chairman of the Stakeholder Relationship Committee. The other members of the Committee include Mr. B. N. Kalyani –Chairman and Managing Director and Mrs. L. D. Gupte - Independent Director

The primary role/ responsibilities of the Stakeholder Relationship Committee are:-

a) To specifically look into the redressal of grievances of shareholders, debenture holders and other securities holders;

b) To consider and resolve the grievances of the securities holders of the Company including complaints related to transfer of shares, non-receipt of Annual report, non-receipt of declared dividends etc; and

c) Review various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the security shareholders of the entity.

The details of the Investor Complaints and contact details so as to provide assistance to the shareholders of the company is mentioned below:-

Table 2: Number and nature of complaints received and redressed during the year 2020-21

Nature of complaint	No. of complaints received	No. of complaints redressed	No. of complaints pending as on March 31, 2021
Non-receipt of shares lodged for transfer/transmission	Nil	Nil	Nil
Non-receipt of Bonus Shares	Nil	Nil	Nil
Non-receipt of Duplicate Share Certificate	Nil	Nil	Nil
Non-receipt of Dividend	1	1	Nil
Non-receipt of Sub-divided Shares	Nil	Nil	Nil
Non-receipt of Annual Report	Nil	Nil	Nil
Change of address	Nil	Nil	Nil

Designated Exclusive Email-ID

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

The detailed terms of reference is disclosed on the Company's website at the link: www.bharatforge.com/investors/corporate-governance/policies

5. FINANCE AND RISK MANAGEMENT COMMITTEE

The Company has constituted Finance and Risk Management Committee in line with the provisions of Regulation 21 of the Listing Regulations.

Mr. B. N. Kalyani - Chairman and Managing Director, is the Chairman of the Finance and Risk Management Committee. The other members of the Committee include Mr. P. G. Pawar -Independent Director, Mr. A. B. Kalyani - Deputy Managing Director and Mr. P. C. Bhalerao – Non-Executive Non-Independent Director.

The primary role/ responsibilities of the Finance and Risk Management Committee are:-

a) To formulate a detailed risk management policy and a business continuity plan;

b) To formulate a framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee;

c) To formulate measures for risk mitigation including systems and processes for internal control of identified risks/ monitor and oversee implementation of the risk management policy/ evaluating the adequacy of risk management systems;

d) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company; and

e) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity.

The detailed terms of reference is disclosed on the Company's website at the link: www.bharatforge.com/investors/corporate-governance/policies

Table 3: Number of Committee Meeting held and attendance record:-

Name of the Committee	Audit Committee	Nomination and Remuneration Committee	Stakeholders' Relationship Committee	Corporate Social Responsibility Committee	Finance and Risk Management Committee
No. of meetings held^	7	3	1	2	2
Date of meetings	1. April 6, 2020. 2. June 29, 2020. 3. August 12, 2020. 4. November 11, 2020. 5. December 10, 2020. 6. February 12, 2021. 7. March 19, 2021.	1. June 29, 2020. 2. November 11, 2020. 3. February 12, 2021.	1. June 29, 2020.	1. June 27, 2020. 2. February 12, 2021.	1. April 6, 2020 2. June 27, 2020.
No. of Meetings Attended					
Name of Member					
Mr. P. G. Pawar	7	3	-	2	2
Mr. S. M. Thakore	7	3	-	-	-
Mr. P. H. Ravikumar	7	-	-	-	-
Mr. P. C. Bhalerao	7	3	1	-	2
Mr. V. R. Bhandari	-	3	-	-	-

Name of the Committee	Audit Committee	Nomination and Remuneration Committee	Stakeholders' Relationship Committee	Corporate Social Responsibility Committee	Finance and Risk Management Committee
Mr. B. N. Kalyani	-	-	1	2	2
Mr. A. B. Kalyani	-	-	-	2	2
Mrs. L. D. Gupte	-	-	1	-	-
Whether quorum was present for all the meetings	The necessary quorum was present for all the above committee meetings				

^ Pursuant to the relaxations granted by the Ministry Of Corporate Affairs and SEBI, all meetings of the Board of Directors and Committees were held through video conferencing.

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, 2021 is given below in **Table 3**:

Table 3: Remuneration paid or payable to Directors for the year ended March 31, 2021 and relationships of the Directors with each other

In ₹

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. A. B. Kalyani	NA	108,957,258	4,609,200	39,000,000	152,566,458
Mr. S. M. Thakore	None	775,000	NA	NA	1,125,000	1,900,000
Mr. P. G. Pawar	None	875,000	NA	NA	1,225,000	2,100,000
Mr. P. C. Bhalerao	None	850,000	NA	NA	1,200,000	2,050,000
Mrs. L. D. Gupte	None	375,000	NA	NA	550,000	925,000
Mr. P. H. Ravikumar	None	700,000	NA	NA	1,050,000	1,750,000
Mr. D. B. Mane	None	350,000	NA	NA	525,000	875,000
Mr. M. G. Sivaraman	None	350,000	NA	NA	525,000	875,000
Mr. V. R. Bhandari	None	425,000	NA	NA	600,000	1,025,000
Mr. G. K. Agarwal	None	NA	35,808,363	3,164,100	3,000,000	41,972,463
Mr. A. B. Kalyani	Son of Mr. B. N. Kalyani	NA	35,441,635	3,164,100	3,000,000	41,605,735
Mr. B. P. Kalyani	None	NA	20,775,666	1,405,560	14,750,000	36,931,226

Name of the Director	Relationship with other Directors*	Sitting Fees**	Salary and Perquisites	Provident Fund and Superannuation Fund	Commission***	Total
Mr. S. E. Tandale	None	NA	22,532,512	1,500,960	14,750,000	38,783,472
Mr. K. M. Saletore	None	NA	18,396,389	880,860	13,000,000	32,277,249

Notes:

* 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 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, 2021 are given below in **Table 4**:

Table 4: Details of equity shares of the Company held by Directors as on March 31, 2021:-

Name of the Director	Number of equity shares held of Rs.2/- each
Mr. B. N. Kalyani	78,150
Mr. A. B. Kalyani	700,350
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, 2021.

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 4 below:

Table 4: Details of last three Annual General Meetings

Financial year	Date	Time	Venue	Special Resolutions Passed
2019-20	Wednesday, September 23, 2020	11:00 a.m (I.S.T)	Registered office of the Company through video conferencing	None
2018-19	Tuesday, August 13, 2019	10:30 a.m. (I.S.T.)	Registered office of the Company	1. Re-appointment of Mr. S.M. Thakore (DIN:00031788) as an Independent Director of the Company 2. Re-appointment of Mr. P. G. Pawar (DIN:00018985) as an Independent Director of the Company 3. Re-appointment of Mrs. L. D. Gupte (DIN:00043559) as an Independent Director of the Company 4. Re-appointment of Mr. P. H. Ravikumar (DIN:00280010) as an Independent Director of the Company 5. Re-appointment of Mr. V. R. Bhandari (DIN:00001318) as an Independent Director of the Company
2017-18	Thursday, August 9, 2018	10:30 a.m. (I.S.T.)	Registered office of the Company	1. Re-appointment of Mr. B.N. Kalyani as the Managing Director of the Company 2. Re-appointment of Mr. G.K. Agarwal as the Deputy Managing Director of the Company

No Extraordinary General Meeting of the Members was held during the year 2020-21.

Postal Ballot

No resolution was passed through postal ballot during the year 2020-21.

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: 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: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: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 certifications 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 01, 2021, 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: 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 along with a report on significant developments of the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company. The Company has a policy for determining material subsidiaries which is disclosed on its website: 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:

In Rupees

Sr No	Name of the Firm	Amount
1	S.R.B.C. & Co. LLP	19,655,368
2	E & Y Sweden	15,369,553
3	SRBC Associates LLP	1,600,000
4	Ernst & Young LLP	418,040
	Total	**37,042,961**

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, 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: 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: 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	:	Friday
Date	:	August 13, 2021
Time	:	11.30a.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, 2020 to March 31, 2021.

4. Financial Reporting Calendar (Tentative) for FY 2021-22

Quarter ending June 30, 2021	on or before August 15, 2021
Quarter ending September 30, 2021	on or before November 14, 2021
Quarter ending December 31, 2021	on or before February 15, 2022
Audited results for the financial year 2021-2022	on or before May 29, 2022

5. Dividend

The board has recommended a Final Dividend of ₹ 2/- (Rupees Two only) per equity share of ₹ 2/- each (100%) for the year ended March 31, 2021, if approved, shall be paid on or after August 20, 2021.

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 5, below:

Table 5: Details of unclaimed dividends and their corresponding shares that would become eligible to be transferred to IEPF on the dates mentioned below:

Financial Year	Type of Dividend	Dividend per share (Rs.)	Date of Declaration	Due date for transfer to IEPF	Amount (Rs.)*
2013-14	Final	2.50	September4,2014	October 10, 2021	1,944,967.50
2014-15	Interim	3.00	February 2, 2015	March 10, 2022	2,386,764.00
2014-15	Final	4.50	August 3, 2015	September 9, 2022	3,168,873.50
2014-15	Interim	3.00	February 9, 2016	March 17, 2023	2,207,124.00
2015-16	Interim	4.00	March 9, 2016	April 14, 2023	2,846,600.00
2015-16	Final	0.50	August 5, 2016	September 10, 2023	445,115.00
2016-17	Interim	2.50	February 8, 2017	March 16, 2024	2,038,452.50
2016-17	Final	5.00	August 10, 2017	September 15, 2024	3,558,585.00
2017-18	Interim	2.00	November 8, 2017	December 13, 2024	3,330,786.00
2017-18	Final	2.50	August 17, 2018	September 22, 2025	3,147,455.00
2018-19	Interim	2.50	November 30, 2018	January 05, 2026	3,113,505.00
2018-19	Final	2.50	August 13, 2019	September 18, 2026	3,295,307.50
2019-20	Interim-I	1.50	November 8, 2019	December 13, 2026	2,598,765.00
2019-20	Interim-II	2.00	February 21, 2020	March 29, 2027	4,189,984.00
2020-21	No dividend declared				

* Amount unclaimed as on March 31, 2021.

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 ₹ 939,646/- (Rupees Nine Lakhs Thirty-Nine Thousand Six Hundred and Forty Six only) on June 24, 2020 and ₹ 1,666,649/- (Rupees Sixteen Lakh Sixty-Six Thousand Six Hundred and Forty Nine rupees only) on October 19, 2020 lying in the unpaid/unclaimed dividend account, to IEPF.

Shares transferred to IEPF

In terms of Section 124(6) of the Act read with the Rules, the Company has sent the notice to respective shareholders who have not claimed dividend for (7) seven consecutive years and whose shares are liable to be transferred to IEPF during the financial year 2020-21. 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 6,855 equity shares of ₹ 2/- each on June 11, 2020 and 10,744 Equity Shares of ₹ 2/- each on October 14, 2020 (total 17,599 equity shares) to demat account of IEPF Authority. The shares transferred were on account of unclaimed dividend for (7) seven 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 Rs. 2/- each
Aggregate number of Shareholders and the outstanding shares in the suspense account lying as on April 1, 2020	62	64,330
Shareholders who approached the Company for transfer of shares from suspense account during the year	02	2770
Shareholders to whom shares were transferred from the suspense account during the year	02	2770
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, 2021	60	61560

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

Debenture ISIN: INE465A08012

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

8. Market Price Data

The details of the monthly high and low prices and volumes at BSE & NSE during the year 2020-21 is given in Table 6 below:

Table 06: High and Low Prices and Trading Volumes on the BSE and NSE

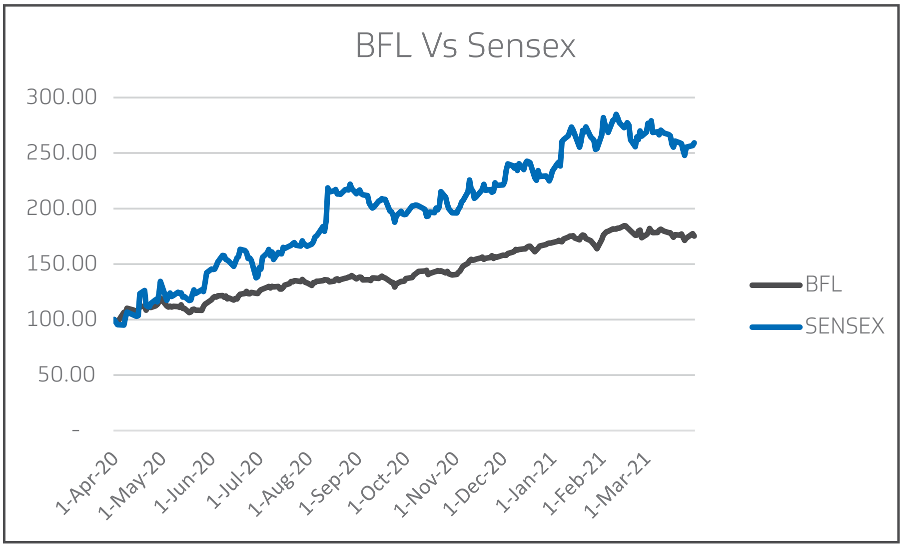
Month	National Stock Exchange of India Ltd. (NSE)			BSE Ltd. (BSE)		
	High (Rs.)*	Low (Rs.)*	Volume (Nos.)	High (Rs.)*	Low (Rs.)*	Volume (Nos.)
April 2020	324.35	207.50	68,017,309	324.80	207.85	3,432,294
May 2020	336.60	263.10	72,885,018	336.20	263.15	4,608,788
June 2020	385.70	306.60	76,193,131	385.40	306.45	4,903,157
July 2020	398.00	321.00	82,811,595	397.85	319.50	4,798,250
August 2020	522.10	376.00	107,169,754	522.00	376.70	5,032,126
September 2020	512.70	427.50	48,413,771	513.00	427.95	1,896,397
October 2020	498.75	439.50	48,995,762	498.55	439.40	1,762,001
November 2020	539.65	445.00	61,588,520	539.45	445.10	2,765,257
December 2020	567.25	492.10	67,701,569	567.90	492.25	3,070,437
January 2021	676.90	524.25	77,652,827	676.10	524.60	3,263,299
February 2021	659.90	587.00	62,170,625	667.95	565.00	2,556,525
March 2021	650.00	568.30	41,806,376	649.00	568.00	1,631,867

* Price in Rs. 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, 2020

10. Share Transfer Agents, Share Transfer and Demat System

The Company has not engaged services of any share transfer agent for the Equity Shares. 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 physical transfer, 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 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.

The Company has engaged services of the registrar and share transfer agents Link InTime India Pvt Ltd for the Non-Convertible Debentures which are listed on NSE.

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, 2021

Table 07: Pattern of shareholding by ownership as on March 31, 2021

Category of Shareholder	No. of Shareholders	No. of Shares held (Rs.2/- each)	Shareholding %
Promoters[1]	22	213,061,840	45.76
Financial Institutions	1	600	0.00
Mutual Funds (including Unit Trust of India)	27	49,822,836	10.70
Insurance Companies	5	5,504,914	1.18
Nationalised Banks	8	445,890	0.10
Foreign Institutional Investors	1	140	0.00
Foreign Portfolio Investors	406	116,113,648	24.94
Bodies Corporate	1,020	30,808,917	6.62
Non-Resident Indians	4,221	2,782,275	0.60
Foreign Nationals (including Foreign Banks and Foreign Corporate Bodies)	2	650	0.00
Public[2]	138,584	47,046,922	10.10
Total	144,297	465,588,632	100

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

Table 08: Distribution Schedule as on March 31, 2021

Category (Shares)	Number of shareholders	Number of shares held of Rs. 2/- each	Shareholding %
1 to 5000	1,42,454	25,462,697	5.47
5001 to 10000	906	6,468,895	1.39
10001 to 20000	405	5,670,940	1.22
20001 to 30000	124	3,082,195	0.66
30001 to 40000	77	2,635,182	0.57
40001 to 50000	50	2,252,379	0.48
50001 to 100000	89	6,127,714	1.32
100001 and above	192	413,888,630	88.90
Total	1,44,297	46,55,88,632	100.00

14. Dematerialisation

The Company's Equity Shares are under compulsory demat trading. As on March 31, 2021, dematerialized shares accounted for 97.02% (96.98% upto March 31, 2020) of total Equity share capital. The details of dematerialization are given in Table 09 below.

Table 09: Dematerialization of Shares as on March 31, 2021

Particulars	Position as on March 31, 2021		Position as on March 31, 2020		Net Change during 2020-2021	
	No. of Shares	% to total Shareholding	No. of Shares	% to total Shareholding	No. of Shares	% to total Shareholding
Physical	13,891,525	2.98	14,085,390	3.025	(193,865)	(0.045)
Demat						
NSDL	437,153,788	93.89	434,900,838	93.409	2,252,950	0.481
CDSL	1,45,43,319	3.12	16,602,404	3.566	(2,059,085)	(0.446)
Sub- Total	451,697,107	97.02	451,503,242	96.975	193,865	0.045
Total	**465,588,632**	**100.000**	**465,588,632**	**100.000**		

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

Outstanding GDRs as on March 31, 2021 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 10: 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 (Rs.)	Effect on Paid up Equity Share Capital (Rs.)
2020-21	NIL	NIL
2019-20	NIL	NIL
2018-19	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, 2021 is as below:

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

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, 2021, compliance with the Code of Conduct of the Company laid down for them.

In accordance to the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, I, B. N. Kalyani, Chairman and Managing Director of Bharat Forge Limited, hereby declare that all members of the Board and Senior Management Personnel have affirmed compliance with the Code of Business Conduct and Ethics of the Company for year ended March 31, 2021.

B.N. KALYANI
Chairman and Managing Director
Pune: June 04, 2021
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 2020-21 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 year2020-21 which are fraudulent, illegal or violate the Company's Code of Conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the Auditors and the Audit Committee:

   i) significant changes in internal control if any , over financial reporting during the year;

   ii) significant changes in accounting policies if any, during the year and that the same have been disclosed in the notes to the financial statement; and

   iii) instances of significant fraud if any, of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

	K. M. SALETORE	**B. N. KALYANI**
	Chief Financial Officer	Chairman & Managing Director
Pune: June 04, 2021	DIN: 01705850	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, 2021 as stipulated in relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosures requirements) Regulations, 2015.

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

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

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

For **SVD & Associates**
Company Secretaries

Sridhar Mudaliar
Partner
F.C.S. 6156
C.P. No. 2664
UDIN - F006156C000414971

Date: June 4, 2021
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	2020-21	
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	**NIC Code**	**Description**
		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. **Registered Office:** Pune- Mundhwa, Pune Cantonment, Pune – 411 036, Maharashtra, India **Manufacturing locations:** In Maharashtra at Pune, Satara, Baramati, Chakan and in Andhra Pradesh at Nellore **Corporate Offices:** Delhi, Noida, Hyderabad, Bengaluru, Jamshedpur, Kolkata, Chennai and Mumbai	
10.	Markets served by the Company – Local/State/ National/International	India, North America (US 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)	₹ 37,919.69 million
3.	Total profit after taxes (INR)	₹ 3,120.94 million
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	1.63% of average net profit of the Company was spent towards Corporate Social Responsibility during the financial year 2020-21.
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. Skill Development-vocational skills for employability e. Education & mission sanitation of schools f. Women empowerment – Community Development g. Promotion of nationally recognized Sports initiative h. Environment sustenance. i. Employee Volunteerism j. COVID – 19 / Pandemic Support under disaster management of CSR

SECTION C- OTHER DETAILS

1.	Does the Company have any Subsidiary Company/Companies?	Yes, the Company has 23 direct and indirect subsidiary companies as on March 31, 2021.
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. Details of Director/Directors responsible for BR:

(a) Details of the Director/Director responsible for implementation of the BR policy/policies

No.	Particulars	Details
1.	DIN Number	00037678
2.	Name	Mr. G. K. Agarwal
3.	Designation	Deputy Managing Director

(b) Details of the BR head

No.	Particulars	Details
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: http://bflapp.bharatforge.com/hronline/Pages/CodeofConduct.aspx http://portal.bharatforge.com/default.aspx http://www.bharatforge.com/investors/corporate-governance/policies								
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	-	-	-	-	-	-	-	-	-
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:http://bharatforge.com/investors/reports/annual-reports.html

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 in India.

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 upto 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.

a) Spring saddle design Innovation from welded Design to Integral design for EV application:

Company worked closely with customer as a Co-development partner for design Innovation of Welded spring saddle design to integral design. Due to elimination of welding process, energy required to produce this product reduced considerably & enhanced manufacturing productivity. Also Integral design is stronger than welded design.

b) Crankshaft design innovation for Light-weighting:

Current competitive market demands low cost and light weight components. Emission norms are becoming more stringent globally, hence, challenge to reduce the greenhouse gas emissions is forcing vehicle manufactures to develop light weight vehicles and engine with high power, light weight, good fuel economy and small size. This will reduce engine emissions and environmental pollution.

The company worked closely with OEM as Co-development partner and carried out design innovation of crankshaft by optimizing counterweight configuration (mass & profile). This innovation design is validated for the various design acceptance criteria's i.e. balancing and bending deflection by using FEA software. Also we have ensured forgeability of this component by using 3D metal flow simulation which assisted to reduce number of forging trials required to develop this product & wastage of material during forging trials.

This product innovation resulted into lightweight crankshaft with 7.5% weight reduction and improved engine reliability. With this design innovation, wastage of material during the machining process is also reduced.

c) Crankshaft design innovation from Non-integral (Bolted counterweights) to integral Design alongwith micro-alloy steel application:

Existing non integral counterweight crankshaft design has bolted counterweights. With this design manufacturing process is time consuming i.e. separate counterweight and crankshaft forging, machining and bolting of counterweights to crankshaft. With this bolted counterweight design there are chances of bolt loosening which will affect engine reliability.

The company has innovated from bolted counterweight to integral counterweight design. 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 12% weight reduction & improved engine reliability. With this design innovation, wastage of material during the machining process is reduced. Also Instead of heat treated steel, micro-alloy steel is used for the crankshaft forging which eliminates complete energy intensive process and utilization of oil or emulsions. Heat treatment process elimination assists to reduce industrial pollution. Elimination of heat treatment process resulted in absence of distortion or cracking. As the cracking of the crankshaft is reduced, lot of steel wastage & steel re-cycling process is avoided.

d) Crankshaft design innovation towards better dynamic balancing characteristics.

Crankshaft balancing characteristics plays vital role in the performance of engine. The company worked closely with OEMs as Co-development partner and carried out design innovation of crankshaft and achieved required balancing characteristics using in-house developed balancing simulation software. Due to this innovation, crankshaft balancing is achieved with very less number of balancing holes, forging quality and machinability was good resulting into less wastage of material. This Innovation also eliminated rework during manufacturing process and enhanced manufacturing productivity.

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?

Crankshaft design innovation for Light-weighting: This product innovation resulted into lightweight crankshaft with 7.5% weight reduction and improved engine Performance.

Crankshaft design innovation from Non-integral (Bolted counterweights) to integral Design: This product innovation resulted into lightweight crankshaft with 12% weight reduction & improved engine reliability.

Carbon Emission for production has been reduced from 1.41 MT / Ton to 1.28 MT / Ton (Around 9%).

i) Energy reduced 10.66 GJ / MT to 9.66 GJ / MT (Around 10%)

ii) Water consumption reduced from 5.52 KL/MT to 4.37 KL/MT.

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.
Sustainability Disclosure reporting as per GRI norms is under process.

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:

- Providing training & new BFL requirements communications through supplier meet. This is done for critical suppliers.
- Critical suppliers being evaluated periodically based on their criticality and subsequent actions are taken for improvements.
- Hand-holding the vendors for developing Quality Management Systems for improving the product quality, reducing the wastages and sustainable development.
- 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 endeavour of contributing towards reducing carbon footprint and ensuring sustainability across all operations, the Company focuses on various initiatives like:

- Company is sending 100% forging flash to steel mills for recycling.
- About 30% waste heat is recovered using regenerative burners resulting in reducing the fuel combustion.
- We are Zero discharge company for water. It is treated and reused for maintenance of greenery in the plant.
- Recycling of packing boxes.

PRINCIPLE 3:BUSINESSES SHOULD PROMOTE THE WELLBEING OF ALL EMPLOYEES

[a] Please indicate the Total number of employees
4,394 permanent employees

[b] Please indicate the Total number of employees hired on temporary/contractual/casual basis.
2,134 (includes trainees and contract labour)

[c] Please indicate the Number of permanent women employees
53

[d] Please indicate the Number of permanent employees with disabilities
1

[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, 41.29% 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	83%	24%
[ii]	Permanent Women Employees	92%	5%
[iii]	Casual/Temporary/Contractual Employees	98%	3%
[iv]	Employees with Disabilities	100%	-

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 need assessment is done by carrying out baseline surveys in the village and communities on the basis of personal interactions with the villagers to gauge the actual problem that needs to be addressed.

The children under Education programme are from the slum areas of Pune. The scholarship for the higher education of the girls are sponsored by evaluating socioeconomic condition of the families of the students. The Industrial Training Institute is run for the rural youth to address the employability issue.

[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.

The Company has been actively working for the betterment of disadvantaged, vulnerable and marginalized stakeholders. BFL works for more than 10,000 underprivileged children from slum areas of Pune by partnering with NGO Pune, Pratham and Jnana Prabodhini with the objective that every child goes to 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 covering more than 2 Lakh 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 Industrial Training Institutes (ITI) and becoming Industry Partners of ITI are appreciated by State and National Government and the skill development initiatives has helped with providing vocational skills to 1,500 rural youth enabling for their employability. We have organized cancer screening health checkup and awareness camps for more than 2,000 women from villages in association with the NGO Samvedana and have started telemedicine services for 5 villages.

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: https://www.bharatforge.com – sustainability and Technology & Innovation

[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;

(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 & CO_2 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 have been done like Generation of electricity through renewable resources such as Wind and Solar. Initiative can be viewed on: https://www.bharatforge.com - sustainability and Technology & Innovation

[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.

We have taken initiative for recycling/reuse of Effluent Treatment Plant sludge (Graphite base lubricant sludge) waste to promote **Environmental Sustainability**.

[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 Industries [CII]

(ii) World Economic Forum [WEF]

(iii) Indo-German Chamber of Commerce and Industry [IGCC]

(iv) Swedish Chamber of Commerce in India [SCCI]

(v) Indo-American Chamber of Commerce

(vi) Indo-Australian Chamber of Commerce

(vii) Federation of Indian Chambers of Commerce & Industry [FICCI]

(viii) Mahratta Chamber of Commerce, Industries and Agriculture [MCCIA]

(ix) Automotive Components Manufacturers Association [ACMA]

(x) Association of Indian Forging Industry [AIFI]

[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)

Yes, Bharat Forge has been associated with these chambers and associations on various forums and discussions concerning topics around the advancement and improvement of public good in general. Some of the major headings of our association with them include:

(i) Corporate Governance and transparency of management

(ii) Artificial Intelligence, Industry 4.0 and related topics of advanced manufacturing for achieving higher efficiency and sustainability in business operations

(iii) Discussions around Atmanirbhar Bharat

(iv) Achieving Energy Efficiency and New Energy Vehicles

(v) Economic Reforms and support for the various government policies like PLI scheme, FAME II policy, etc.

(vi) Health, hygiene and our fight against Covid-19

(vii) Education and Skill Development

(viii) High technology research & development for the advancement of the nation

(ix) Supporting the Indian Start-ups ecosystem

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

Bharat Forge understands the spirit behind supporting inclusive growth and equitable development. Under village development project, we would like to include the last person in the remote village in the process of development.

1. **Village Development Project: -**

   Bharat Forge is developing 100 villages from 5 districts 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 projects are conducted, managed and monitored by a dedicated team of experts with diverse and extensive experience. Cross functional teams are formed to work together to achieve the desired goals, ensuring better functionality and efficient resource allocation.

   The company has helped in conservation of more than 127 Cr. Liters of agriculture water and build 3 tanks with total water storage capacity of 1,45,000 liters per day.

2. **Health :-**

   Cancer screening camp and awareness sessions were organized for more than 1,500 women is done with NGO Samvedhana and to make health service easily available for villagers the technology-based telemedicine project started by setting up of 5 hubs at 5 villages.

3. **Education and Skill Development :-**

   With the objective of increasing employability of the rural youth under Skill Development we have set up Industrial Training institute at Khed, Pune and are industry partners of 3 more Government ITIs in developing infrastructure and imparting quality training. We have designed high end technical course in RF technology.

Bharat Forge with the objective "Every Child in School and Learning well" is imparting non-formal education to 10,000 underprivileged children with an NGO Pratham, Pune.

We have supported communities during COVID-19 pandemic.

[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.

[c] Have you done any impact assessment of your initiative?
Yes, we have undertaken the third-party impact assessment study for our important CSR initiatives by the renowned organizations.

[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 ₹ 183.80 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. A large number of farmers have benefitted through the increased water availability and application of silt to farms from water conservation activities by Bharat Forge. Besides this, BFL has also developed farmlands through land-leveling, constructed goat sheds for and donated fruit trees to tribal families in villages.

[ii] Cancer screening of more than 1,500 women from communities had helped in early detection of health risk

[iii] The ZP schools have been transformed beyond its needs of infrastructure leading to engaged students and happier parents and teachers and an increase in attendance of students reinforcing the importance of education for the entire village.

[iv] The skill development project has ensured 100% placement of ITI candidates.

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?
No Customer Complaints / Consumer cases are pending at the end of the year.

[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 the company's product are OEM specific and as per OEM requirements, the company displays product requirements on packaging as per requirements of OEM and consistent with applicable laws.

Typical information displayed on product includes details of manufacturer, heat code, process no., dispatch no., part no. etc.

[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 2021, the Statement of Profit and Loss, including 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, 2021, 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, 2021 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, 2021. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Independent Auditor's Report (Contd.):

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

Independent Auditor's Report (Contd.):

Key audit matters	How our audit addressed the key audit matter
Hedge accounting including valuations thereof (as described in Note 2.2(r) (Summary of significant accounting policies) and note 9 and 50 of notes forming part of the standalone Ind AS financial statements)	
The Company enters into derivative financial instruments which are mainly plain vanilla forward contracts and range forward contracts to manage its exposure of foreign currency risk of highly probable forecasted transactions which arise during the normal course of its business. These contracts are measured at fair values leading to derivative financial assets of INR 2,790.04 million as at March 31, 2021 and the net movement of cashflow hedge reserve for the year is INR 2,598.77 million net of taxes which is recorded in other comprehensive income. The gain / loss on maturity of such derivative instruments is recorded in the statement of profit and loss along with the relevant hedged item. Due to the changes in risks and estimates during the lifecycle of the customer contracts, in order to apply hedge accounting, management is required to demonstrate that the underlying contract is considered to be a highly probable transaction, that the hedges are highly effective and maintain hedge documentation. A degree of subjectivity is also required to determine when hedge accounting is to be considered as ineffective. Fair value movements of the forward contracts are driven by movements in financial markets. Due to the outbreak of COVID 19, there are uncertainties involved in estimating the highly probable forecasted sales, estimating future foreign exchange rates and accordingly have an impact on hedge effectiveness and impact to statement of profit and loss account. These transactions may have a significant financial effect and have extensive accounting and reporting obligations and accordingly, this is considered as a key audit matter.	Our audit procedures included the following: • We obtained understanding of the Company's overall hedge accounting strategy, forward contract valuation and hedge accounting process from initiation to settlement of derivative financial instruments including assessment of the design and implementation of controls and tested the operating effectiveness of these controls. • We read Company's accounting policy for hedge accounting in accordance with relevant accounting standards. • We tested the existence of hedging contracts by tracing to the independent balance confirmations obtained from respective banks. • We tested management's hedge documentation and contracts, on a sample basis. • We tested on a sample basis the fair values of derivative financial instruments recorded by the Company with the independent balance confirmations obtained from banks. • We involved our valuation specialists in re-performing the year-end fair valuations including evaluation of hedge effectiveness of derivative financial instruments on a sample basis and compared these valuations with those recorded by the Company including assessing the valuation methodology and key assumptions used therein. • We have evaluated the revised estimates obtained from management with respect to highly probable forecasted sales due to COVID 19. • We assessed the disclosure of hedge transactions in the standalone Ind AS financial statements of the Company.

Independent Auditor's Report (Contd.):

Key audit matters	How our audit addressed the key audit matter
Impairment assessment of investments in subsidiaries, associates and joint ventures (as described in Note 2.2(q) (Summary of significant accounting policies) and note 6 of notes forming part of the standalone Ind AS financial statements)	
The Company has major investments in subsidiaries, associates and joint ventures as at March 31, 2021. The management assesses at least annually the existence of impairment indicators of each shareholdings in such subsidiaries, associates and joint ventures. The processes and methodologies for assessing and determining the recoverable amount of each investments are based on complex assumptions, that by their nature imply the use of the management's judgment, in particular with reference to identification of impairment indicators, forecast of future cash flows relating to the period covered by the Company's strategic business plan, normalized cash flows assumed as a basis for terminal value, as well as the long-term growth rates and discount rates applied to such forecasted cash flows Further considering the outbreak of COVID 19 and uncertainties involved regarding forecast of future cash flows the management performed detailed analysis to evaluate impairment for specific cases where there are impairment indicators and material investments. Considering the judgment required for estimating the cash flows and the complexity of the assumptions used, this is considered as a key audit matter.	Our audit procedures included the following: • We obtained understanding of the Company's policy on assessment of impairment of investment in subsidiaries, associates and joint ventures and assumptions used by the management including design and implementation of controls. We have tested the operating effectiveness of these controls. • We assessed the methodology used by management to estimate the recoverable value of each investment and consistency with accounting standards. • We compared the carrying values of the Company's investment in these subsidiaries, associates and joint ventures with their respective net worth as per audited financial statements. • We have seen valuation models prepared by the management on investments where investment amount is material and there are indicators of impairment. • We involved our valuation specialists to evaluate methodology, assumptions and estimates used in the calculations. We discussed potential changes in key drivers as compared to previous year / actual performance with management to evaluate whether the inputs and assumptions used in the cash flow forecasts were suitable. We also evaluated the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates used. • We also assessed the recoverable value by performing sensitivity testing of key assumptions used. • Analysed and examined the business plans approved along with assumptions and estimates used by management. • We evaluated the accounting and disclosure of impairment of investment in the Standalone Ind AS financial statements of the Company. • We tested the arithmetical accuracy of these models.

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

Independent Auditor's Report (Contd.):

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditor’s Report (Contd.):

- 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, 2021 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;

   (c) The Balance Sheet, the Statement of Profit and Loss including 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;

Independent Auditor's Report (Contd.):

(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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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, 2021 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 9 and 19(a) to the standalone Ind AS financial statements;

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

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

per **Huzefa Ginwala**
Partner
Membership Number: 111757

UDIN: 21111757AAAADA8573

Place: Pune
Date: June 4, 2021

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, 2021 for which title deeds were not available with the Company and hence we are unable to comment on the same.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2021 and no material discrepancies were noticed in respect of such confirmations.

(iii) (a) The Company has granted loans to five 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 and one of its associates, wherein payment of interest has not been regular.

(c) The Company has a sum of INR 13.95 million which is overdue for more than ninety days from Companies 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 (INR in million)
BF Elbit Advanced Systems Private Limited *	12.25
Bharat Forge Global Holdings GmbH #	1.01
Tork Motors Private Limited #	0.69

* Amount has been converted to loan as on March 31, 2021.

Amounts received 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 applicable. However, according to the information and explanations given to us, in respect of deposits accepted earlier

Independent Auditor's Report (Contd.):

under relevant provisions of the erstwhile Companies Act, 1956, and the rules framed thereunder, there are certain unclaimed deposits amounting to INR 0.04 million including interest thereon which are subject to litigation.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the 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, 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 and audit procedures performed by us, undisputed dues in respect of provident fund, employees' state insurance, income tax, duty of custom, goods and service tax, cess and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:

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 relate	Due date	Date of payment	Remarks, if any
Maharashtra Municipal Corporation Act, 1949 and Bombay Provincial Municipal Corporation (Local Body Tax) Rules, 2010 (LBT rules)	Local Body Tax (LBT)	39.80	FY 2015-16, 2016-17 & 2017-18	Various dates	Not paid	-

(c) According to the records of the Company, the dues outstanding of income-tax, duty of custom, duty of excise, 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
Property tax#	Demand received for various cases (net of INR 206.42 million paid under protest)	165.73	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.

(ix) In our opinion and according to the information and explanations given by the management and audit procedures performed by is, the Company has utilized the monies raised by way of debt instruments in the nature of non-convertible debenture and 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 and audit procedures performed by us, 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 and audit procedures performed by us, 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 not commented upon.

(xv) According to the information and explanations given by the management and audit procedures performed by us, 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 **Huzefa Ginwala**
Partner
Membership Number: 111757
UDIN: 21111757AAAADA8573

Place: Pune
Date: June 4, 2021

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, 2021 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 OVER FINANCIAL REPORTING WITH REFERENCE TO THESE STANDALONE IND AS FINANCIAL STATEMENTS

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 FOR INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE STANDALONE IND AS FINANCIAL STATEMENTS

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 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

Independent Auditor’s Report (Contd.):

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, 2021, 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 **Huzefa Ginwala**
Partner
Membership Number: 111757

UDIN: 21111757AAAADA8573

Place: Pune
Date: June 4, 2021

Balance Sheet

as at March 31, 2021

In ₹ Million

		Notes	As at March 31, 2021	As at March 31, 2020
ASSETS				
I.	**Non-current assets**			
	Property, plant and equipment	3	32,413.02	27,441.64
	Capital work-in-progress		2,699.22	8,945.25
	Investment property	4	2.89	2.89
	Intangible assets	5	139.21	187.88
	Right-of-use asset	35	2,037.90	448.17
	Financial assets			
	(i) Investment in subsidiaries, joint ventures and associates	6	10,968.62	8,600.72
	(ii) Other Investments	7	3,987.08	4,300.32
	(iii) Loans	8	325.58	552.80
	(iv) Trade receivables	12	101.36	-
	(v) Derivative instruments	9	1,501.46	145.50
	(vi) Other financial assets	10	1,082.66	1,255.42
	Income tax assets (net)		512.99	448.90
	Other assets	14	3,023.20	2,216.15
			58,795.19	**54,545.64**
II.	**Current assets**			
	Inventories	11	8,748.57	7,575.97
	Financial assets			
	(i) Investments	7	20,734.68	10,625.00
	(ii) Loans	8	28.38	177.36
	(iii) Trade receivables	12	15,803.76	16,549.08
	(iv) Derivative instruments	9	1,288.58	-
	(v) Cash and cash equivalent	13	2,759.12	2,236.34
	(vi) Other bank balances	13	42.18	2,205.67
	(vii) Other financial assets	10	953.89	1,331.36
	Income tax assets		-	94.14
	Other assets	14	1,991.11	1,833.82
			52,350.27	**42,628.74**
	Total assets		**111,145.46**	**97,174.38**
EQUITY AND LIABILITIES				
I.	**Equity**			
	Equity share capital	15	931.27	931.27
	Other equity	16	58,555.00	52,619.36
	Total equity		**59,486.27**	**53,550.63**
II.	**Liabilities**			
I.	**Non-current liabilities**			
	Financial liabilities			
	(i) Borrowings	18	17,609.25	15,625.58
	(ii) Lease liabilities	35	1,767.67	328.61
	(iii) Derivative instruments	19(a)	2.88	157.19
	(iv) Other financial liabilities	19	1.28	2.09
	Provisions	20	465.76	486.54
	Deferred tax liabilities (net)	21	2,345.76	1,310.63
			22,192.60	**17,910.64**
II.	**Current liabilities**			
	Financial liabilities			
	(i) Borrowings	18	15,560.21	14,083.51
	(ii) Trade payables	22		
	Dues to micro enterprises and small enterprises		32.35	20.17
	Dues to other than micro enterprises and small enterprises		7,976.90	6,092.33
	(iii) Lease liabilities	35	250.38	54.92
	(iv) Derivative instruments	19(a)	1.23	576.20
	(v) Other financial liabilities	19	3,814.61	3,251.17
	Provisions	20	481.07	447.64
	Other liabilities	23	861.53	761.96
	Current tax liabilities (net)		488.31	425.21
			29,466.59	**25,713.11**
	Total liabilities		**51,659.19**	**43,623.75**
	Total equity and liabilities		**111,145.46**	**97,174.38**

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

As per our report of even date

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

per **Huzefa Ginwala**
Partner
Membership Number: 111757

Place: Pune
Date: June 4, 2021

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 4, 2021

Statement of Profit and Loss

for the year ended March 31, 2021

In ₹ Million

	Notes	Year ended March 31, 2021	Year ended March 31, 2020
INCOME			
REVENUE FROM OPERATIONS	24	36,515.12	45,638.84
Other income	25	1,404.57	1,608.88
Total income [i]		**37,919.69**	**47,247.72**
EXPENSES			
Cost of raw materials and components consumed	26	14,958.69	17,675.47
(Increase) in inventories of finished goods, work-in-progress, dies and scrap	27	(814.15)	(186.38)
Employee benefits expense	28	4,482.37	4,823.60
Depreciation and amortisation expense	29	3,660.75	3,448.71
Finance costs	30	779.15	1,450.28
Other expenses	31	10,611.98	13,170.99
Total expenses [ii]		**33,678.79**	**40,382.67**
Profit before exceptional items and tax [i - ii]		**4,240.90**	**6,865.05**
Exceptional items (loss)	32	(91.83)	(939.14)
PROFIT BEFORE TAX		**4,149.07**	**5,925.91**
Income tax expense	21		
Current tax		882.21	1,779.29
Deferred tax		145.92	(588.54)
Income tax expense		**1,028.13**	**1,190.75**
PROFIT FOR THE YEAR		**3,120.94**	**4,735.16**
Other comprehensive income			
Other comprehensive income / (loss) not to be reclassified to profit and loss in subsequent periods (net of tax)			
- Re-measurement gains / (losses) on defined benefit plans	33	60.26	(214.84)
- Net gain / (loss) on FVTOCI equity securities	33	152.75	(0.33)
		213.01	**(215.17)**
Income tax effect		(15.17)	54.07
[a]		**197.84**	**(161.10)**
Other comprehensive income / (loss) to be reclassified to profit and loss in subsequent periods (net of tax)			
- Net movement on cash flow hedges	33	3,472.82	(2,424.93)
- Foreign Currency Monetary Items Translation Difference Account	33	18.08	5.82
		3,490.90	**(2,419.11)**
Income tax effect		(874.04)	748.81
[b]		**2,616.86**	**(1,670.30)**
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR (NET OF TAX) [A+B]		**2,814.70**	**(1,831.40)**
Total comprehensive income for the year (net of tax)		**5,935.64**	**2,903.76**
Earnings per equity share [nominal value per share ₹ 2/- (March 31, 2020: ₹ 2/-)]	34		
Basic (in ₹)		6.70	10.17
Diluted (in ₹)		6.70	10.17

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

per **Huzefa Ginwala**
Partner
Membership Number: 111757

Place: Pune
Date: June 4, 2021

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 4, 2021

Statement of changes in equity for the year ended

as at March 31, 2021

A. EQUITY SHARE CAPITAL:

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

Particulars	No.	In ₹ Million
As at April 1, 2019	465,588,632	931.27
As at March 31, 2020	465,588,632	931.27
As at March 31, 2021	**465,588,632**	**931.27**

B. OTHER EQUITY

In ₹ Million

Particulars	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)	
Balance as at April 1, 2019	**6,930.89**	**15.50**	**3,230.48**	**41,551.27**	**217.04**	**1,129.66**	**(23.90)**	**53,050.94**
- Profit for the year	-	-	-	4,735.16	-	-	-	4,735.16
- Other Comprehensive Income / (loss)	-	-	-	(160.77)	(0.33)	(1,676.12)	5.82	(1,831.40)
Total comprehensive income	**-**	**-**	**-**	**4,574.39**	**(0.33)**	**(1,676.12)**	**5.82**	**2,903.76**
Transaction with owners in their capacity as owners								
- 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)
Balance as at March 31, 2020	**6,930.89**	**15.50**	**3,230.48**	**42,790.32**	**216.71**	**(546.46)**	**(18.08)**	**52,619.36**
Balance as at April 1, 2020	**6,930.89**	**15.50**	**3,230.48**	**42,790.32**	**216.71**	**(546.46)**	**(18.08)**	**52,619.36**
- Profit for the year	-	-	-	3,120.94	-	-	-	3,120.94
- Other Comprehensive Income	-	-	-	45.09	152.75	2,598.78	18.08	2,814.70
Total comprehensive income	**-**	**-**	**-**	**3,166.03**	**152.75**	**2,598.78**	**18.08**	**5,935.64**
Balance as at March 31, 2021	**6,930.89**	**15.50**	**3,230.48**	**45,956.35**	**369.46**	**2,052.32**	**-**	**58,555.00**

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

As per our report of even date

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

per **Huzefa Ginwala**
Partner
Membership Number: 111757

Place: Pune
Date: June 4, 2021

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 4, 2021

Cash flow statement

for the year ended March 31, 2021

In ₹ Million

Particulars	March 31, 2021	March 31, 2020
OPERATING ACTIVITIES		
Profit after exceptional items & before tax	**4,149.07**	**5,925.91**
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	3,660.75	3,448.71
Unrealised foreign exchange loss/(gain)/MTM (net),etc.	(238.07)	1,198.28
Interest income	(308.49)	(154.82)
Liabilities/provisions no longer required written back	(53.44)	(58.84)
Provision for doubtful debts and advances (net) including expected credit loss	61.98	50.00
Bad debts/advances written off	0.14	27.16
Finance cost	779.15	1,450.28
(Gain) on sale of property, plant and equipment (net)	(15.15)	(16.17)
Dividend income from investment	(1.23)	(2.64)
Dividend income from subsidiary company	-	(157.67)
Net (gain) on sale of financial investments	(589.87)	(380.66)
Net (gain) on fair valuation of financial instruments (FVTPL)	(336.59)	(576.33)
Non-cash exceptional items	-	919.16
Operating profit before working capital changes	**7,108.25**	**11,672.37**
Working capital adjustments :		
Decrease/(increase) in trade receivables	389.97	6,530.70
Decrease/(increase) in inventories	(1,172.60)	28.23
Decrease/(increase) in other financial assets	428.60	(9.15)
Decrease/(increase) in other assets	(73.62)	1,061.37
(Decrease)/increase in provisions	35.16	2.98
(Decrease)/increase in trade payables	1,969.34	(3,363.94)
(Decrease)/increase in other financial liabilities	141.76	0.15
(Decrease)/increase in other liabilities	99.57	36.40
Cash generated from operations	**8,926.43**	**15,959.11**
Income taxes paid (net of refunds)	(789.06)	(2,192.50)
Net cash flows from operating activities (A)	**8,137.37**	**13,766.61**
INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress, capital creditors and capital advances)	(3,339.14)	(5,164.27)
Proceeds from sale of property, plant and equipment and intangible assets	210.70	35.48
Investment in subsidiaries, associates and joint ventures	(2,008.77)	(1,752.03)
Loans given to subsidiaries and associates	(80.00)	(469.77)
Proceeds from loan given to subsidiaries and associates	152.00	0.73
Loan given to employees	(115.64)	(67.66)
Proceeds from loan given to employees	130.73	53.86
Investment in financial instruments including fixed deposits	(56,859.40)	(53,846.79)
Proceeds from sale of financial instruments including fixed deposits	50,295.60	53,602.02
Interest received	313.20	154.77
Dividends received	1.23	160.31
Net cash flows (used in) investing activities (B)	**(11,299.49)**	**(7,293.35)**

Cash flow statement

for the year ended March 31, 2021 (Contd.):

In ₹ Million

Particulars	March 31, 2021	March 31, 2020
FINANCING ACTIVITIES		
Dividend paid on equity shares	-	(2,793.54)
Tax on equity dividend paid	-	(541.81)
Interest paid	(465.82)	(1,117.37)
Payment of principal portion of lease liabilities	(105.84)	(31.87)
Proceeds from borrowings including bill discounting	44,857.32	59,119.88
Repayment of borrowings including bill discounting	(40,552.95)	(60,832.71)
Debenture issue expenses	(47.81)	-
Net cash flows from/(used in) financing activities (C)	**3,684.90**	**(6,197.42)**
Net increase in cash and cash equivalents (A + B + C)	**522.78**	**275.84**
Cash and cash equivalents at the beginning of the year*	**2,236.34**	**1,960.50**
Cash and cash equivalents at the end of the year*	**2,759.12**	**2,236.34**

* Excluding earmarked balances (on unclaimed dividend accounts)

CASH AND CASH EQUIVALENTS FOR THE PURPOSE OF CASH FLOW STATEMENT

In ₹ Million

Particulars	March 31, 2021	March 31, 2020
Balances with banks (Note 13):		
In cash credit and current accounts	2,758.53	1,536.53
Deposits with original maturity of less than three months	-	698.99
Cash on hand	0.59	0.82
Total	**2,759.12**	**2,236.34**

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

As per our report of even date

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

per **Huzefa Ginwala**
Partner
Membership Number: 111757

Place: Pune
Date: June 4, 2021

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 4, 2021

Notes to Financial Statements

for the year ended March 31, 2021

1. CORPORATE INFORMATION

Bharat Forge Limited ("the Company") is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 2013 applicable in India. The Company's shares are listed on two stock exchanges in India. The Company is engaged in the manufacturing and selling of forged and machined components including aluminium castings for auto and industrial sector. The Company caters to both domestic and international markets. The registered office of the Company is located at Mundhwa, Pune. The Company has manufacturing facilities at Mundhwa, Baramati, Chakan, Satara and Nellore locations. The Company's CIN is L25209PN1961PLC012046. The financial statements were authorized for issue in accordance with a resolution of the Board of Directors passed on June 4, 2021.

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 recognized assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

2.2 Summary of significant accounting policies

a. Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- 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 Financial Statements

for the year ended March 31, 2021 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

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

The Company classifies all other liabilities as non-current.

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

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

b. Foreign currencies

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

Transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange difference that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are 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 statement of profit and loss are also recognised in OCI or statement of profit and loss, respectively).

Exchange differences

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

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

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

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

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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

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

c. Investment in subsidiaries, joint ventures and associates

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

d. Fair value measurement

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

Fair value is the price that would be received on sell 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.

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.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

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

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

- Disclosures for valuation methods, significant estimates and assumptions (note 47 and 49)
- Quantitative disclosures of fair value measurement hierarchy (note 47)
- Investment in unquoted equity shares (note 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 recognized 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 recognized at the point in time when control of the asset is transferred to the customer, generally on date of bill of lading for export sales and generally on delivery for domestic sales. The normal credit term is 30 to 240 days upon delivery.

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

Export incentives

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

Tooling income

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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

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 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 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 recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized 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 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.

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.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

g. Taxes

Current income tax

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

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

Deferred tax

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

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

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

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

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

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

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

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 to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

Indirect taxes paid on acquisition of assets or on incurring expenses

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

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

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

h. Property, plant and equipment

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

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

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

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

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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

Type of asset	Schedule II life (years)	Useful lives estimated by the management (years)
Electrical installations	10	10
Factory equipments	10	10
Furniture and fixtures	10	5 to 10
Vehicles	8	8
Aircrafts	20	6 to 18

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

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

Freehold land is carried at cost.

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

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

i. Investment properties

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

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

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).

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

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 recognized as an intangible asset when the Company can demonstrate:

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

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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

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 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 Company 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 remeasurement 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 to 16 years
Leasehold land	99 years
Plant and machinery	14 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.

ii) Lease liabilities

At the commencement date of the lease, the Company 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 Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

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

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

Company as a lessor

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

m. Inventories

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

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

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 realizable 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.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

n. Impairment of non-financial assets

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

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

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

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 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.

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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

non-occurrence of one or more uncertain future events beyond the control of the Company 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 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.

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 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, a reduction in future payment or a cash refund.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

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 recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognizes 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 recognized as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or cash refund. If the contribution already paid is lower than the contribution due for service before the balance sheet date, the Company recognises that difference as a liability. The Company has no obligation, other than the contribution payable to the superannuation fund.

Privilege leave benefits

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

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.

Notes to Financial Statements
for the year ended March 31, 2021 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

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

Debt instruments at amortized cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

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.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

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 recognized 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 amortized cost or as at FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or as at FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). 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 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 investments not held for trading, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity investment as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are 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 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 recognized in the statement of profit and loss.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

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.

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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

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) 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 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.

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.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

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.

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 recognized less cumulative amortization.

Derecognition

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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

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 recognized in the statement of profit and loss, unless designated as effective hedging instruments

Offsetting of financial instruments

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

r. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

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

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

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

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

At the inception of a hedge relationship, the 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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

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 recognized as an asset or liability with a corresponding gain or loss recognized in the statement of profit and loss.

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

Cash flow hedges

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

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.

Notes to Financial Statements
for the year ended March 31, 2021 (Contd.):

2.2 Summary of significant accounting policies (Contd.):

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 equityholders of the Company

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

u. Segment reporting

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

v. Earnings per share

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

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

Amendments to Ind AS116: Covid-19-related rent concessions

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The Company has not opted for concessions in rent for any of its leases and accordingly, these amendments had no impact on the standalone financial statements of the Company.

Amendments to Ind AS 1 and Ind AS 8: Definition of material

The amendments provide a new definition of material that states, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.3 Changes in accounting policies and disclosure (Contd.):

a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the standalone financial statements of the Company.

Amendments to Ind AS 107 and Ind AS 109: Interest rate benchmark reform

The amendments to Ind AS 109 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. The amendments to Ind AS 107 prescribe the disclosures which entities are required to make for hedging relationships to which the reliefs as per the amendments in Ind AS 109 are applied. These amendments are not expected to have a significant impact on the Company's standalone financial statements.

Notes to Standalone Financial Statements

for the year ended March 31, 2021 (Contd.):

3. PROPERTY, PLANT AND EQUIPMENT

In ₹ Million

	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	Capital Work in Progress
Cost													
at April 1, 2019	**407.14**	**70.82**	**4,484.44**	**29,603.95**	**84.76**	**0.02**	**180.51**	**775.49**	**180.08**	**2,579.69**	**6.17**	**38,373.07**	**7,126.19**
Additions	3.78	-	1,054.67	2,899.84	16.50	-	-	16.28	89.93	529.94	-	4,610.94	6,179.15
Disposals	-	-	-	(74.61)	-	-	-	-	(0.24)	(44.37)	-	(119.22)	(4,610.94)
Other adjustments													
- Borrowing costs (refer note c)	-	-	-	51.57	-	-	-	-	-	-	-	51.57	208.25
- Exchange differences	-	-	17.23	113.11	-	-	-	1.87	-	-	-	132.21	42.60
- Reclassified on account of adoption of Ind AS 116	-	(70.82)	-	-	-	-	-	-	-	-	-	(70.82)	-
at March 31, 2020	**410.92**	**-**	**5,556.34**	**32,593.86**	**101.26**	**0.02**	**180.51**	**793.64**	**269.77**	**3,065.26**	**6.17**	**42,977.75**	**8,945.25**
Additions	-	-	874.95	7,222.38	31.59	-	77.15	186.20	30.93	25.81	-	8,449.01	2,135.34
Disposals	-	-	-	(1,735.91)	-	-	-	-	(0.34)	(1.66)	-	(1,737.91)	(8,449.01)
Other adjustments													
- Borrowing costs (refer note c)	-	-	0.38	197.41	-	-	-	0.94	-	-	-	198.73	44.27
- Exchange differences	-	-	(4.00)	(7.05)	-	-	-	(0.46)	-	-	-	(11.51)	23.37
at March 31, 2021	**410.92**	**-**	**6,427.67**	**38,270.69**	**132.85**	**0.02**	**257.66**	**980.32**	**300.36**	**3,089.41**	**6.17**	**49,876.07**	**2,699.22**
Depreciation and impairment													
at April 1, 2019	**-**	**3.17**	**538.32**	**10,582.84**	**32.13**	**-**	**110.25**	**188.59**	**53.42**	**753.72**	**6.17**	**12,268.61**	**-**
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	-	(3.17)	-	-	-	-	-	-	-	-	-	(3.17)	-
at March 31, 2020	**-**	**-**	**689.60**	**13,359.10**	**48.32**	**-**	**129.58**	**257.92**	**73.78**	**971.64**	**6.17**	**15,536.11**	**-**
Charge for the year	-	-	196.25	2,911.49	19.82	-	19.86	77.08	28.75	264.37	-	3,517.62	-
Disposals	-	-	-	(1,588.77)	-	-	-	-	(0.25)	(1.66)	-	(1,590.68)	-
at March 31, 2021	**-**	**-**	**885.85**	**14,681.82**	**68.14**	**-**	**149.44**	**335.00**	**102.28**	**1,234.35**	**6.17**	**17,463.05**	**-**
Net block													
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**	**8,945.25**
at March 31, 2021	**410.92**	**-**	**5,541.82**	**23,588.87**	**64.71**	**0.02**	**108.22**	**645.32**	**198.08**	**1,855.06**	**-**	**32,413.02**	**2,699.22**

(a) Buildings include cost of hangar jointly owned with other companies ₹ 0.12 million (March 31, 2020: ₹ 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, 2021 was ₹ 34.77 million (March 31, 2020: ₹ 246.01 million).

(d) Assets include assets lying with third parties amounting to ₹ 115.75 million (March 31, 2020: ₹ 275.83 million)

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

4. INVESTMENT PROPERTY

In ₹ Million

Particulars	Freehold land
Cost	
at April 1, 2019	**2.89**
Additions	-
Disposals	-
at March 31, 2020	**2.89**
Additions	-
Disposals	-
at March 31, 2021	**2.89**
Depreciation and impairment	
at April 1, 2019	-
Depreciation for the year	-
at March 31, 2020	-
Depreciation for the year	-
at March 31, 2021	-
Net block	
at March 31, 2020	**2.89**
at March 31, 2021	**2.89**

Information regarding income and expenditure of investment property

In ₹ Million

Particulars	March 31, 2021	March 31, 2020
Rental income derived from investment properties (included in Rent in note 25)	2.95	2.95
Direct operating expenses (including repairs and maintenance) generating rental income	-	-
Direct operating expenses (including repairs and maintenance) that did not generate rental income (included in Rates and taxes in note 31)	1.03	1.07
Profit arising from investment properties before depreciation and indirect expenses	**1.92**	**1.88**
Less : Depreciation	-	-
Profit arising from investment properties before indirect expenses	**1.92**	**1.88**

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

As at March 31, 2021 and March 31, 2020, the fair values of the properties are ₹2,432.95 million, ₹2,426.11 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 Financial Statements

for the year ended March 31, 2021 (Contd.):

4. INVESTMENT PROPERTY (Contd.):

The Company has no restrictions (other than the land for which matter is being subjudice and for which no income has been considered) on the realisanility 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, 2019	2,445.00
Fair value difference	(18.89)
Purchases	-
at March 31, 2020	2,426.11
Fair value difference	6.84
Purchases	-
at March 31, 2021	**2,432.95**

5. INTANGIBLE ASSETS

In ₹ Million

Particulars	Computer software	Technology Licence	Total
Cost			
at April 1, 2019	**271.90**	**157.52**	**429.42**
Purchase	15.60	36.20	51.80
Exchange differences	0.12	-	0.12
at March 31, 2020	**287.62**	**193.72**	**481.34**
Purchase	27.25		27.25
at March 31, 2021	**314.87**	**193.72**	**508.59**
Amortisation and impairment			
at April 1, 2019	**173.49**	**21.59**	**195.08**
Amortisation	59.97	38.41	98.38
at March 31, 2020	**233.46**	**60.00**	**293.46**
Amortisation	37.17	38.75	75.92
at March 31, 2021	**270.63**	**98.75**	**369.38**
Net block			
at March 31, 2020	**54.16**	**133.72**	**187.88**
at March 31, 2021	**44.24**	**94.97**	**139.21**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

6. INVESTMENT IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
At Cost		
Unquoted equity instruments		
- Investment in wholly owned subsidiaries		
Bharat Forge Global Holding GmbH		
Subscription to the equity share capital	287.98	287.98
[EUR 5,000,000 (March 31, 2020 : EUR 5,000,000)]		
Capital contribution credited in favour of Bharat Forge Limited [Refer note 6(a)]	5,801.62	5,199.69
[EUR 83,464,428 (March 31, 2020 : EUR 76,464,428)]		
	6,089.60	5,487.67
60 (March 31, 2020 : 60) Common stock of 1 cent each fully paid up in Bharat Forge America Inc.	1,643.51	831.91
USD 44,396,597 (March 31, 2020 : USD 33,396,597) [Refer note 6(b)]		
64,000 (March 31, 2020 : 64,000) equity shares of £ 1 each fully paid up in	304.78	304.78
Bharat Forge International Limited		
202,152,744 (March 31, 2020 : 197,709,734) equity shares of ₹ 10/- each fully paid up in	1,641.55	1,597.10
BF Infrastructure Limited [Refer note 6(c)]		
Less : Provision for impairment in value of investments	1,355.60	1,355.60
	285.95	241.50
18,489,670 (March 31, 2020 : 18,489,670) equity shares of ₹ 10/- each fully paid up in	20.15	20.15
Analogic Controls India Limited		
Less : Provision for impairment in value of investments	16.55	16.55
	3.60	3.60
69,088,330 (March 31, 2020 :20,010,000) equity shares of ₹ 10/- each fully paid up in		
Kalyani Centre For Precision Technology Limited [Refer note 6(d)]	690.88	200.10
1,000 (March 31, 2020 : Nil) equity shares of ₹ 10/- each fully paid up in		
Kalyani Powertrain Limited [Refer note 6(e)]	0.01	-
- Other subsidiaries where Company holds 51% or more of the equity share capital		
1,010,000 (March 31, 2020 : 1,010,000) equity shares of ₹ 10/- each fully paid up in	10.10	10.10
BF Elbit Advanced Systems Private Limited		
18,417,678 (March 31, 2020 : 18,417,678) equity shares of ₹ 10/- each fully paid up in	184.17	184.17
Kalyani Strategic Systems Limited		
6,139,324 (March 31, 2020 : 6,139,324) equity shares of ₹ 10/- each partly paid up in	30.70	30.70
Kalyani Strategic Systems Limited [Refer note 6(f)]		
83,226 (March 31, 2020 : 83,226) equity shares of ₹ 10/- each fully paid up in		
Eternus Performance Materials Private Limited [Refer note 6(g)]	3.75	3.75
- Investments in joint ventures		
7,128,219 (March 31, 2020 : 7,128,219) equity shares of ₹ 10/- each fully paid up in	33.64	33.64
BF NTPC Energy Systems Limited [Refer note 6(h)]		
Less : Provision for impairment in value of investments	33.64	33.64
	-	-
12,500 (March 31, 2020 :12,500) shares of EUR 1 each in REFU Drive GmbH		
EUR 11,350,000 (March 31, 2020 : EUR 11,350,000) [Refer note 6(i)]	919.14	919.14
- Investments in associates		
14,208 (March 31, 2020 : 14,208) equity shares of ₹ 10/- each in	300.37	300.37
Tork Motors Private Limited [Refer note 6(j)]		
carried over	10,466.56	8,517.79

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

6. INVESTMENT IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (Contd.):

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
brought over	10,466.56	8,517.79
- Investments in associates (Contd.):		
777,840 (March 31, 2020 : 777,840) ordinary shares of £ 0.00001 each in Tevva Motors (Jersey) Ltd	892.93	892.93
[GBP 9,910,000 (March 31, 2020 : 9,910,000)] [Refer note 6(k)]		
Add: Conversion of Loan of GBP 3.50 million along with Interest accrued	359.13	-
Less : Provision for impairment in value of investments [Refer note 32(b)]	890.00	890.00
	362.06	2.93
136,500 (March 31, 2020 : 78,000) equity shares of ₹ 10/- each in		
Aeron Systems Private Limited [Refer note 6(l)]	140.00	80.00
Total	**10,968.62**	**8,600.72**

(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, a loan of Euro 7.00 million was granted by the Company which was subsequently converted into capital contribution to BFGH of ₹ 601.93 million (March 31, 2020 : Nil).

(b) Bharat Forge America Inc.

During the current year, a loan of USD 5.00 million was granted by the Company which was subsequently converted into capital contribution to BFA of ₹ 368.30 million (March 31, 2020 : ₹ Nil).

(c) BF Infrastructure Limited (BFIL, India)

During the current year pursuant to Rights issue, the Company had made further investment in BFIL, India of ₹ 44.43 million (March 31, 2020 : ₹ 727.26 million) by converting and acquiring 4,443,010 (March 31, 2020 : 72,726,400) equity shares of ₹ 10/- each.

(d) Kalyani Centre For Precision Technology Limited (KCPTL)

During the current year, the Company has made investment in KCPTL of ₹ 490.78 million by acquiring 49,078,330 equity shares of ₹10/- each (March 31, 2020 ₹ 200.10 million by acquiring 20,010,000 equity shares of ₹ 10/- each).

(e) Kalyani Powertrain Limited (KPL)

During the current year, the Company has made investment in KPL of ₹ 0.01 million by acquiring 1,000 equity shares of ₹10/- each (March 31, 2020 ₹ Nil). KPL to undertake various electric vehicle related activities by using advanced technology solutions.

(f) Kalyani Strategic Systems Limited (KSSL)

During the previous year, the Company has made an investment of ₹ 30.70 million by acquiring 6,139,324 equity shares of ₹ 10/- each on right basis by partly paying ₹ 5/- per Share.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

6. INVESTMENT IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (Contd.):

(g) Eternus Performance Materials Private Limited (EPMPL)

During the previous 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.

(h) BF NTPC Energy Systems Limited (BFNTPCESL)

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

(i) REFU Drive GmbH [REFU]

During the previous 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. During the previous year, the Company has made an investment of ₹ 892.34 million by acquiring 12,500 equity shares of ₹ 10/- each and balance portion pertains transactions costs that are directly attributable to the investment.

(j) Tork Motors Private Limited (TMPL)

During the previous year, the Company has made an additional investment of ₹ 39.99 million by acquiring 1,895 equity shares of ₹ 10/- each.

(k) Tevva Motors (Jersey) Limited (TMJL)

During the earlier year, the Company had made investment in TMJL ₹ 892.93 million by acquiring 777,840 ordinary shares of £ 0.00001 each. During the year the Company has further extended the tenure of the convertible loan note amounting to GBP 3.50 million to December 31, 2021. The management intends to convert the said loan into equity at GBP 13.38 per share. On the revised due date, the outstanding loan amount including interest accrued thereon till the date of conversion will be converted into equivalent equity shares of Tevva Motors (Jersey) Limited as per the terms of agreement. Accordingly, such loan and interest accrued thereon till March 31, 2021 have been disclosed as investment in associates.

In the previous year the company had impaired ₹ 890.00 million against the same.

(l) Aeron Systems Private Limited [ASPL]

During the previous year, the Company entered into a Share Subscription Agreement with Aeron Systems Private Limited (Aeron). Pursuant to the said Agreement, the Company has made additional investment in ASPL of ₹ 60.00 million by acquiring 58,500 equity Shares of ₹ 10/- each at a premium of ₹ 1,015.64 per share (March 31, 2020 ₹ 80.00 million by acquiring 78,000 equity shares of ₹ 10/- each.)

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

7. INVESTMENTS

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current investments		
(a) Investments designated at fair value through OCI (FVTOCI)		
Equity instruments (unquoted) (fully paid)		
- Investments in others (Company holds 5% or more of the share capital)		
38,384,202 (March 31, 2020 : 38,384,202) equity shares of ₹ 10/- each fully paid up in Khed Economic Infrastructure Private Limited	589.58	641.78
14,245,000 (March 31, 2020 : 1,089) equity shares of ₹ 10/- each in Avaada SataraMH Private Limited [Refer note 7(e)]	142.45	0.01
Equity instruments (quoted) (fully paid) **- Investments in others**		
613,000 (March 31, 2020 : 613,000) equity shares of ₹ 2/- each fully paid up in	155.12	37.39
Birlasoft Limited (erstwhile KPIT Technologies Limited) [Refer note 7(b)]		
613,000 (March 31, 2020 : 613,000) equity shares of ₹ 10/- each fully paid up in	108.84	21.61
KPIT Technologies Limited (erstwhile KPIT Engineering Limited) [Refer note 7(b)]		
Total FVTOCI investments (a)	**995.99**	**700.79**
(b) Investments designated at fair value through profit or loss (FVTPL)		
Equity instruments (unquoted) (fully paid)		
Investments in others (Company holds 5% or more of the share capital)		
504,432 (March 31, 2020 : 504,432) equity shares of ₹ 10/- each in		
Gupta Energy Private Limited [Refer note 7(a)]	-	-
Bonds (quoted)		
Nil (March 31, 2020: 250) Secured redeemable non convertible debentures of ₹ 1,000,000/- each	-	318.87
in Series 237 (Option I) issued by Bajaj Finance Limited		
Investments in private equity fund (unquoted funds)		
1,823,082.56 (March 31, 2020: 1,776,969.68) Units of ₹ 100/- each of	242.20	211.46
Paragon Partners Growth Fund - I		
	242.20	530.33
Investments in mutual funds (quoted funds)		
Nil (March 31, 2020: 3,000,000) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series OZ (1187 days) - Direct Plan-Growth	-	35.69
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series PA (1177 days) - Direct Plan-Growth	-	23.84
carried over	-	59.53
carried over	242.20	530.33

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

7. INVESTMENTS (Contd.):

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
brought over	242.20	530.33
brought over	-	59.53
- Investments in mutual funds (quoted funds) (Contd.):		
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series PB (1190 days) - Direct Plan-Growth	-	23.77
Nil (March 31, 2020: 3,000,000) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series PE (1159 days) - Direct Plan-Growth	-	35.52
Nil (March 31, 2020: 3,000,000) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series PG (1148 days) - Direct Plan-Growth	-	35.54
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series PH (1143 days) - Direct Plan-Growth	-	23.66
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series QG (1100 days) - Direct Plan-Growth	-	23.48
2,000,000 (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series SJ (1135 days) - Direct Plan-Growth	24.14	22.19
2,000,000 (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series SL (1120 days) - Direct Plan-Growth	23.94	22.06
28,195,019.307 (March 31, 2020: Nil) Units of ₹ 10/- each of Bharat Bond FOF - April 2030 - Regular Plan - Growth Option	319.43	-
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of DSP FMP - Series 217 - 40M - Direct Plan - Growth	-	23.82
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of DSP FMP - Series 219 - 40M - Direct Plan - Growth	-	23.72
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of DSP FMP - Series 223 - 39M - Direct Plan - Growth	-	23.68
Nil (March 31, 2020: 3,000,000) Units of ₹ 10/- each of Franklin India Fixed Maturity Plan - Series 2 - Plan A - Direct Plan - Growth	-	35.65
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Franklin India Fixed Maturity Plan - Series 2 - Plan B - Direct Plan - Growth	-	23.82
6,586,226.882 (March 31, 2020: Nil) Units of ₹ 10/- each of HDFC Corporate Bond Fund - Regular Plan - Growth	164.18	-
13,466,320.732 (March 31, 2020: Nil) Units of ₹ 10/- each of HDFC Ultra Short Term Fund - Regular Plan - Growth	159.52	-
Nil (March 31, 2020: 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
Nil (March 31, 2020: 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
Nil (March 31, 2020: 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
carried over	691.21	483.91
carried over	242.20	530.33

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

7. INVESTMENTS (Contd.):

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
brought over	242.20	530.33
brought over	691.21	483.91
- Investments in mutual funds (quoted funds) (Contd.):		
Nil (March 31, 2020: 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
2,000,000 (March 31, 2020: 2,000,000) Units of ₹ 10/- each of ICICI Prudential Fixed Maturity Plan - Series 85 - 1129 Days Plan P - Direct Plan - Cumulative Option	23.91	21.98
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of IDFC Fixed Term Plan Series 140 (1145 Days)- Direct Plan - Growth	-	23.64
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of IDFC Fixed Term Plan Series 144 (1141 Days)- Direct Plan - Growth	-	23.51
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Kotak FMP Series 214 - Direct - Growth	-	23.88
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Kotak FMP Series 219 - Direct - Growth	-	23.69
2,000,000 (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Kotak FMP Series 252 - Direct - Growth	25.03	23.00
2,000,000 (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Kotak FMP Series 267 - Direct - Growth	23.95	22.05
Nil (March 31, 2020: 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
Nil (March 31, 2020: 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
Nil (March 31, 2020: 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
Nil (March 31, 2020: 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
Nil (March 31, 2020: 3,000,000) Units of ₹ 10/- each of SBI Debt Fund Series C - 7 (1190 Days) - Direct Growth	-	35.53
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of SBI Debt Fund Series C - 8 (1175 Days) - Direct Growth	-	23.73
Nil (March 31, 2020: 4,000,000) Units of ₹ 10/- each of SBI Debt Fund Series C - 9 (1150 Days) - Direct Growth	-	47.37
Nil (March 31, 2020: 3,000,000) Units of ₹ 10/- each of SBI Debt Fund Series C - 10 (1150 Days) - Direct Growth	-	35.53
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of SBI Debt Fund Series C - 12 (1122 Days) - Direct Growth	-	23.14
2,000,000 (March 31, 2020: 2,000,000) Units of ₹ 10/- each of SBI Debt Fund Series C - 48 (1177 Days) - Direct Growth	24.13	22.10
2,000,000 (March 31, 2020: 2,000,000) Units of ₹ 10/- each of SBI Debt Fund Series C - 50 (1177 Days) - Direct Growth	23.92	21.99
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of UTI Fixed Term Income Fund Series XXVIII-VI (1190 Days)- Direct Growth Plan	-	23.78
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of UTI Fixed Term Income Fund Series XXVIII-IX (1168 Days)- Direct Growth Plan	-	23.74
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of UTI Fixed Term Income Fund Series XXVIII-XII (1154 Days)- Direct Growth Plan	-	23.61
Total	**812.15**	**1,044.83**
carried over	242.20	530.33

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

7. INVESTMENTS (Contd.):

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
brought over	242.20	530.33
- Investments in mutual funds (unquoted funds)		
131,237.171 (March 31, 2020: 131,237.171) Units of ₹ 1,000/- each of Axis Banking & PSU Debt Fund - Regular Plan - Growth	270.27	250.84
560,606.412 (March 31, 2020: 560,606.412) Units of ₹ 100/- each of Aditya Birla Sun Life Money Manager Fund- Regular- Growth	159.75	150.89
55,938.953 (March 31, 2020: 55,938.953) Units of ₹ 1,000/- each of DSP Liquidity Fund - Regular Plan - Growth	163.32	157.87
Nil (March 31, 2020: 6,586,226.882) Units of ₹ 10/- each of HDFC Corporate Bond Fund - Regular Plan - Growth	-	150.91
Nil (March 31, 2020: 13,466,320.732) Units of ₹ 10/- each of HDFC Ultra Short Term Fund - Regular Plan - Growth	-	150.90
14,158,530.231 (March 31, 2020: 14,158,530.231) Units of ₹ 10/- each of IDFC Banking & PSU Debt Fund - Regular Plan - Growth	272.34	251.22
55,952.940 (March 31, 2020: 55,952.940) Units of ₹ 1,000/- each of Kotak Corporate Bond Fund Standard Growth - Regular Plan	162.30	150.57
3,408,321.993 (March 31, 2020: Nil) Units of ₹ 10/- each of Nippon India Floating Rate Fund - Growth Plan	118.12	-
4,862,835.617 (March 31, 2020: 4,862,835.617) Units of ₹ 10/- each of SBI Savings Fund - Regular Plan - Growth	158.39	150.73
40,591.648 (March 31, 2020: 40,591.648) Units of ₹ 1,000/- each of Tata Liquid Fund-Regular Plan - Growth	130.90	126.38
149,519.028 (March 31, 2020: 149,519.028) Units of ₹ 1,000/- each of UTI Liquid Cash Plan - Regular - Growth Plan	501.35	484.06
	1,936.74	**2,024.37**
Total FVTPL investments (Non-current) (b)	**2,991.09**	**3,599.53**
Total [(a) + (b)]	**3,987.08**	**4,300.32**
Current investments		
Investments at fair value through profit or loss (FVTPL) (fully paid)		
- Investments in mutual funds (quoted funds)		
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series OE (1153 days) - Direct Plan-Growth	-	24.85
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series OG (1146 days) - Direct Plan-Growth	-	24.81
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series OH (1120 days) - Direct Plan-Growth	-	24.89
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series OI (1120 days) - Direct Plan-Growth	-	24.87
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series OK (1135 days) - Direct Plan-Growth	-	24.83
carried over	-	124.25

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

7. INVESTMENTS (Contd.):

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Current investments (Contd.):		
brought over	-	124.25
(Investments at fair value through profit or loss (FVTPL) (fully paid) (Contd.):)		
- Investments in mutual funds (quoted funds) (Contd.):		
3,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series OZ (1187 days) - Direct Plan-Growth	37.88	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series PA (1177 days) - Direct Plan-Growth	25.27	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series PB (1190 days) - Direct Plan-Growth	25.25	-
3,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series PE (1159 days) - Direct Plan-Growth	37.77	-
3,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series PG (1148 days) - Direct Plan-Growth	37.82	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series PH (1143 days) - Direct Plan-Growth	25.17	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series QG (1100 days) - Direct Plan-Growth	24.91	-
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of DSP FMP - Series 204 - 37M - Direct Plan - Growth	-	24.78
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of DSP FMP - Series 217 - 40M - Direct Plan - Growth	25.23	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of DSP FMP - Series 219 - 40M - Direct Plan - Growth	25.10	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of DSP FMP - Series 223 - 39M - Direct Plan - Growth	25.26	-
3,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of Franklin India Fixed Maturity Plan - Series 2 - Plan A - Direct Plan - Growth	37.85	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of Franklin India Fixed Maturity Plan - Series 2 - Plan B - Direct Plan - Growth	25.27	-
Nil (March 31, 2020: 5,000,000) Units of ₹ 10/- each of HDFC FMP 1169D February 2017 (1) Series 37 - Direct Option - Growth Option	-	61.81
570,726.532 (March 31, 2020: Nil) Units of ₹ 10/- each of HDFC Liquid Fund - Regular Plan - Growth	2,293.00	-
26,053,398.004 (March 31, 2020: Nil) Units of ₹ 10/- each of HDFC Floating Rate Debt Fund - Wholesale Option - Growth Option	987.73	-
Nil (March 31, 2020: 3,000,000) Units of ₹ 10/- each of ICICI Prudential Fixed Maturity Plan - Series 80 - 1187 Days Plan G - Direct Plan - Cumulative Option	-	37.21
Nil (March 31, 2020: 3,000,000) Units of ₹ 10/- each of ICICI Prudential Fixed Maturity Plan - Series 80 - 1194 Days Plan F - Direct Plan - Cumulative Option	-	37.29
Nil (March 31, 2020: 3,000,000) Units of ₹ 10/- each of ICICI Prudential Fixed Maturity Plan - Series 80 - 1253 Days Plan J - Direct Plan - Cumulative Option	-	37.43
carried over	3,633.51	322.77

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

7. INVESTMENTS (Contd.):

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Current investments (Contd.):		
brought over	3,633.51	322.77
(Investments at fair value through profit or loss (FVTPL) (fully paid) (Contd.):)		
- Investments in mutual funds (quoted funds) (Contd.):		
5,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of ICICI Prudential Fixed Maturity Plan - Series 82 - 1225 Days Plan B - Direct Plan - Cumulative Option	63.33	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of ICICI Prudential Fixed Maturity Plan - Series 82 - 1217 Days Plan C - Direct Plan - Cumulative Option	25.29	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of ICICI Prudential Fixed Maturity Plan - Series 82 - 1223 Days Plan G - Direct Plan - Cumulative Option	25.28	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of ICICI Prudential Fixed Maturity Plan - Series 82 - 1203 Days Plan K - Direct Plan - Cumulative Option	25.27	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of IDFC Fixed Term Plan Series 140 (1145 Days)- Direct Plan - Growth	25.17	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of IDFC Fixed Term Plan Series 144 (1141 Days)- Direct Plan - Growth	25.06	-
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Kotak FMP Series 200 - Direct - Growth	-	24.83
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of Kotak FMP Series 214 - Direct - Growth	25.34	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of Kotak FMP Series 219 - Direct - Growth	25.15	-
Nil (March 31, 2020: 20,000) Units of ₹ 1,000/- each of PGIM India Fixed Duration Fund - Series AE - Direct Plan - Growth Option	-	24.91
Nil (March 31, 2020: 20,000) Units of ₹ 1,000/- each of PGIM India Fixed Duration Fund- Series AH-Direct Plan Growth Option	-	24.15
Nil (March 31, 2020: 3,000,000) Units of ₹ 10/- each of Nippon India Fixed Horizon Fund XXXII- Series 8 - Direct Growth Plan	-	37.51
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Nippon India Fixed Horizon Fund XXXIII- Series 1 - Direct Growth Plan	-	25.07
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Nippon India Fixed Horizon Fund XXXIII- Series 3 - Direct Growth Plan	-	25.03
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Nippon India Fixed Horizon Fund XXXIII- Series 4 - Direct Growth Plan	-	25.04
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of Nippon India Fixed Horizon Fund XXXV- Series 12 - Direct Growth Plan	25.41	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of Nippon India Fixed Horizon Fund XXXVI- Series 1 - Direct Growth Plan	25.28	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of Nippon India Fixed Horizon Fund XXXVI- Series 7 - Direct Growth Plan	25.16	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of Nippon India Fixed Horizon Fund XXXVIII- Series 1 - Direct Growth Plan	25.13	-
3,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of SBI Debt Fund Series C - 7 (1190 Days) - Direct Growth	37.81	-
carried over	4,012.19	509.31

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

7. INVESTMENTS (Contd.):

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Current investments (Contd.):		
brought over	4,012.19	509.31
(Investments at fair value through profit or loss (FVTPL) (fully paid) (Contd.):)		
- Investments in mutual funds (quoted funds) (Contd.):		
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of SBI Debt Fund Series C - 8 (1175 Days) - Direct Growth	25.18	-
4,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of SBI Debt Fund Series C - 9 (1150 Days) - Direct Growth	50.33	-
3,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of SBI Debt Fund Series C - 10 (1150 Days) - Direct Growth	37.78	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of SBI Debt Fund Series C - 12 (1122 Days) - Direct Growth	24.58	-
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of UTI Fixed Term Income Fund Series XXVI-VI (1146 Days)- Direct Growth Plan	-	24.84
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of UTI Fixed Term Income Fund Series XXVIII-VI (1190 Days)- Direct Growth Plan	25.22	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of UTI Fixed Term Income Fund Series XXVIII-IX (1168 Days)- Direct Growth Plan	25.27	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of UTI Fixed Term Income Fund Series XXVIII-XII (1154 Days)- Direct Growth Plan	25.15	-
Total	**4,225.70**	**534.15**
- Investments in mutual funds (unquoted funds) 3,531,479.277 (March 31, 2020: 1,031,808.171) Units of ₹ 100/- each of Aditya Birla Sun Life Liquid Fund - Growth - Regular Plan	1,162.95	327.85
1,865,798.957 (March 31, 2020: 1,865,798.957) Units of ₹ 100/- each of Aditya Birla Sun Life Savings Fund - Growth - Regular Plan	788.69	741.69
236,778.737 (March 31, 2020: 236,778.737) Units of ₹ 1,000/- each of Axis Liquid Fund - Growth	538.13	519.54
Nil (March 31, 2020: 10,397.238) Units of ₹ 1,000/- each of Baroda Liquid Fund - Plan A - Growth	-	23.64
141,714.32 (March 31, 2020: 141,714.32) Units of ₹ 1,000/- each of DSP Liquidity Fund - Regular Plan - Growth	413.76	399.94
Nil (March 31, 2020: 84,206.812) Units of ₹ 1,000/- each of Franklin India Liquid Fund - Super Institutional Plan - Growth	-	250.13
Nil (March 31, 2020: 4,079,800.906) Units of ₹ 10/- each of Franklin India Savings Fund- Retail Option- Growth	-	150.96
Nil (March 31, 2020: 178,606.137) Units of ₹ 10/- each of HDFC Liquid Fund - Regular Plan - Growth	-	693.64
26,053,398.004 (March 31, 2020: 26,053,398.004) Units of ₹ 10/- each of HDFC Floating Rate Debt Fund - Wholesale Option - Growth Option	-	914.80
10,387,261.324 (March 31, 2020: 10,387,261.324) Units of ₹ 10/- each of ICICI Prudential Corporate (Bond Fund - Growth)	235.67	216.32
8,350,898.587 (March 31, 2020: 2,677,365.304) Units of ₹ 100/- each of ICICI Prudential Liquid Fund - Growth	2,530.68	783.13
carried over	5,669.88	5,021.64

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

7. INVESTMENTS (Contd.):

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Current investments (Contd.):		
brought over	5,669.88	5,021.64
Investments at fair value through profit or loss (FVTPL) (fully paid) (Contd.):		
- Investments in mutual funds (unquoted funds) (Contd.):		
1,422,546.019 (March 31, 2020: 1,422,546.019) Units of ₹ 100/- each of ICICI Prudential Savings Fund - Growth	591.78	551.02
91,128.217 (March 31, 2020: 91,128.217) Units of ₹ 1,000/- each of IDFC Cash Fund - Growth - (Regular Plan)	225.40	217.88
7,724,376.96 (March 31, 2020: 7,724,376.96) Units of ₹ 10/- each of IDFC Low Duration Fund - Growth - (Regular Plan)	233.62	220.66
77,649.317 (March 31, 2020: 77,649.317) Units of ₹ 1,000/- each of Invesco India Liquid Fund - Growth	218.21	210.81
352,606.435 (March 31, 2020: Nil) Units of ₹ 1,000/- each of Kotak Liquid Regular Plan Growth	1,460.07	-
9,527,430.568 (March 31, 2020: 9,527,430.568) Units of ₹ 10/- each of Kotak Savings Fund - Growth (Regular Plan)	321.37	305.77
194,637.656 (March 31, 2020: 118,258.886) Units of ₹ 1,000/- each of L&T Liquid Fund Regular - Growth	546.20	320.57
35,516.374 (March 31, 2020: 35,516.374) Units of ₹ 1,000/- each of LIC MF Liquid Fund-Regular Plan-Growth	131.51	127.01
24,236,087.005 (March 31, 2020: 24,236,087.005) Units of ₹ 10/- each of Nippon India Banking and PSU Debt Fund - Growth Plan	390.56	360.55
14,224,483.194 (March 31, 2020: 14,224,483.194) Units of ₹ 10/- each of Nippon India Floating Rate Fund -Growth Plan	492.99	452.00
111,959.671 (March 31, 2020: 111,959.671) Units of ₹ 1,000/- each of Nippon India Money Market Fund-Growth Plan	357.83	339.50
102,363.922 (March 31, 2020: 877.878) Units of ₹ 1,000/- each of Nippon India Liquid Fund -Growth Plan (erstwhile Reliance Liquid Fund)	511.56	4.23
1,068,355.749 (March 31, 2020: 336,765.208) Units of ₹ 1,000/- each of SBI Liquid Fund - Regular Plan - Growth	3,422.05	1,041.82
150,819.939 (March 31, 2020: 150,819.939) Units of ₹ 1,000/- each of SBI Magnum Low Duration Fund-Regular Plan - Growth	414.81	392.56
Nil (March 31, 2020: 6.273) Units of ₹ 1,000/- each of SBI Overnight Fund-Regular Plan - Growth	-	0.02
5,108,954.240 (March 31, 2020: 5,108,954.240) Units of ₹ 10/- each of Sundaram Money Fund - Regular Growth	220.30	212.75
111,021.203 (March 31, 2020: 16,155.823) Units of ₹ 1,000/- each of Tata Liquid Fund-Regular Plan - Growth	358.02	50.30
281,175.448 (March 31, 2020: 80,850.584) Units of ₹ 1,000/- each of UTI Liquid Cash Plan - Regular - Growth Plan	942.82	261.76
Total	16,508.98	10,090.85
Total FVTPL investments (Current)	**20,734.68**	**10,625.00**
Non-current		
Aggregate book value of quoted investments	**850.22**	**1,244.53**
Aggregate market value of quoted investments	**1,076.11**	**1,422.70**
Aggregate value of unquoted investments	**2,910.97**	**2,877.62**
Current		
Aggregate book value of quoted investments	**3,713.11**	**430.00**
Aggregate market value of quoted investments	**4,225.70**	**534.15**
Aggregate value of unquoted investments	**16,508.98**	**10,090.85**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

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 [ASPL]

During the current year, the Company has made further investment in Avaada SataraMH Private Limited (ASPL) of ₹ 142.44 million (March 31, 2020: ₹ 0.01 million) by acquiring 14,243,911 (March 31, 2020: 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 for solar plant of ASPL.

8. LOANS

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current (Unsecured, considered good)		
Loans to related parties [refer note 6(k), 42, 46]		
Loans to subsidiaries	254.52	199.76
Loans to an associate	30.00	303.87
Other loans		
Loans to employees	41.06	49.17
Total	**325.58**	**552.80**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

8. LOANS (Contd.):

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Current (Unsecured, considered good)		
Loans to related parties [refer note 6(k), 42, 46]		
Loan to a subsidiary / associates	8.00	150.00
Other loans		
Loans to employees	20.38	27.36
Total	**28.38**	**177.36**

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

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

During the year, the Company has provided loan to Tork Motors Private Limited amounting to ₹ 40 million. For details refer note 42 and 46.

9. DERIVATIVE INSTRUMENTS

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	1,501.46	-
Fair value hedges (FVTPL)		
Cross currency swap	-	145.50
Total	**1,501.46**	**145.50**
Current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	1,288.58	-
Total	**1,288.58**	**-**

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).

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

Notes to Financial Statements
for the year ended March 31, 2021 (Contd.):

10. OTHER FINANCIAL ASSETS

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Government grants*	735.41	907.46
Security deposits	347.25	329.13
Deposits with original maturity for more than twelve months #	-	0.03
Interest accrued on loans to associate	-	18.80
Total	**1,082.66**	**1,255.42**
Current		
Government grants*	733.16	1,089.80
Energy credit receivable - windmills	8.37	8.26
Interest accrued on fixed deposits, loans to various parties and others	43.67	65.67
Receivable for sale of property, plant and equipment	-	48.32
Recoverable from subsidiaries [Refer note 39]	168.69	119.31
Total	**953.89**	**1,331.36**

* 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.

₹ Nil (March 31, 2020 : ₹ 0.03 million) in non-current portion pledged with the sales tax department.

11. INVENTORIES

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Raw materials and components [includes items lying with third parties and items in transit]	2,391.76	1,987.91
Work-in-progress [includes items lying with third parties]	3,711.96	3,567.18
Finished goods [includes items lying with third parties and items in transit]	1,469.05	675.94
Stores, spares and loose tools	999.83	1,045.23
Dies and dies under fabrication	145.73	241.16
Scrap	30.24	58.55
Total	**8,748.57**	**7,575.97**

During the year ended March 31, 2021: (₹ 9.25 million) (March 31, 2020: ₹ 26.15 million) was recognised as (reversal of expense) / expenses for inventories carried at net realisable value.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

12. TRADE RECEIVABLES

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Unsecured		
Considered good	101.36	-
Significant increase in credit risk	3.68	-
	105.04	**-**
Less :		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)	3.68	-
Significant increase in credit risk	**3.68**	**-**
Total	**101.36**	**-**
Current		
Secured		
Considered good	82.44	50.55
	82.44	**50.55**
Unsecured		
Considered good (including related party receivables)	15,865.05	16,628.18
Significant increase in credit risk	-	-
Credit impaired	94.89	76.65
	15,959.94	**16,704.83**
Less :		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Credit impaired	94.89	76.65
Unsecured (Considered good)	143.73	129.65
	238.62	**206.30**
Total	**15,803.76**	**16,549.08**

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 and 42].

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.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

12. TRADE RECEIVABLES (Contd.):

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

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Transferred receivables	10,576.00	10,661.33
Associated secured borrowing [bank loans - refer note 18]	10,577.37	10,662.62

13. CASH AND BANK BALANCES

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalent		
Balances with banks:		
In cash credit and current accounts	2,758.53	1,536.53
Deposits with original maturity of less than three months	-	698.99
Cash on hand	0.59	0.82
Total	**2,759.12**	**2,236.34**
Other bank balances		
Earmarked balances (on unclaimed dividend accounts)	39.18	49.24
Deposits with original maturity of less than twelve months	3.00	2,156.43
Total	**42.18**	**2,205.67**

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.

14. OTHER ASSETS

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current (Unsecured, considered good)		
Capital advances	1,406.71	510.17
Balances with government authorities	266.49	355.98
Advance to suppliers #	1,350.00	1,350.00
Total	**3,023.20**	**2,216.15**
Current (Unsecured, considered good)		
Balances with government authorities	1,174.49	1,038.99
Advance to suppliers	454.52	446.63
Others*	362.10	348.20
Total	**1,991.11**	**1,833.82**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

14. OTHER ASSETS (Contd.):

* 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	As at March 31, 2021	As at March 31, 2020
Break up of financial assets carried at cost		
Investment in subsidiaries, joint ventures and associates [Refer note 6]	10,968.62	8,600.72
Total	**10,968.62**	**8,600.72**

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Break up of financial assets carried at amortised cost		
Loans [Refer note 8]	353.96	730.16
Other financial assets [Refer note 10]	2,036.55	2,586.78
Trade receivables [Refer note 12]	15,905.12	16,549.08
Cash and cash equivalents [Refer note 13]	2,759.12	2,236.34
Other bank balances [Refer note 13]	42.18	2,205.67
Total	**21,096.93**	**24,308.03**

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Break up of financial assets carried at fair value through OCI		
Investments [Refer note 7]	995.99	700.79
Derivative instruments [Refer note 9]	2,790.04	-
Total	**3,786.03**	**700.79**

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Break up of financial assets carried at fair value through profit and loss		
Investments [Refer note 7]	23,725.77	14,224.53
Derivative instruments [Refer note 9]	-	145.50
Total	**23,725.77**	**14,370.03**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

15. EQUITY SHARE CAPITAL

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Authorized shares (No.)		
975,000,000 (March 31, 2020 : 975,000,000) equity shares of ₹ 2/- each	1,950.00	1,950.00
43,000,000 (March 31, 2020 : 43,000,000) cumulative non convertible preference shares of ₹ 10/- each	430.00	430.00
2,000,000 (March 31, 2020 : 2,000,000) unclassified shares of ₹ 10/- each	20.00	20.00
Issued (No.)		
465,768,492 (March 31, 2020 : 465,768,492) equity shares of ₹ 2/- each	931.54	931.54
Subscribed and fully paid-up (No.)		
465,588,632 (March 31, 2020 : 465,588,632) equity shares of ₹ 2/- each	931.18	931.18
Add:		
172,840 (March 31, 2020 : 172,840) forfeited equity shares comprising of 15,010 equity shares	0.09	0.09
(March 31, 2020: 15,010) of ₹ 2/- each (amount partly paid ₹ 1/- each) and 157,830 equity shares		
(March 31, 2020 : 157,830) of ₹ 2/- each (amount partly paid ₹ 0.50 each)		
Total issued, subscribed and fully paid-up share capital	**931.27**	**931.27**

(a) Terms / rights attached to equity shares

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

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

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

Equity shares	As at March 31, 2021		As at March 31, 2020	
	No	In ₹ Million	No	In ₹ Million
At the beginning of the year	465,588,632	931.18	465,588,632	913.18
Issued during the year	-	-	-	-
Outstanding at the end of the year	465,588,632	931.18	465,588,632	913.18

(c) Shares held by holding/ultimate holding company and/or their subsidiaries/associate

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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

15. EQUITY SHARE CAPITAL (Contd.):

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
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, 2021		As at March 31, 2020	
	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.

(f) Shares reserved for issue under option

Particulars	As at March 31, 2021	As at March 31, 2020
4,680 (March 31, 2020 : 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, 2020 : 234) detachable warrants entitled to subscription of 2,340 (March 31, 2020 : 2,340) equity shares of ₹ 2/- each, have been kept in abeyance and reserve for issue pending adjudication of title to the pre-right holding.	7,020	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, 2020 : 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 to Financial Statements

for the year ended March 31, 2021 (Contd.):

16. OTHER EQUITY

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Capital reserves		
Special capital incentive [Refer note 16(a)]		
Balance as per the last financial statements	2.50	2.50
Closing balance	**2.50**	**2.50**
Warrants subscription money [Refer note 16(b)]		
Balance as per the last financial statements	13.00	13.00
Closing balance	**13.00**	**13.00**
Closing balance	**15.50**	**15.50**
Securities premium [Refer note 16(c)]		
Balance as per the last financial statements	6,930.89	6,930.89
Closing balance	**6,930.89**	**6,930.89**
Foreign Currency Monetary Item Translation Difference Account (FCMITDA) [Refer note 2.2(b)]		
Balance as per the last financial statements	(18.08)	(23.90)
Add: Arising during the year (loss)	8.43	(36.27)
Less: Adjusted during the year	(9.65)	(42.09)
Closing balance	**-**	**(18.08)**
Hedge reserve [Refer note 2.2(r)]		
Balance as per the last financial statements	(546.46)	1,129.66
Add: Arising during the year	2,207.11	(1,193.53)
Less: Adjusted during the year	(391.67)	482.59
Closing balance	**2,052.32**	**(546.46)**
General reserve		
Balance as per the last financial statements	3,230.48	3,230.48
Add: Amount transferred from surplus balance in the statement of profit and loss	-	-
Closing balance	**3,230.48**	**3,230.48**
Surplus in the statement of profit and loss		
Balance as per the last financial statements	**43,007.03**	**41,768.31**
Add:		
- Net profit for the year	3,120.94	4,735.16
- Items of OCI :		
(1) Re-measurement of defined benefit obligations	45.09	(160.77)
(2) Equity instruments through other comprehensive income	152.75	(0.33)
	3,318.78	**4,574.06**
carried over	46,325.81	46,342.37

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

16. OTHER EQUITY (Contd.):

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
brought over	46,325.81	46,342.37
Less:		
- Final equity dividend of previous year	-	1,163.97
- Tax on final equity dividend of previous year	-	224.60
- Interim equity dividend	-	1,629.56
- Tax on interim equity dividend	-	317.21
	-	**3,335.34**
Closing balance	**46,325.81**	**43,007.03**
Total	**58,555.00**	**52,619.36**

(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.

(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

Particulars	As at March 31, 2021	As at March 31, 2020
Cash dividends on equity shares declared and paid :		
Final dividend		
For the year ended on March 31, 2020 : ₹ Nil per share (March 31, 2019 : ₹ 2.50 per share)	-	1,163.97
DDT on final dividend *	-	224.60
Interim dividend		
For the year ended on March 31, 2021 : ₹ Nil per share (March 31, 2020 : ₹ 3.50 per share)	-	1,629.56
DDT on interim dividend	-	317.21

Notes to Financial Statements
for the year ended March 31, 2021 (Contd.):

17. DISTRIBUTION MADE AND PROPOSED TO BE MADE (Contd.):

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Proposed dividend on equity shares		
Final dividend		
For the year ended on March 31, 2021 : ₹ 2/- per share (March 31, 2020 : ₹ Nil per share)	**931.18**	-

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at March 31.

* DDT for FY 2019-20 paid after deduction of applicable tax credit.

18. BORROWINGS

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current borrowings		
- Term loans from banks		
Foreign currency term loans (unsecured)		
On syndication basis [Refer note 18(a)]	1,535.40	2,272.80
On bilateral basis [Refer note 18(a)]	11,108.38	13,346.08
5.97% Rated Unsecured Non-Convertible Debentures [Refer Note 18 (a)(i)]	4,958.77	-
- Other loans (secured)		
GITA R&D project loan [Refer note 18(b)]	6.70	6.70
Total	**17,609.25**	**15,625.58**
Current borrowings		
- Current maturity of term loans from banks		
Foreign currency term loans (unsecured)		
On syndication basis [Refer note 18(a)]	658.00	1,515.20
On bilateral basis [Refer note 18(a)]	2,289.84	1,146.61
- From banks		
Foreign currency loans		
Preshipment packing credit (secured) [Refer note 18(c)]	4,613.27	3,075.11
Preshipment packing credit (unsecured) [Refer note 18(c)]	369.57	345.78
Bill discounting with banks (secured) [Refer note 18(d)]	8,657.96	8,691.13
Bill discounting with banks (unsecured) [Refer note 18(d)]	1,812.58	1,281.55
carried over	18,401.22	16,055.38

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

18. BORROWINGS (Contd.):

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
brought over	18,401.22	16,055.38
Rupee loans		
Bill discounting with banks (secured) [Refer note 18(d)]	-	645.05
Bill discounting with banks (unsecured) [Refer note 18(d)]	106.83	44.89
Total	**18,508.05**	**16,745.32**
Less: Amount disclosed in other current financial liabilities [Refer note 19]	**2,947.84**	**2,661.81**
Total	**15,560.21**	**14,083.51**
Total secured loans	13,277.93	12,417.99
Total unsecured loans	22,839.37	19,952.91
	36,117.30	**32,370.90**

In ₹ Million

Changes in liabilities arising from financing activities *	Current borrowings	Non-current borrowings
Balance as on April 1, 2019	**17,709.48**	**14,181.59**
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)
Balance as on March 31, 2020	**16,745.90**	**15,625.58**
Net cash flows	(695.67)	5,000.00
Foreign exchange differences	(510.36)	(25.56)
Regroup from non-current to current	2,970.72	(2,970.72)
Others	(1.97)	(20.04)
Balance as on March 31, 2021	**18,508.62**	**17,609.26**

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

Notes to Financial Statements

for the year ended March 31, 2021 (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.

	Repayment schedule			
	As at March 31, 2021		As at March 31, 2020	
Date of repayment	USD in Million	In ₹ Million	USD in Million	In ₹ Million
From				
- March 2019 (Yearly installment over 3 years)	-	-	20.00	1,515.20
- August 2021 (Yearly installment over 3 years)	30.00	2,193.45	30.00	2,272.80
- October 2021 (Yearly installment over 3 years)	50.00	3,655.75	50.00	3,788.00
- December 2022 (18 months installmentover 4.5 years)	40.00	2,924.60	40.00	3,030.40
	EUR in Million	In ₹ Million	EUR in Million	In ₹ Million
- August 2020 (Yearly installment over 3 years)	14.00	1,200.92	20.00	1,646.40
- May 2022 (Yearly installment over 3 years)	40.00	3,431.20	40.00	3,292.80
- February 2020 (Yearly installment over 5 years)	26.00	2,230.28	34.00	2,798.88
Total		**15,636.20**		**18,344.48**

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

On August 6, 2020, the Company issued 5,000 5.97% BFL 2025 listed, rated, unsecured, redeemable, non-convertible debentures having face value of ₹ 1,000,000/- each on private placement basis.

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

	Repayment schedule	
	As at March 31, 2021	As at March 31, 2020
Date of repayment	In ₹ Million	In ₹ Million
From		
- August 2023 (Yearly installment over 3 years)	5,000.00	-

(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, along with interest @ 12.00% p.a. only on 67% of the principal amount and balance amount is interest free.

GITA has partially released funds (in instalments) for the R&D project. Repayment dates for the loan will be decided by GITA, on completion of review for closure of the project.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

18. BORROWINGS (Contd.):

(c) Preshipment packing credit

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

Preshipment packing credit - Rupee (secured and unsecured) is repayable within 30 days to 180 days and carries interest @ 7.50% 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 + 125 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 (refer note 11) and trade receivables (refer note 12).

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

Rupee and Foreign bill discounting (secured and unsecured) with banks carries interest @ 7.50% p.a. to 8.50% p.a. and LIBOR + 60 bps to LIBOR + 125 bps p.a. & EURIBOR + 45 bps to EURIBOR + 95 bps p.a., respectively.

19. OTHER FINANCIAL LIABILITIES

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Other non-current financial liabilities		
Voluntary retirement scheme compensation (at amortised cost)	1.28	2.09
Total	**1.28**	**2.09**
Other current financial liabilities at amortised cost		
Interest accrued but not due on borrowings	206.34	32.31
Payables for capital goods	358.06	387.19
Security deposits	226.28	84.09
Directors commission	6.80	6.50
Current maturities of long term loans [Refer note 18]	2,947.84	2,661.81
Investor Education and Protection Fund (as and when due) #		
- Unpaid dividend	38.83	48.89
- Unpaid matured deposits	0.04	0.04
Voluntary retirement scheme compensation	30.42	30.34
Total	**3,814.61**	**3,251.17**

Includes unpaid due to litigation.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

19 (A). DERIVATIVE INSTRUMENTS

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	-	157.19
Fair value hedges (FVTPL)		
Cross currency swap	2.88	-
Total	**2.88**	**157.19**
Current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	-	571.65
Fair value hedges (FVTPL)		
Cross currency swap	1.23	-
Foreign currency forward contracts	-	4.55
Total	**1.23**	**576.20**

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

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

20. PROVISIONS

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Provision for gratuity [Refer note 37(a)]	171.63	184.72
Provision for special gratuity [Refer note 37(b)]	174.13	132.79
Provision for employees' provident fund [Refer note 37(c)]	120.00	169.03
Total	**465.76**	**486.54**
Current		
Provision for gratuity [Refer note 37(a)]	110.00	100.00
Provision for special gratuity [Refer note 37(b)]	11.24	9.23
Provision for leave benefits	359.83	338.41
Total	**481.07**	**447.64**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

21. INCOME AND DEFERRED TAXES

The major components of income tax expense for the year ended March 31, 2021 and March 31, 2020 are :

Statement of profit and loss :

In ₹ Million

Profit and loss section	Year ended March 31, 2021	Year ended March 31, 2020
Current income tax :		
Current income tax charge	882.21	1,779.29
Deferred tax :		
Relating to origination and reversal of temporary differences	145.92	(588.54)
Income tax expense reported in the statement of profit and loss	**1,028.13**	**1,190.75**

In ₹ Million

OCI section	Year ended March 31, 2021	Year ended March 31, 2020
Deferred tax related to items recognised in OCI:		
Net loss/(gain) on revaluation of cash flow hedges	874.04	(748.81)
Net loss/(gain) on re-measurement of defined benefit plans	15.17	(54.07)
Income tax charged to OCI	**889.21**	**(802.88)**

In ₹ Million

Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate for year ended March 31, 2021 and March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Accounting profit before tax from operations	4,149.07	5,925.91
Applicable income tax rate of 25.168% (March 31, 2020: 25.168%)	1,044.24	1,491.43
Exceptional items	-	224.00
Difference due to change in applicable statutory tax rate	-	(586.18)
Other disallowances	86.81	61.50
Adjustment in respect of reversal of income tax expense of earlier years	(102.92)	-
At the effective income tax rate of 24.78% (March 31, 2020: 20.09%)	**1,028.13**	**1,190.75**
Income tax expense reported in the statement of profit and loss	**1,028.13**	**1,190.75**

Major components of deferred tax as at March 31, 2021 and March 31, 2020:

In ₹ Million

Deferred tax liability (net)	Balance Sheet	
	As at March 31, 2021	As at March 31, 2020
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	2,012.12	1,923.38
Fair valuation of cash flow hedges	700.76	(173.28)
Other deductible temporary differences	(367.12)	(439.47)
Net deferred tax liabilities	**2,345.76**	**1310.63**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

21. INCOME AND DEFERRED TAXES (Contd.):

Major components of deferred tax for the year ended March 31, 2021 and March 31, 2020:

In ₹ Million

	Statement of Profit and Loss	
Deferred tax expense/(income)	**Year ended March 31, 2021**	**Year ended March 31, 2020**
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	88.74	(797.33)
Other deductible temporary differences	57.18	208.79
Deferred tax expense	**145.92**	**(588.54)**

In ₹ Million

Reflected in the balance sheet as follows	As at March 31, 2021	As at March 31, 2020
Deferred tax assets	(1,126.30)	(885.16)
Deferred tax liabilities	3,472.06	2,195.79
Deferred tax liabilities (net)	**2,345.76**	**1,310.63**

In ₹ Million

Reconciliation of deferred tax liabilities (net)	Year ended March 31, 2021	Year ended March 31, 2020
Opening balance	1,310.63	2,702.05
Tax expense/(income) during the period recognised in profit or loss	145.92	(588.54)
Tax expense/(income) during the period recognised in OCI	889.21	(802.88)
Closing balance	**2,345.76**	**1,310.63**

(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, 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.

(c) 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.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

22. TRADE PAYABLES

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payables		
Dues to micro enterprises and small enterprises [Refer note 43]	32.35	20.17
Dues to other than micro enterprises and small enterprises (including related parties payables)	7,976.90	6,092.33
Total	**8,009.25**	**6,112.50**

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 million (March 31, 2020 : ₹ 720 million). The Company currently has a legally enforceable right to set off the advance against the respective payables. The Company intends to settle these amounts on a net basis.

23. OTHER LIABILITIES

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
Contract liabilities (Advance from customers) $	634.35	455.05
Employee contributions and recoveries payable	84.57	112.43
Statutory dues payable including tax deducted at source #	131.36	165.62
Others*	11.25	28.86
Total	**861.53**	**761.96**

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

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

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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

23. OTHER LIABILITIES (Contd.):

In ₹ Million

Break up of the financial liabilities at amortized cost	As at March 31, 2021	As at March 31, 2020
Borrowings (Non-current) [Refer note 18]	17,609.25	15,625.58
Borrowings (Current) [Refer note 18]	15,560.21	14,083.51
Other non-current financial liabilities [Refer note 19]	1.28	2.09
Other current financial liabilities [Refer note 19]	3,814.61	3,251.17
Trade payables [Refer note 22]	8,009.25	6,112.50
Total financial liabilities carried at amortised cost	**44,994.60**	**39,074.85**

In ₹ Million

Break up of financial liabilities carried at fair value through OCI	As at March 31, 2021	As at March 31, 2020
Derivative instruments [Refer note 19(a)]	-	**728.84**

In ₹ Million

Break up of the financial liabilities at fair value through profit and loss	As at March 31, 2021	As at March 31, 2020
Derivative instruments [Refer note 19(a)]	**4.11**	**4.55**

For the Company's credit risk management processes, refer note 51.

24. REVENUE FROM OPERATIONS

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Sale of products		
- Sale of goods *	34,255.06	42,132.22
- Tooling income	127.38	164.06
Total sale of products	**34,382.44**	**42,296.28**
Sale of services		
- Job work charges	166.89	201.84
Other operating revenues		
- Manufacturing scrap	1,450.68	1,746.52
- Government grants - export incentives [Refer note 10]	485.46	1,318.80
- Sale of electricity/REC - Windmills	29.65	75.40
	1,965.79	**3,140.72**
Total	**36,515.12**	**45,638.84**
Geographical Markets		
- Within India	16,956.46	19,137.05
- Outside India	19,558.66	26,501.79
Total Revenue from operations	**36,515.12**	**45,638.84**

* Sale of goods includes F.O.B. value of export of ₹ 19,097.99 million (March 31, 2020 : ₹ 26,258.69 million).

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

24. REVENUE FROM OPERATIONS (Contd.):

Set out below is the amount of revenue recognised from

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Amounts included in contract liabilities at the beginning of the year	238.09	224.07
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, 2021	Year ended March 31, 2020
Revenue from operations	36,515.12	45,638.84
Less: Adjustments		
- Government grants - export incentives	485.46	1,318.80
	36,029.66	**44,320.04**
Add: Adjustments		
- Miscellaneous income	64.64	101.65
- Sale of property, plant and equipment	162.38	83.80
	227.02	**185.45**
Revenue from contract with customers	**36,256.68**	**44,505.49**
Add/(less): Adjustments (sales returns, discounts, etc.)	812.52	(79.92)
Revenue as per contracted price	**37,069.20**	**44,425.57**

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Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

25. OTHER INCOME

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Dividend income from investments	1.23	2.64
Dividend income from subsidiary company	-	157.67
Net gain on fair valuation of financial instruments (FVTPL)	336.62	576.33
Net gain on sale of financial instruments	589.87	380.66
Government grants *	-	85.42
Liabilities / provisions no longer required written back	53.44	58.84
Interest income on		
- Fixed deposits and others**	252.87	121.62
- Loans to subsidiaries/associates	55.62	33.20
Rent (Refer note 35(b))	8.51	7.33
Gain on sale/discard of property, plant and equipments (net)	15.15	16.17
Miscellaneous income ***	91.26	169.00
Total	**1,404.57**	**1,608.88**

* Includes Government grants received as part of the Packaged Scheme of Incentives for the purpose of capital investment in designated areas, government grant on pre-shipment credit and bill discounting where the Company has availed the benefit of interest equalisation scheme of the Reserve Bank of India. Interest on borrowings is accounted for on gross basis in note 30. There are no unfulfilled conditions or contingencies attached to these grants.

** Includes interest on account of unwinding of security deposits.

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

26. COST OF RAW MATERIALS AND COMPONENTS CONSUMED

In ₹ Million

Particulars		Year ended March 31, 2021	Year ended March 31, 2020
Inventory at the beginning of the year [Refer note 11]		**1,987.91**	**2,185.20**
Add: Purchases		15,362.54	17,478.18
Less: Inventory as at end of the year [Refer note 11]		2,391.76	1,987.91
Cost of raw materials and components consumed	**Total**	**14,958.69**	**17,675.47**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

27. (INCREASE) IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS, DIES AND SCRAP

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Inventories at the end of the year [Refer note 11]		
Work-in-progress [includes items lying with third parties]	3,711.96	3,567.18
Finished goods [includes items lying with third parties and items in transit]	1,469.05	675.94
Dies and dies under fabrication	145.73	241.16
Scrap	30.24	58.55
	5,356.98	**4,542.83**
Inventories at the beginning of the year [Refer note 11]		
Work-in-progress [includes items lying with third parties]	3,567.18	3,232.55
Finished goods [includes items lying with third parties and items in transit]	675.94	892.76
Dies and dies under fabrication	241.16	151.93
Scrap	58.55	79.21
	4,542.83	**4,356.45**
Total	**(814.15)**	**(186.38)**

28. EMPLOYEE BENEFITS EXPENSE

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus (including managing and whole time director's remuneration)	3,877.45	4,164.59
Contributions to provident and other funds / scheme #	205.31	208.29
Gratuity expense [Refer note 37(a)]	79.90	71.74
Special gratuity expense [Refer note 37(b)]	17.87	12.95
Employee voluntary retirement scheme compensation	1.55	2.76
Staff welfare expenses	300.29	363.27
Total	**4,482.37**	**4,823.60**

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

The code on Social Security, 2020 ('Code') relating to employees benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Notes to Financial Statements
for the year ended March 31, 2021 (Contd.):

29. DEPRECIATION AND AMORTISATION EXPENSE

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation on property, plant and equipment [Refer note 3]	3,517.62	3,322.26
Amortisation on intangible assets [Refer note 5]	75.92	98.38
Depreciation on right-of-use assets [Refer note 35]	67.21	28.07
Total	**3,660.75**	**3,448.71**

30. FINANCE COSTS

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest on bank facilities *	581.50	860.25
Exchange differences regarded as an adjustment to borrowing costs **	45.30	527.47
Interest on lease liabilities [Refer note 35]	84.35	35.66
Others #	68.00	26.90
Total	**779.15**	**1,450.28**

* Includes unwinding impact of transaction cost on borrowings.

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

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

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Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

31. OTHER EXPENSES

In ₹ Million

Particulars		Year ended March 31, 2021	Year ended March 31, 2020
Consumption of stores, spares and tools		2,087.95	2,441.71
Machining / subcontracting charges		946.99	1,215.55
Power, fuel and water	2,711.33		3,657.12
Less: Credit for energy generated	60.09		95.30
		2,651.24	3,561.82
Repairs and maintenance			
- Building repairs and road maintenance		52.52	117.85
- Plant and machinery		414.91	494.56
Rent (Refer note 35)		20.31	29.64
Rates and taxes		57.41	34.67
Insurance		129.21	99.68
CSR expenditure (Refer note 45)		225.30	254.50
Legal and professional fees		768.46	658.00
Commission		12.45	28.24
Donations		25.88	112.43
Packing material		673.34	817.66
Freight forwarding charges		693.93	656.23
Directors' fees and travelling expenses		4.70	3.96
Commission to directors other than managing and whole time directors		6.80	6.50
Provision for doubtful debts and advances (including expected credit losses)		61.98	50.00
Bad debts / advances written off		0.14	27.16
Exchange difference (net) *		71.58	243.94
Payment to auditors (Refer note 31(a))		19.66	18.61
Miscellaneous expenses **		1,687.22	2,298.28
Total		**10,611.98**	**13,170.99**

* Includes MTM (gain)/loss on derivatives amounting to ₹ 149.61 million (March 31, 2020 : ₹ (67.18) million) and foreign exchange (gain)/loss amounting to ₹ 35.21 million (March 31, 2020 : ₹ 429.22 million) on account of differential reinstatement of foreign exchange loans.

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

Notes to Financial Statements
for the year ended March 31, 2021 (Contd.):

31. OTHER EXPENSES (Contd.):

(a) Payment to auditors

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
As auditor:		
- Audit fee	11.23	11.23
- Limited review	5.60	5.60
- Others (including certification fees)	2.63	0.88
Reimbursement of expenses	0.20	0.90
Total	**19.66**	**18.61**

(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, 2021	Year ended March 31, 2020
Interest on bank facilities	34.77	246.01
Salaries, wages and bonus	29.38	23.88
Consumption of stores and spares and loose tools	1.88	3.23
Others	7.14	7.61
Total	**73.17**	**280.73**

32. EXCEPTIONAL ITEMS

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Voluntary retirement scheme compensation (Refer note 32(a))	(91.83)	(49.14)
Provision for impairment in the value of the investment in Tevva Motors (Jersey) Ltd. (Refer note 32(b)	-	(890.00)
Total	**(91.83)**	**(939.14)**

(a) Voluntary retirement scheme compensation

The Company announced a Voluntary Retirement Scheme (VRS) on March 12, 2020, July 4, 2020 and November 11, 2020 for its eligible employees who have completed 10 years of service with the Company. The amount of expenditure under said scheme is showed as exceptional item.

(b) Provision for impairment in the value of the investment in Tevva Motors (Jersey) Ltd.

In view of the business situation and considering the prospects going forward, provision of an amount of ₹ 890.00 million was made during the previous year towards the impairment in the value of the investment in Tevva Motors (Jersey) Ltd.

Notes to Financial Statements

for the year ended March 31, 2021 (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, 2021	Cash flow hedge reserve	FVTOCI reserve	Foreign currency monetary items translation difference account	Retained earnings	Income tax / Deferred tax effect	Total
Foreign exchange revaluation differences	-	-	18.08	-	-	18.08
Currency forward contracts	2,949.42	-	-	-	(742.31)	2,207.11
Reclassified to statement of profit or loss	523.40	-	-	-	(131.73)	391.67
Effect of deferred tax of hedge reserve	-	-	-	-	-	-
Gain / (Loss) on FVTOCI financial assets	-	152.75	-	-	-	152.75
Re-measurement gains/(losses) on defined benefit plans	-	-	-	60.26	(15.17)	45.09
Total	**3,472.82**	**152.75**	**18.08**	**60.26**	**(889.21)**	**2,814.70**

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)
Total	**(2,424.93)**	**(0.33)**	**5.82**	**(214.84)**	**802.88**	**(1,831.40)**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

34. EARNINGS PER EQUITY SHARE (EPS)

Particulars		Year ended March 31, 2021	Year ended March 31, 2020
Numerator for basic and diluted EPS			
Net profit after tax attributable to shareholders (in ₹ million)	**(A)**	3,120.94	4,735.16
Denominator for basic EPS			
Weighted average number of equity shares for basic EPS	**(B)**	465,588,632	465,588,632
Denominator for diluted EPS			
Weighted average number of equity shares for diluted EPS	**(C)**	465,588,632	465,588,632
Basic earnings per share of face value of ₹ 2/- each (in ₹)	**(A/B)**	6.70	10.17
Diluted earnings per share of face value of ₹ 2/- each (in ₹)	**(A/C)**	6.70	10.17

35. LEASES

(a) Company as lessee

The Company has lease contracts for solar plant &, various items of building and leasehold land, etc. used in its operations. These leases generally have lease terms between 2 and 16 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further mentioned below:

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

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

In ₹ Million

Particulars	Leasehold land	Plant & Machinery	Buildings	Total
At April 1, 2019	**-**	**-**	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)
At April 1, 2020	**66.86**	**-**	**381.31**	**448.17**
Additions	-	1,613.77	43.17	1,656.94
Depreciation	(0.79)	(38.42)	(28.00)	(67.21)
At March 31, 2021	**66.07**	**1,575.35**	**396.48**	**2,037.90**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

35. LEASES (Contd.):

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

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Opening Balance	**383.53**	**379.74**
Additions	1,656.00	-
Accretion of Interest	84.35	35.66
Payments	(105.83)	(31.87)
Closing Balance	**2,018.05**	**383.53**
Current	250.38	54.92
Non Current	1,767.66	328.61

The maturity analysis of lease liabilities are disclosed in Note 51.

The effective interest rate for lease liabilities is between 8.40% p.a. to 9.35% p.a. (March 31, 2020 : 8.40% p.a. to 9.35% p.a.)

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

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation expense of right-of-use assets	67.21	28.07
Interest expense on lease liabilities	84.35	35.66
Expense relating to short-term leases (included in other expenses)	20.31	29.24
Total amount recognised in profit or loss	**171.87**	**92.97**

The Company had total cash outflows for leases of ₹ 105.83 million (March 31, 2020: ₹ 31.87 million). The Company also had non-cash additions to right-of-use assets and lease liabilities of ₹ 1,656.95 million (March 31, 2020: Nil) and ₹ 1,656.00 million (March 31, 2020: 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)

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

In ₹ Million

Particulars	Within five years	More than five years	Total
Financial year 2020-21			
Extension options expected not to be exercised	-	-	-
Termination options expected to be exercised	-	-	-
Obligations under leases not yet commenced *	137.87	297.52	435.39

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

35. LEASES (Contd.):

In ₹ Million

Particulars	Within five years	More than five years	Total
Financial year 2019-20			
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 twenty five years and cancellable with a notice of thirty days to six months and renewal at the options of the lessee / lessor.

Future minimum rentals receivable under operating leases are as follow:

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Within one year	3.12	2.90
After one year but not more than five years	1.44	3.19
More than five years	-	-
Total	**4.56**	**6.09**

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.

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.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

37. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

1) **Liability risks**

a) **Asset-liability mismatch risk**

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements.

b) **Discount rate risk**

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

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

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

2) **Asset risks**

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

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

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

Particulars	As at March 31, 2021	As at March 31, 2020
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	6.90%	6.20%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)	11.37	11.72
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 Financial Statements

for the year ended March 31, 2021 (Contd.):

37. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

(a) Gratuity plan (Contd.):

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

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of obligation as at the beginning of the period	1,151.42	961.00
Interest expense	75.63	72.86
Current service cost	79.90	71.74
Benefits (paid)	(78.33)	(29.60)
Remeasurements on obligation [actuarial (gain) / loss]	(14.49)	75.42
Closing defined benefit obligation	**1,214.13**	**1,151.42**

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

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Opening fair value of plan assets	866.70	746.03
Interest income	57.85	59.83
Contributions	101.43	91.50
Benefits paid	(78.34)	(29.60)
Return on plan assets, excluding amount recognised in Interest Income-(loss)/gain	(15.14)	(1.06)
Closing fair value of plan assets	**932.50**	**866.70**
Actual return on plan assets	42.71	57.54

Net interest (income)/expense

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest Expense – Obligation	75.63	72.86
Interest (Income) – Plan assets	(57.85)	(59.83)
Net Interest Expense for the period	**17.78**	**13.03**

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

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Experience (gain) / loss on plan liabilities	(4.57)	(3.82)
Financial loss on plan liabilities	(9.92)	78.01
Experience loss / (gain) on plan assets	7.32	2.29
Financial (gain) on plan assets	7.82	-

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

37. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

(a) Gratuity plan (Contd.):

Amount recognised in statement of other comprehensive income (OCI)

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Remeasurement for the period-obligation (gain) / loss	(14.49)	75.42
Remeasurement for the period-plan assets loss	15.14	1.06
Total remeasurement cost for the period recognised in OCI	**0.65**	**76.48**

The amounts to be recognised in the balance sheet

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of obligation	(1,214.13)	(1,151.42)
Fair value of plan assets	932.50	866.70
Net asset / (liability) to be recognised in the balance sheet	**(281.63)**	**(284.72)**

Expense recognised in the statement of profit and loss

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost	79.90	71.74
Net interest (income) / expense (refer note 30)	17.78	13.03
Net periodic benefit cost recognised in the statement of profit and loss	**97.68**	**84.77**

Reconciliation of net asset/(liability) recognised:

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Net asset (liability) recognised at the beginning of the period	(284.72)	(214.97)
Company's contributions	101.42	91.50
Expense recognised for the year	(97.68)	(84.77)
Amount recognised in OCI	(0.65)	(76.48)
Net asset / (liability) recognised at the end of the period	**(281.63)**	**(284.72)**

The Company expects to contribute ₹ 110.00 million to gratuity fund in the next year (March 31, 2020 : ₹ 100.00 million).

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

Particulars	As at March 31, 2021	As at March 31, 2020
Funds managed by insurer	**100.00%**	**100.00%**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

37. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

(a) Gratuity plan (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, 2021	As at March 31, 2020
Decrease by 1%	1,317.52	1,248.57
Increase by 1%	1,119.64	1,060.65

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, 2021	As at March 31, 2020
Decrease by 1%	1,128.49	1,069.22
Increase by 1%	1,305.13	1,236.62

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, 2021	As at March 31, 2020
Decrease by 1%	1,218.17	1,154.99
Increase by 1%	1,206.12	1,142.16

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

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

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

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Within one year	185.12	177.25
After one year but not more than five years	354.53	320.22
After five years but not more than ten years	644.13	576.74

Weighted average duration of the defined benefit plan obligation (based on discounted cash flows using mortality, withdrawal and interest rate) is 10.93 years (March 31, 2020 : 11.02 years).

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

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:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	6.90%	6.90%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)	11.90	12.17
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 Financial Statements

for the year ended March 31, 2021 (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

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of obligation as at the beginning of the period	142.02	113.45
Interest expense	9.69	8.65
Past service cost	0.72	-
Current service cost	17.87	12.95
Benefits (paid)	(3.15)	(2.33)
Remeasurements on obligation [Actuarial (Gain) / Loss]	18.22	9.30
Closing defined benefit obligation	**185.37**	**142.02**

Net Interest (Income)/Expense

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest expense – obligation	9.69	8.65
Interest (income) / expense – plan assets	-	-
Net interest expense for the period	**9.69**	**8.65**

Remeasurement for the period [Actuarial (Gain)/loss]

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Experience (gain) / loss on plan liabilities	18.22	(1.39)
Financial loss on plan liabilities	-	10.69

Amount recognised in statement of other comprehensive Income (OCI)

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Remeasurement for the period-obligation (gain)/loss	18.22	9.30
Total remeasurement cost for the period recognised in OCI	**18.22**	**9.30**

The amounts to be recognised in the Balance Sheet

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of obligation as at the end of the period	(185.37)	(142.02)
Net asset / (liability) to be recognised in the balance sheet	**(185.37)**	**(142.02)**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

37. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

(b) Special gratuity (Contd.):

Expense recognised in the statement of profit and loss

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost (Refer note 28)	17.87	12.95
Past service cost	0.72	-
Net interest (income) / expense (Refer note 30)	9.69	8.65
Net periodic benefit cost recognised in the statement of profit and loss	**28.28**	**21.60**

Reconciliation of Net Asset/(Liability) recognised:

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Net asset / (liability) recognised at the beginning of the period	(142.02)	(113.45)
Benefits directly paid by Company	3.15	2.33
Expense recognised for the year	(28.28)	(21.60)
Amount recognised in OCI	(18.22)	(9.30)
Net asset / (liability) recognised at the end of the period	**(185.37)**	**(142.02)**

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

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Within one year	11.24	9.23
After one year but not more than five years	47.53	32.56
After five years but not more than ten years	89.01	66.50

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 11.07 years (March 31, 2020 : 10.73 years).

Sensitivity analysis :

A) Impact of change in discount rate when base assumption is decreased / increased - present value of obligation

In ₹ Million

Discount rate	Year ended March 31, 2021	Year ended March 31, 2020
Decrease by 1%	207.42	159.09
Increase by 1%	166.66	127.61

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

37. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

(b) Special gratuity (Contd.):

B) Impact of change in salary increase rate when base assumption is decreased / increased - present value of obligation

In ₹ Million

Salary increment rate	Year ended March 31, 2021	Year ended March 31, 2020
Decrease by 1%	168.08	128.69
Increase by 1%	205.32	157.44

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, 2021	Year ended March 31, 2020
Decrease by 1%	185.71	142.54
Increase by 1%	185.06	141.52

(c) Provident fund

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

Under the defined contribution plan, provident fund is contributed to the government administered provident fund. The Company has no obligation, other than the contribution payable to the provident fund.

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

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

1) Liability risks:

a) Asset-liability mismatch risk

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

b) Discount rate risk

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

c) Future salary escalation and inflation risk

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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

37. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

(c) Provident fund (Contd.):

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	6.90%	6.80%
Interest rate declared by Employees' Provident Fund Organisation for the year	8.50%	8.55%
Yield spread	0.50%	0.50%
Expected average remaining working lives of employees (in years)	11.61*	12.35*
Withdrawal rate:		
Age upto 30 years	5.00%	5.00%
Age 31 - 44 years	5.00%	5.00%
Age 45 - 50 years	5.00%	5.00%
Age above 50 years	5.00%	5.00%

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

Table showing changes in present value of expected interest rate shortfall:

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of expected Interest rate shortfall as at the beginning of the period	169.03	52.84
Interest cost	11.49	4.07
Current service cost	18.61	5.66
Actuarial (gain) / loss on obligations	(48.17)	106.46
Present value of expected interest rate shortfall as at the end of the period	**150.96**	**169.03**

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

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Fair value of plan assets as at the beginning of the period (surplus account)	-	20.98
Interest income	-	1.61
Actuarial Gain on plan assets	30.96	(22.59)
Fair value of plan assets as at the end of the period (surplus account)	**30.96**	**-**

Notes to Financial Statements
for the year ended March 31, 2021 (Contd.):

37. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

(c) Provident fund (Contd.):

Net interest (income)/expense

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest Expense – Obligation	11.49	4.07
Interest (Income) – Plan assets	-	(1.61)
Net Interest Expense / (Income) for the period	**11.49**	**2.46**

Actuarial (gain) / loss recognised

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Actuarial Loss for the period – Obligation	(48.17)	106.46
Actuarial Loss for the period – Plan assets	(30.96)	22.59
Total (gain) / loss for the year	**(79.13)**	**129.05**
Actuarial (gain) / loss recognised in the year	**(79.13)**	**129.05**

The amounts to be recognised in the balance sheet:

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of expected interest rate shortfall as at the end of the period	150.96	169.03
Fair value of the plan assets as at the end of the period (surplus account)	30.96	-
(Deficit)	**(120.00)**	**(169.03)**
Net (liability) recognised in the balance sheet	(120.00)	(169.03)

Amount recognised in Statement of other comprehensive Income (OCI):

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Remeasurement for the period-obligation (gain)/ loss	(48.17)	106.46
Remeasurement for the period-plan assets(gain)/loss	(30.96)	22.59
Total Remeasurement cost for the period recognised in OCI	**(79.13)**	**129.05**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

37. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

(c) Provident fund (Contd.):

Expense recognised in the statement of profit and loss:

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost (refer note 28)	18.60	5.66
Net interest expense (refer note 30)	11.49	2.46
Net periodic benefit cost recognised in the statement of profit and loss	**30.09**	**8.12**

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, 2021	Year ended March 31, 2020
Decrease by 0.50%	212.38	227.79
Increase by 0.50%	93.06	113.71

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, 2021	Year ended March 31, 2020
Decrease by 0.50%	94.86	116.85
Increase by 0.50%	207.05	221.20

38. CONTINGENT LIABILITIES

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Guarantees given by the Company on behalf of other companies (Refer note 38(a))		
Balance outstanding	5,081.46	1,784.80
(Maximum amount)	(5,718.07)	(1,784.80)
Claims against the Company not acknowledged as Debts - to the extent ascertained	361.85	258.26
(Refer note 38(b))		
Excise/Service tax demands - matters under dispute (Refer note 38(c))	260.21	260.21
Customs demands - matters under dispute (Refer note 38(d))	50.97	50.97
Sales tax demands - matters under dispute (Refer note 38(e))	36.56	21.34
Income tax demands - matter under dispute (Refer note 38(f))	-	54.92

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

38. CONTINGENT LIABILITIES (Contd.):

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

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

(c) Includes amount pertaining to incentive received under Government schemes, etc.

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

(e) Includes amount pertaining to duty demand for non-receipt of various statutory forms, etc.

(f) Includes amount pertaining to matter relating to applicability of TDS.

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

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

Deferred payment liabilities

Sales tax deferral incentives attached to the erstwhile windmill division, which was demerged to BF Utilities Limited (BFUL) under section 392 and 394 of the erstwhile Companies Act, 1956 sanctioned by the High Court of the Judicature at Mumbai, have been passed on thereafter from year to year by the Company to the latter, under an arrangement, with all liabilities and obligations attached thereto taken over completely by BFUL. The net liability outstanding of BFUL after such pass on amounts to ₹ 45.12 million (March 31, 2020: ₹ 97.41 million).

39. RELATED PARTY DISCLOSURES

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

Related parties where control exists	
Subsidiaries	Bharat Forge Global Holding GmbH
	Bharat Forge America Inc.
	BF Infrastructure Limited
	Kalyani Strategic Systems Limited
	Bharat Forge International Limited
	BF Elbit Advanced Systems Private Limited
	Analogic Controls India Limited
	Indigenous IL Limited
	Kalyani Centre For Precision Technology Limited (w.e.f. December 25, 2019)
	Eternus Performance Materials Private Limited (w.e.f. April 8, 2019)
	Kalyani Powertrain Limited (w.e.f. March 16, 2021)

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

39. RELATED PARTY DISCLOSURES (Contd.):

(i) Names of the related parties and related party relationship (Contd.):

Related parties where control exists	
Step down subsidiaries	Bharat Forge CDP GmbH
	Bharat Forge CDP Trading (upto January 14, 2021)
	Bharat Forge Holding GmbH
	Bharat Forge Tennessee Inc.
	Bharat Forge PMT Technologie LLC
	Bharat Forge Aluminiumtechnik GmbH
	Bharat Forge Kilsta AB
	Bharat Forge Hong Kong Limited (upto July 10, 2020)
	Bharat Forge Daun GmbH
	Kalyani Rafael Advanced Systems Private Limited
	Mecanique Generale Langroise
	Bharat Forge Aluminium USA, Inc. (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	
Joint venture	BF NTPC Energy Systems Limited (under liquidation)
	REFU Drive GmbH (w.e.f. September 19, 2019)
Joint venture of a subsidiary	BF Premier Energy Systems Private Limited
Subsidiary of a Joint venture	Refu Drive India Private Limited (w.e.f. September 19, 2019)
Associates and subsidiaries/ associates of associates	Tork Motors Private Limited
	Tevva Motors (Jersey) Limited
	Tevva Motors Limited
	Hospet Bellary Highways Private Limited (upto January 12, 2021)
	Lycan Electric Private Limited
	Talbahn GmbH
	Aeron Systems Private Limited (w.e.f. May 21, 2019)
Other related parties (Enterprises owned or significantly influenced by key management personnel or their relatives)	Kalyani Steels Limited
	BF Utilities Limited
	Khed Economic Infrastructure Private Limited
	Kalyani Maxion Wheels Private Limited
	Automotive Axles Limited
	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 Ltd. (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)

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

39. RELATED PARTY DISCLOSURES (Contd.):

(i) Names of the related parties and related party relationship (Contd.):

Related parties with whom transactions have taken place during the period	
Other related parties (Enterprises owned or significantly influenced by key management personnel or their relatives) (Contd.):	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)
	Inmate Technology Solutions Pvt. Ltd. (w.e.f. May 6, 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 and Deputy Managing Director)
	Mr. G. K. Agarwal (Deputy Managing Director)
	Mr. B. P. Kalyani (Executive Director)
	Mr. S. E. Tandale (Executive Director)
	Mr. K. M. Saletore (Executive Director & CFO)
	Ms. T. R. Chaudhari (Company Secretary)
	Mr. P. G. Pawar (Independent Director)
	Mr. S. M. Thakore (Independent Director)
	Mrs. L. D. Gupte (Independent Director)
	Mr. P. H. Ravikumar (Independent Director)
	Mr. P. C. Bhalerao (Non-Executive Director)
	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)
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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

39. RELATED PARTY DISCLOSURES (Contd.):

(i) Names of the related parties and related party relationship (Contd.):

Relatives of key management personnel (Contd.):	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 parties and nature of relationships	Year ended March 31, 2021	Year ended March 31, 2020
1	**Purchase of raw materials, components, stores, spares**	**Step down subsidiaries**		
		Bharat Forge Kilsta AB	-	0.78
		Bharat Forge Daun GmbH	0.32	0.28
			0.32	**1.06**
		Associates and subsidiaries/associates of associates		
		Tevva Motors Limited	-	9.30
			-	9.30
		Other related parties		
		Kalyani Steels Limited	3,369.57	4,162.65
		Saarloha Advance Materials Private Limited	7,608.82	8,058.00
		Others	205.98	357.98
			11,184.37	**12,456.62**
			11,184.69	**12,466.98**
2	**Staff welfare expenses**	**Other related parties**		
		Institute for Prostrate Cancer	-	**0.38**
			-	0.38
3	**Other expenses - Machining / subcontracting charges**			
		Subsidiaries		
		Kalyani Centre For Precision Technology Limited	118.74	-
		Others	1.37	53.54
			120.11	**53.54**
		Other related parties		
		Kalyani Technoforge Limited	152.74	124.01
		Automotive Axles Limited	3.18	-
		Kalyani Transmission Technologies Private Limited	27.16	1.28
		Baramati Speciality Steels Limited	3.09	1.83
			186.17	**127.12**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

39. RELATED PARTY DISCLOSURES (Contd.):

(ii) Related party transactions (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2021	Year ended March 31, 2020
	- Power, fuel and water	**Other related parties**		
		BF Utilities Limited	134.31	154.51
			134.31	**154.51**
	- Rent	**Other related parties**		
		United Metachem Private Limited	8.24	6.42
		KTMS Properties Company Private Limited	15.46	16.59
		Others	3.79	3.57
			27.49	**26.58**
		Relatives of key management personnel		
		Mrs. S. S. Tandale	0.18	0.18
			0.18	**0.18**
	- Legal and professional fees	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	57.20	42.66
		Bharat Forge America Inc.	62.84	66.97
		Bharat Forge International Limited	108.74	41.93
			228.78	**151.56**
		Step down subsidiaries		
		Bharat Forge Kilsta AB	7.79	13.85
			7.79	**13.85**
		Other related parties		
		Kalyani Technologies Limited	80.00	80.00
			80.00	**80.00**
	- Donations	**Other related parties**		
		Harmony Electoral Trust	-	100.00
		Akutai Kalyani Charitable Trust	6.50	4.50
			6.50	**104.50**
	- Directors' fees and travelling expenses	**Key management personnel**		
		Mr. P. G. Pawar	0.88	0.65
		Mr. S. M. Thakore	0.78	0.83
		Mrs. L. D. Gupte	0.38	0.44
		Mr. P. H. Ravikumar	0.70	0.68
		Mr. P. C. Bhalerao	0.85	0.60
		Mr. V. R. Bhandari	0.43	0.42
		Mr. Dipak Mane	0.35	0.16
		Mr. Murali Sivaraman	0.35	0.18
			4.72	**3.96**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

39. RELATED PARTY DISCLOSURES (Contd.):

(ii) Related party transactions (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2021	Year ended March 31, 2020
	- Commission to directors other than managing and whole time directors	**Key management personnel**		
		Mr. P. G. Pawar	1.22	1.30
		Mr. S. M. Thakore	1.12	1.30
		Mrs. L. D. Gupte	0.55	0.55
		Mr. P. H. Ravikumar	1.05	1.00
		Mr. P. C. Bhalerao	1.20	1.20
		Mr. V. R. Bhandari	0.60	0.55
		Mr. Dipak Mane	0.53	0.30
		Mr. Murali Sivaraman	0.53	0.30
			6.80	**6.50**
	- Miscellaneous expenses	**Subsidiaries**		
		Analogic Controls India Limited	2.84	-
			2.84	**-**
		Other related parties		
		Kalyani Technologies Limited	51.61	64.08
			51.61	**64.08**
	- Repairs and maintenance	**Other related parties**		
		Kalyani Technoforge Limited	17.74	16.27
		KTMS Properties Company Private Limited	7.82	-
			25.56	**16.27**
			882.86	**802.65**
4	Sale of goods, manufacturing scrap and tooling income	**Subsidiaries**		
		Bharat Forge International Limited	12,490.78	17,709.92
		Analogic Controls India Limited	-	0.05
		BF Elbit Advanced Systems Private Limited	-	76.09
			12,490.78	**17,786.06**
		Associates and subsidiaries of associates		
		Tork Motors Private Limited	0.48	1.50
			0.48	**1.50**
		Other related parties		
		Automotive Axles Limited	202.33	158.73
		Saarloha Advanced Materials Private Limited	1,410.34	1,645.67
		Others	13.92	22.42
			1,626.59	**1,826.82**
			14,117.85	**19,614.38**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

39. RELATED PARTY DISCLOSURES (Contd.):

(ii) Related party transactions (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2021	Year ended March 31, 2020
5	Sale of Services	**Other related parties**		
		Automotive Axles Limited	97.28	89.32
		Saarloha Advanced Materials Private Limited	46.98	51.91
		Others	2.57	3.67
			146.83	**144.90**
6	Sale of stores, spares and raw materials	**Subsidiaries**		
		Kalyani Centre for Precision Technology Limited	63.46	-
			63.46	**-**
7	Other income - Dividend income	**Subsidiaries**		
		Bharat Forge International Limited	-	157.67
			-	**157.67**
	- Rent *	**Subsidiaries**		
		BF Elbit Advanced Systems Private Limited	0.48	0.48
		Kalyani Centre for Precision Technology Limited	0.03	-
			0.51	**0.48**
		Other related parties		
		Kalyani Maxion Wheels Private Limited	0.05	0.05
		Nandi Economic Corridor Enterprises Ltd.	2.49	2.61
		Baramati Speciality Steels Limited	2.90	2.90
			5.44	**5.56**
	- Miscellaneous income	**Subsidiaries**		
		Bharat Forge America Inc.	7.87	1.52
			7.87	**1.52**
		Step down subsidiaries		
		Bharat Forge Kilsta AB	7.72	7.41
		Others	0.52	-
			8.24	**7.41**

* The lease arrangements which have 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 transactions with related parties.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

39. RELATED PARTY DISCLOSURES (Contd.):

(ii) Related party transactions (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2021	Year ended March 31, 2020
	- Sale / discard of property, plant and equipments	**Subsidiaries**		
		Kalyani Centre For Precision Technology Limited	135.87	11.47
		Others	7.16	-
			143.03	**11.47**
			165.09	**184.11**
8	Purchase of property, plant and equipments, intangible assets (including CWIP)	**Other related parties**		
		KGEPL Engineering Solutions Private Limited	33.77	687.31
		Kalyani Technoforge Limited	38.92	147.25
		Others	3.84	22.17
			76.53	**856.73**
9	Finance provided:			
	- Investment	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	601.93	236.85
		BF Infrastructure Limited	44.45	727.26
		Bharat Forge America Inc.	811.60	-
		Kalyani Strategic Systems Limited	-	30.70
		Kalyani Centre For Precision Technology Limited	490.78	200.10
		Kalyani Powertrain Private Limited	0.01	-
		Eternus Performance Materials Private Limited	-	3.75
			1,948.77	**1,198.66**
		Joint ventures		
		REFU Drive GmbH	-	892.34
			-	**892.34**
		Associates and subsidiaries of associates		
		Tork Motors Private Limited	-	39.99
		Aeron Systems Private Limited	60.00	80.00
			60.00	**119.99**
		Other related parties		
		Khed Economic Infrastructure Private Limited	(52.20)	58.72
		(Includes fair valuation impact)		
			(52.20)	**58.72**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

39. RELATED PARTY DISCLOSURES (Contd.):

(ii) Related party transactions (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2021	Year ended March 31, 2020
	- Loans given	**Subsidiaries**		
		Bharat Forge Global Holding GmbH [includes		
		exchange (loss)/gain] $	576.27	4.67
		Bharat Forge America Inc. $	375.20	-
		BF Elbit Advanced Systems Private Limited	11.30	15.17
		Kalyani Strategic Systems Limited	-	150.00
		BF Infrastructure Limited	40.00	-
			1,002.77	**169.84**
		Associates and subsidiaries of associates		
		Tevva Motors (Jersey) Limited	-	303.87
		Tork Motors Private Limited	40.00	-
			40.00	**303.87**
			2,999.34	**2,743.42**
10	Recovery of loans given	**Subsidiaries**		
		Kalyani Strategic Systems Limited	150.00	-
			150.00	**-**
		Associates and subsidiaries of associates		
		Tork Motors Private Limited	2.00	-
			2.00	**-**
			152.00	**-**
11	Recovery of security deposits	**Relatives of key management personnel**		
		Mrs. S. S. Tandale	0.15	-
			0.15	**-**
12	Advance given	**Associates and subsidiaries of associates**		
		Tevva Motors Limited	-	15.51
			-	**15.51**
		Other related parties		
		Saarloha Advanced Materials Private Limited	-	1,350.00
			-	**1,350.00**
			-	**1,365.51**
13	Capital advance given	**Other related parties**		
		Khed Economic Infrastructure Private Limited	1,200.00	-
			1,200.00	**-**

Notes to Financial Statements
for the year ended March 31, 2021 (Contd.):

39. RELATED PARTY DISCLOSURES (Contd.):

(ii) Related party transactions (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2021	Year ended March 31, 2020
14	Interest income	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	21.33	2.86
		BF Elbit Advanced Systems Private Limited	12.25	10.68
		Kalyani Strategic Systems Limited	10.40	0.86
		Bharat Forge America Inc.	11.33	-
		Others	0.31	-
			55.62	**14.40**
		Associates and subsidiaries of associates		
		Tork Motors Pvt. Ltd.	1.30	-
		Tevva Motors (Jersey) Limited	36.82	18.80
			38.12	**18.80**
		Other related parties		
		Saarloha Advance Materials Private Limited	111.45	-
			111.45	**-**
			205.19	**33.20**
15	Managerial remuneration	**Key management personnel**		
		Mr. B. N. Kalyani	152.57	176.42
		Mr. A. B. Kalyani	41.61	46.27
		Mr. G. K. Agarwal	41.98	46.50
		Mr. S. E. Tandale	38.78	38.81
		Mr. B. P. Kalyani	36.93	38.20
		Mr. K. M. Saletore	32.28	29.56
		Ms. T. R. Chaudhari	2.60	2.98
			346.75	**378.74**
16	Dividend paid	**Key management personnel**		
		Mr. B. N. Kalyani	-	0.47
		Mr. A. B. Kalyani	-	4.20
		Mr. G. K. Agarwal	-	0.03
		Mr. B. P. Kalyani	-	0.04
		Mr. S. M. Thakore	-	0.17
		Mr. P. H. Ravikumar	-	0.04
		Mr. K. M. Saletore	-	0.01
			-	**4.96**
		Relatives of key management personnel		
		Mr. G. N. Kalyani	-	4.14
		Others	-	0.99
			-	**5.13**
			-	**10.09**

Notes to Financial Statements
for the year ended March 31, 2021 (Contd.):

39. RELATED PARTY DISCLOSURES (Contd.):

(ii) Related party transactions (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2021	Year ended March 31, 2020
17	**Provision for diminution in value of investment**	**Associates and subsidiaries of associates**		
		Tevva Motors (Jersey) Limited	-	890.00
			-	**890.00**
			-	**890.00**
18	**Contributions paid ***	**Post employment benefit trusts**		
		Provident fund		
		Bharat Forge Company Limited Staff Provident Fund	234.55	229.84
			234.55	**229.84**
		Gratuity fund		
		Bharat Forge Company Limited Employees Group	35.21	35.00
		Gratuity fund		
		Bharat Forge Company Limited Officer's Group	68.43	63.86
		Gratuity fund		
			103.64	**98.86**
		Superannuation fund		
		Bharat Forge Company Limited Officer's	20.76	24.03
		Superannuation scheme		
			20.76	**24.03**
			358.95	**352.73**

* 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.

$ During the year loans given to Bharat Forge Global Holding GmbH (BFGH) and Bharat Forge America Inc. have been converted into equity. Refer note 6.

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Notes to Financial Statements

for the year ended March 31, 2021 (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 parties and nature of relationships	As at March 31, 2021	As at March 31, 2020
1	Trade payables	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	48.31	44.88
		Bharat Forge International Limited	52.88	262.38
		Kalyani Centre For Precision Technology Limited	46.77	-
		Others	15.55	23.74
			163.51	**331.00**
		Step down subsidiaries		
		Bharat Forge Kilsta AB	2.23	34.78
		Others	0.32	4.95
			2.55	**39.73**
		Associates and subsidiaries of associates		
		Tevva Motors (Jersey) Limited	-	0.22
			-	**0.22**
		Other related parties		
		Kalyani Steels Limited *	639.28	469.61
		Saarloha Advance Materials Private Limited **	1,803.02	764.12
		Others	135.34	218.22
			2,577.64	**1,451.95**
			2,743.70	**1,822.90**
2	Trade receivables	**Subsidiaries**		
		Bharat Forge International Limited	8,578.91	9,417.81
		Others	1.48	67.36
			8,580.39	**9,485.17**
		Associates and subsidiaries of associates		
		Tork Motors Private Limited	2.05	1.43
			2.05	**1.43**
		Other related parties		
		Automotive Axles Limited	137.80	88.67
		Saarloha Advanced Materials Private Limited	723.79	370.23
		Others	10.13	7.17
			871.72	**466.07**
			9,454.16	**9,952.67**
3	Receivable for sale of property, plant and equipment	**Subsidiaries**		
		Kalyani Centre For Precision Technology Limited	-	13.54
			-	**13.54**
4	Payables for capital goods	**Other related parties**		
		Kalyani Technoforge Limited	27.15	10.86
		Others	0.06	0.22
			27.21	**11.08**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

39. RELATED PARTY DISCLOSURES (Contd.):

(iii) Balance outstanding as at the year end (Contd.):

In ₹ Million

Sr. No.	Nature of balance	Name of the related parties and nature of relationships	As at March 31, 2021	As at March 31, 2020
5	Non-current investments	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	6,089.60	5,487.67
		Bharat Forge America Inc.	1,643.51	831.91
		BF Infrastructure Limited	1,641.55	1,597.10
		Others	1,244.53	753.75
			10,619.19	**8,670.43**
		Joint ventures		
		BF NTPC Energy Systems Limited	33.64	33.64
		REFU Drive GmbH	919.14	892.34
			952.78	**925.98**
		Associates		
		Tork Motors Private Limited	300.37	300.37
		Tevva Motors (Jersey) Limited	1,252.06	892.93
		Aeron Systems Private Limited	140.00	80.00
			1,692.43	**1,273.30**
		Other related parties (including fair value)		
		Khed Economic Infrastructure Private Limited	589.58	641.78
			589.58	**641.78**
			13,853.98	**11,511.49**

* Net of advance given amounting to ₹ 470.00 million (March 31, 2020 : ₹ 470.00 million) [Refer note 22]

** Net of advance given amounting to ₹ 250.00 million (March 31, 2020 : ₹ 250.00 million) [Refer note 22]

Sr. No.	Nature of balance	Name of the related parties and nature of relationships	As at March 31, 2021	As at March 31, 2020
6	Loans given	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	85.77	82.31
		BF Elbit Advanced Systems Private Limited	128.75	117.45
		Kalyani Strategic Systems Limited	-	150.00
		BF Infrastructure Limited	40.00	-
			254.52	**349.76**
		Associates and subsidiaries of associates		
		Tevva Motors (Jersey) Limited	-	303.87
		Tork Motors Private Limited	38.00	-
			38.00	**303.87**
			292.52	**653.63**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

39. RELATED PARTY DISCLOSURES (Contd.):

(iii) Balance outstanding as at the year end (Contd.):

In ₹ Million

Sr. No.	Nature of balance	Name of the related parties and nature of relationships	As at March 31, 2021	As at March 31, 2020
7	Recoverable from subsidiaries (net of provision)	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	5.31	19.42
		Bharat Forge International Limited	128.76	45.69
		Bharat Forge America Inc.	7.87	2.59
			141.94	**67.70**
		Step down subsidiaries		
		Bharat Forge Kilsta AB	8.92	50.00
		Bharat Forge CDP GmbH	15.84	-
		Others	2.79	1.61
			27.55	**51.61**
			169.49	**119.31**
8	Security deposits given	**Other related parties**		
		BF Utilities Limited	210.00	210.00
		Kalyani Technologies Limited	89.40	89.40
		Radium Merchandise Private Limited	25.00	25.00
		Others	14.71	4.71
			339.11	**329.11**
		Relatives of key management personnel		
		Mrs. S. S. Tandale	-	0.15
			-	**0.15**
			339.11	**329.26**
9	Advance to suppliers	**Subsidiaries**		
		Kalyani Strategic Systems Limited	30.55	-
		BF Infrastructure Limited	2.27	-
			32.82	**-**
		Associates and subsidiaries of associates		
		Tevva Motors Limited	-	6.19
			-	**6.19**
		Other related parties		
		Saarloha Advanced Materials Private Limited	1,350.00	1,350.00
		KGEPL Engineering Solutions Private Limited	-	12.70
			1,350.00	**1,362.70**
			1,382.82	**1,368.89**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

39. RELATED PARTY DISCLOSURES (Contd.):

(iii) Balance outstanding as at the year end (Contd.):

In ₹ Million

Sr. No.	Nature of balance	Name of the related parties and nature of relationships	As at March 31, 2021	As at March 31, 2020
10	Interest accrued	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	1.00	0.98
		Kalyani Strategic Systems Limited	-	0.78
		Bharat Forge America Inc.	11.33	-
		BF Infrastructure Limited	0.31	-
			12.64	**1.76**
		Associates and subsidiaries of associates		
		Tevva Motors (Jersey) Limited	-	18.80
		Tork Motors Private Limited	0.69	-
			0.69	**18.80**
			13.33	**20.56**
11	Advance from customers	**Other related parties**		
		Automotive Axles Limited	3.44	4.20
			3.44	**4.20**
12	Capital advances	**Other related parties**		
		Kalyani Technoforge Limited	22.59	10.45
		KGEPL Engineering Solutions Private Limited	21.48	15.10
		Khed Economic Infrastructure Pvt. Ltd.	1,200.00	-
			1,244.07	**25.55**
13	Managerial remuneration payable *	**Key management personnel**		
		Mr. B. N. Kalyani	39.00	60.00
		Mr. A. B. Kalyani	3.00	8.00
		Mr. G. K. Agarwal	3.00	8.00
		Mr. S. E. Tandale	14.75	15.00
		Mr. B. P. Kalyani	14.75	15.00
		Mr. K. M. Saletore	13.00	10.00
			87.50	**116.00**
14	Commission to directors other than managing and whole time directors	**Other Directors and Relatives**		
		Mr. P. G. Pawar	1.22	1.30
		Mr. S. M. Thakore	1.12	1.30
		Mrs. L. D. Gupte	0.55	0.55
		Mr. P. H. Ravikumar	1.05	1.00
		Mr. P. C. Bhalerao	1.20	1.20
		Mr. V. R. Bhandari	0.60	0.55
		Mr. Dipak Mane	0.53	0.30
		Mr. Murali Sivaraman	0.53	0.30
			6.80	**6.50**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

39. RELATED PARTY DISCLOSURES (Contd.):

(iii) Balance outstanding as at the year end (Contd.):

In ₹ Million

Sr. No.	Nature of balance	Name of the related parties and nature of relationships	As at March 31, 2021	As at March 31, 2020
15	**Provision for diminution in value of investment**	**Subsidiaries**		
		BF Infrastructure Limited	1,355.60	1,355.60
		Analogic Controls India Limited	16.55	16.55
			1,372.15	**1,372.15**
		Joint Ventures		
		BF NTPC Energy Systems Limited	33.64	33.64
			33.64	**33.64**
		Associates and subsidiaries of associates		
		Tevva Motors (Jersey) Limited	890.00	890.00
			890.00	**890.00**
			2,295.79	**2,295.79**

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

(1) Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured with a short term duration unless otherwise stated and interest free except for loans and interest-bearing advance given to supplier, Saarloha Advance Materials Private Limited. settlement occurs in cash. For the year ended March 31, 2021, the Company has not recorded any impairment of receivables relating to amount owed by related parties other than those disclosed separately above (March 31, 2020 : ₹ Nil). This assessment is undertaken in each financial year through examining the financial position of the related party and the market in which the related party operates.

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

(3) For details of guarantees given to related parties refer note 38 and 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.

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Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

40. CAPITAL AND OTHER COMMITMENTS

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Guarantees given by Company's Bankers on behalf of the Company, against sanctioned guarantee limit of ₹ 7,250 million (March 31, 2020: ₹ 7,250 million) for contracts undertaken by the Company and other matters are secured by extension of charge by way of joint hypothecation of stock-in-trade, stores and spares, book debts, etc. subject to prior charge in their favour.	2,583.51	2,045.26
(b) Estimated value of contracts remaining to be executed on capital accounts and not provided for, net of advances	653.73	1,356.28
(c) Commitments relating to further investment in private equity fund of Paragon Partners Growth Fund - I	0.36	5.00
(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 as on March 31, 2021 aggregates USD 9.82 million (Rs. 734.93 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

Particulars	As at March 31, 2021	As at March 31, 2020
Cost of the assets / capital work in progress	30.75	(132.33)
FCMITDA	8.43	(36.27)
Amortised in the current year	9.65	(42.09)

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

42. LOANS AND ADVANCES IN THE NATURE OF LOANS GIVEN TO SUBSIDIARIES / ASSOCIATES AND FIRMS / COMPANIES IN WHICH DIRECTORS ARE INTERESTED

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Bharat Forge Global Holding Gmbh* ^		
Balance outstanding	85.77	82.31
Maximum amount outstanding during the year	710.24	82.31
BF Infrastructure Limited (advance) !		
Balance outstanding	40.00	-
Maximum amount outstanding during the year	40.00	152.44
BF Elbit Advanced Systems Private Limited *		
Balance outstanding	128.75	117.45
Maximum amount outstanding during the year	128.75	117.45
Kalyani Strategic Systems Limited #		
Balance outstanding	-	150.00
Maximum amount outstanding during the year	150.00	150.00
Tevva Motors (Jersey) Limited $		
Balance outstanding	-	303.87
Maximum amount outstanding during the year	303.87	303.87
Tork Motors Private Limited @		
Balance outstanding	38.00	-
Maximum amount outstanding during the year	40.00	-
Saarloha Advanced Materials Private Limited ##		
Balance outstanding	1,350.00	1,350.00
Maximum amount outstanding during the year	1,350.00	1,350.00
Bharat Forge America Inc. ^		
Balance outstanding	-	-
Maximum amount outstanding during the year	375.20	-

* Receivable on demand.

! Receivable after 2 years from the date of disbursement of loan. It can be repaid earlier than the maturity, based on mutual understanding.

^ The effect of foreign exchange fluctuation throughout the year is not considered while disclosing the maximum amount outstanding as shown above.

\# Receivable in 6 months from the date of disbursement of loan (renewed for further period of 10 months).

$ Considered as a part of investment in current year. Refer note 6.

\## Short term advance converted into a long term advance for a period of 4 years.

@ Loan Tenure is 3 years from the date of disbursement of loan. Quarterly repayment is ₹ 2 million, ₹ 3 million, ₹ 5 million for year 1, 2 and 3, respectively.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

43. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 (MSMED, ACT 2006)

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Principal amount due to suppliers under MSMED Act, 2006 *	32.35	20.17
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	250.38	351.24
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	0.17	0.03
Interest accrued and remaining unpaid at the end of the year to suppliers under	4.61	4.48
MSMED Act, 2006		

* Amount includes due and unpaid of ₹ Nil (March 31, 2020: ₹ Nil)

The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company.

44. EFFECT OF GLOBAL HEALTH PANDEMIC RELATING TO COVID-19

The spread of COVID-19 has severely impacted business in many countries including India and there have been severe disruption to regular business operations due to lockdown and other emergency measures. This may impact the Company's operations in certain geographies. The Company has made assessment of liquidity, recoverable values of its financial and non-financial assets, financial and non-financial liabilities, carrying value of its subsidiaries including possible obligations arising from any ongoing negotiations with customers, vendors and regulatory exposures across businesses and geographies and has concluded that there are no material adjustments required in the annual financial statements. The management believes that it has assessed and taken all the possible impacts known from these events wherever possible outcome is known. However, given the effect of these on the overall economic activity and in particular in the industry in which Company operates, the impact assessment of COVID-19 is a continuous process, given the estimation and uncertainties associated with its nature, duration and outcome of any negotiations. The impact of global health pandemic might be different from that estimated as at the date of approval of these financial results. The Company will continue to closely monitor any material changes to future economic conditions and its consequential impact on its financial results.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

45. CSR EXPENDITURE

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(a) Gross amount required to be spent by the Company during the year	**225.25**	**230.14**

(b) An amount of ₹ 225.25 million was approved by the board towards CSR activities

In ₹ Million

(c) Amount spent during the year ended on	Amount paid
- March 31, 2021	
i) Construction/acquisition of any asset	-
ii) On purposes other than (i) above	183.80
	183.80
- March 31, 2020	
i) Construction/acquisition of any asset	-
ii) On purposes other than (i) above	254.50
	254.50

(d) No dentations (March 31, 2020; INR NIL) have been made to related parties regarding CSR.

(e)

Opening balance	In case of Section 135(5) unspent amount			Closing balance
	Amount deposited in specified Fund of Schedule VII within 6 months	Amount required to be spent during the year	Amount spent during the year	
-	-	225.25	183.80	41.45

Notes to Financial Statements
for the year ended March 31, 2021 (Contd.):

46. DISCLOSURES REQUIRED UNDER SEC 186(4) OF THE COMPANIES ACT, 2013

In ₹ Million

Name of the loanee	Purpose	Rate of Interest (p.a.)	Year ended March 31, 2021	Year ended March 31, 2020
Bharat Forge Global Holding GmbH	General corporate purpose *	3.50% / 7.75% #	85.77	82.31
BF Infrastructure Limited	General corporate purpose !	9.00%	40.00	-
BF Elbit Advanced Systems Private Limited	Working Capital *	10.00%	128.75	117.45
Kalyani Strategic Systems Limited	Bank guarantee @	7.25%	-	150.00
Tevva Motors (Jersey) Limited	General corporate purpose $	12.00%	-	303.87
Saarloha Advanced Materials Private Limited	General corporate purpose ##	8.25%	1,350.00	1,350.00
Tork Motors Private Limited	General corporate purpose ^	11.00%	38.00	-
Bharat Forge America Inc	General corporate purpose	7.75%	-	-

For the loan given in FY 2010-11 for which no terms has changed thereafter.

* Receivable on demand.

! Receivable after 2 years from the date of disbursement of loan. It can be repaid earlier than the maturity, based on mutual understanding.

@ Receivable in 6 months from the date of disbursement of loan. (renewed for further period of 10 months).

$ Refer Note 6 and 8

Short term advance converted into a long term advance for a period of 4 years.

^ Loan Tenure is 3 years from the date of disbursement of loan. Quarterly repayment is ₹ 2 million, ₹ 3 million, ₹ 5 million for year 1, 2 and 3, respectively.

- 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 ₹ 1,544.04 million (March 31, 2020: ₹ 1,481.86 million) for working capital requirement which was renewed during the current year.
  - Bharat Forge America Inc., wholly owned subsidiary company, of ₹ 3,387.42 million (March 31, 2020: ₹ 303.04 million) for term loan or loans towards investment in stepdown subsidiaries.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

47. FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

In ₹ Million

Quantitative disclosure of fair value measurement hierarchy for assets as at March 31, 2021:	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at FVTOCI			
Unquoted equity instruments			
Khed Economic Infrastructure Private Limited	-	-	589.58
Avaada SataraMH Private Limited (refer note 47(c))	-	-	142.45
Quoted equity instruments			
Birlasoft Limited (erstwhile KPIT Technologies Limited)	155.12	-	-
KPIT Technologies Limited **(refer note 47(b))**	108.84	-	-
Derivative instruments at fair value through OCI			
Cash flow hedges	-	2,790.04	-
Financial assets at FVTPL			
Unquoted equity instruments			
Gupta Energy Private Limited **(refer note 47(a))**	-	-	-
Derivative instruments at fair value through P&L			
Fair value hedges	-	-	-
Unquoted funds			
Investments in private equity fund	-	242.20	-
Investments in mutual funds	-	18,445.72	-
Quoted funds/bonds			
Investments in mutual funds	5,037.85	-	-
Financial liability at FVTOCI			
Cash flow hedges	-	-	-
Financial liability at FVTPL			
Fair value hedges	-	4.11	-

Notes to Financial Statements
for the year ended March 31, 2021 (Contd.):

47. FAIR VALUE HIERARCHY (Contd.):

In ₹ Million

	Fair value measurement using		
Quantitative disclosure of fair value measurement hierarchy for assets/liabilities as at March 31, 2020:	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Financial assets at FVTOCI			
Unquoted equity instruments			
Khed Economic Infrastructure Private Limited	-	-	641.78
Avaada SataraMH Private Ltd (refer note 47(c))	-	-	0.01
Quoted equity instruments			
Birlasoft Limited (erstwhile KPIT Technologies Limited)	37.39	-	-
KPIT Technologies Limited (refer note 47(b))	21.61	-	-
Financial assets at FVTPL			
Unquoted equity instruments			
Gupta Energy Private Limited **(refer note 47(a))**	-	-	-
Derivative instruments at fair value through P&L			
Fair value hedges	-	145.50	-
Unquoted funds			
Investments in private equity fund	-	211.46	-
Investments in mutual funds	-	12,115.22	-
Quoted funds/bonds			
Investments in mutual funds	1,578.98	-	-
Secured redeemable non-convertible debentures in Series 237 (Option I)			
issued by Bajaj Finance Limited	318.87	-	-
Financial liability at FVTOCI			
Cash Flow Hedges	-	728.84	-
Financial liability at FVTPL			
Fair Value Hedges	-	4.55	-

There have been no transfers between Level 1 and Level 2 during the year ended March 31, 2021 and March 31, 2020.

Notes to Financial Statements

for the year ended March 31, 2021 (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, 2021 and March 31, 2020 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	**March 31, 2021:** ₹ 10.40 million to ₹ 12.60 million/acre **(March 31, 2020:** ₹ 10.40 million to ₹12.60 million/acre)	5% increase / (decrease) in realization rate would result in increase / (decrease) in fair value per share by ₹ 1.54 (March 31, 2020: ₹ 1.56)
		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 Scheme, the Company had received 1 equity share of KPIT Technologies Ltd. of ₹ 10/- each for 1 equity share of Birlasoft Ltd. of ₹ 2/- each. The ratio of cost of acquisition per share of Birlasoft Ltd. and KPIT Technologies Ltd. was 56.64% to 43.36%.

The investment in shares has been classified under level 1 of the fair value hierarchy as on March 31,2021.

(c) Avaada SataraMH Private Limited

The investment in equity shares of Avaada SataraMH Private Limited which was made in October 2020, is governed by the terms of the share purchase agreement and the shares held by the Company are subject to certain restrictions in terms of ability of the Company to sell the shares and the value at which this can be done. Considering the nature of restrictions and overall intension of the management in relation to the equity shares, the fair value of such shares for the Company is same as it cost i.e. the face value.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

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, 2021; other than those with carrying amounts that are reasonable approximates of fair values:

In ₹ Million

	Carrying value		Fair value	
Particulars	**March 31, 2021**	**March 31, 2020**	**March 31, 2021**	**March 31, 2020**
Investments *	3,987.08	4,300.32	3,987.08	4,300.32
Loans	325.58	552.80	325.58	552.80
Trade receivables	101.36	-	101.36	-
Derivative instruments	1,501.46	145.50	1,501.46	145.50
Other non-current financial assets	1,082.66	1,255.42	1,082.66	1,255.42
Total financial assets	**6,998.14**	**6,254.04**	**6,998.14**	**6,254.04**
Borrowings	17,609.25	15,625.58	17,609.25	15,625.58
Derivative instruments	2.88	157.19	2.88	157.19
Other non-current financial liabilities	1.28	2.09	1.28	2.09
Total financial liabilities	**17,613.41**	**15,784.86**	**17,613.41**	**15,784.86**

* Investments do not include investments in subsidiaries, joint ventures and associates which are carried at cost and hence, are not required to be disclosed as per Ind AS 107 "Financial Instruments Disclosures".

The management assessed that the fair value of cash and cash equivalent, trade receivables, derivative instruments, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

Further, the management assessed that the fair value of security deposits, trade receivables and other non-current receivables approximate their carrying amounts largely due to discounting/expected credit loss at rates which are an approximation of current lending rates.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

(i) Long-term fixed-rate and variable-rate receivables are evaluated by the Company based on parameters such as individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

(ii) The fair values of quoted instruments are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in note 47. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

48. FINANCIAL INSTRUMENTS BY CATEGORY (Contd.):

(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 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, 2021, 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, 2021 and March 31, 2020 was assessed to be insignificant.

Reconciliation of fair value measurement of financial assets classified as FVTOCI :

In ₹ Million

Particulars	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 *
As at April 1, 2019	**-**	**583.06**	**-**
Remeasurement recognised in OCI	-	58.72	-
Remeasurement recognised in Statement of profit and loss	-	-	-
Purchases	0.01	-	-
Sales	-	-	-
Converted in to equity shares	-	-	-
As at March 31, 2020	**0.01**	**641.78**	**-**
Remeasurement recognised in OCI	-	(52.20)	-
Remeasurement recognised in Statement of profit and loss	-	-	-
Purchases	142.44	-	-
Sales	-	-	-
As at March 31, 2021	**142.45**	**589.58**	**-**

* Refer note 47(a)

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

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:

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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

49. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Contd.):

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. 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.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

49. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Contd.):

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 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.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

49. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Contd.):

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. Legal team regularly analyses current information about these matters and assesses the requirement for provision for probable losses including estimates of legal expense to resolve such matters. In making the decision regarding the need for loss provision, management considers the degree of probability of an unfavourable outcome and the ability to make sufficiently reliable estimate of the amount of loss. The filing of a law suit or formal assertion of a claim against the Company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

Considering the facts on hand and the current stage of certain ongoing litigations where it stands, the Company foresee remote risk of any material claim arising from claims against the Company. Management has exercised significant judgement in assessing the impact, if any, on the disclosures in respect of litigations in relation to the Company.

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.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

50. HEDGING ACTIVITIES AND DERIVATIVES (Contd.):

In ₹ Million

Particulars	As at March 31, 2021		As at March 31, 2020	
	Assets	Liabilities	Assets	Liabilities
Fair value of foreign currency forward contracts	2,790.04	-	-	728.84

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, 2021		March 31, 2020	
			Foreign Currency in Million	In ₹ Million	Foreign Currency in Million	In ₹ Million
Forward Contracts	USD	Hedging of highly probable forecast sales	540.98	45,046.31	477.77	37,133.96
Forward Contracts	EUR	Hedging of highly probable forecast sales	145.37	14,434.34	111.15	10,688.23
Range forward contracts	USD	Hedging of highly probable forecast sales	20.25	1,577.80	25.25	1,964.99
Range forward contracts	EUR	Hedging of highly probable forecast sales	6.00	526.99	8.00	702.66

The cash flow hedges of the expected future sales during the year ended March 31, 2021 were assessed to be highly effective and a net unrealised (loss) / gain of ₹ 2,784.32 million (March 31, 2020: ₹ (688.49) million), with a deferred tax liability of ₹ 700.76 million (March 31, 2020 ₹ 173.28 million) relating to the hedging instruments, is included in OCI.

The amount removed from OCI during the year and included in the carrying amount of the hedged item as an adjustment for the year ended March 31, 2021 as detailed in note 33, totaling ₹ 523.40 million (gross of deferred tax) (March 31, 2020: ₹ (644.90) million). The amounts retained in OCI at March 31, 2021 are expected to mature and affect the statement of profit and loss till the year ended March 31, 2025.

Fair value hedges

At March 31, 2021 and March 31, 2020, the Company has a cross currency swap agreement in place. The same contract was also outstanding as on March 31, 2020. 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 borrowings and trade receivables.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

50. HEDGING ACTIVITIES AND DERIVATIVES (Contd.):

The impact of the derivative instrument on the balance sheet as at March 31, 2021 is, as follows:

Fair value hedge	Nominal amount (In Million)	Carrying amount (In ₹ Million)	Line item in balance sheet where hedging instrument is disclosed	Changes in fair value for calculating hedge ineffectiveness for March 2021
Cross currency swap	EURO 25.52	(4.11)	Derivative instruments	Nil

The impact of the derivative instrument on the balance sheet as at March 31, 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	145.50	Derivative instruments	Nil
Forward contracts	USD 1.73	(4.54)	Derivative instruments	Nil

The impact of the hedged item on the balance sheet as at March 31, 2021 is as follows:

Fair value hedge	Nominal amount (In Million)	Changes in fair value for calculating hedge ineffectiveness for March 2021
Non-current borrowings	USD 30.00	NIL

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

Derivatives not designated as hedging instruments

The Company has used foreign exchange forward contracts to manage repayment of some of its foreign currency denominated borrowings. These foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions i.e. the repayments of foreign currency denominated borrowings.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

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, 2021 and March 31, 2020.

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, 2021 and comparatively as 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, 2021 and March 31, 2020 including the effect of hedge accounting.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates, other than 5.97% rated unsecured non-convertible debentures which have a fixed interest rate.

The Company generally borrows in foreign currency, considering natural hedge it has against its export. Long-term and short-term foreign currency debt obligations carry floating interest rates.

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 Financial Statements

for the year ended March 31, 2021 (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 2021, the Company's 75.85% of total long term borrowings are covered under floating rate of interest (March 31 2020: 100.00%).

Interest rate sensitivity

The Company's total interest cost for the year ended March 31, 2021 was ₹ 779.15 million (March 31, 2020: ₹ 1,450.28 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)
March 31, 2021		
USD	+/- 50	32.90
EUR	+50	40.62
EUR*	-50	(11.23)
March 31, 2020		
USD	+/- 50	41.67
EUR	+50	45.31
EUR*	-50	(23.73)

* 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 into Euro borrowings through cross currency swap.

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's export revenue and long term foreign currency borrowings.

The Company manages its foreign currency risk by hedging its forecasted sales up to 3 to 4 years to the extent of 25%-65% on rolling basis and the Company 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.

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.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.):

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 upto 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, 2021	USD/INR – 1	561.23	Nil
	EUR/INR – 1	151.37	Nil
	EUR/USD – 0.01		18.66
March 31, 2020	USD/INR – 1	503.02	1.73
	EUR/INR – 1	119.15	Nil
	EUR/USD – 0.01		19.33

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the 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, 2021	USD 1	138.10
	EUR 1	106.58
March 31, 2020	USD 1	114.00
	EUR 1	117.53

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.

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.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.):

At the reporting date, the exposure to unlisted equity securities at fair value was ₹ 974.23 million (March 31, 2020: ₹ 853.24 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 ₹ 263.96 million (March 31, 2020: ₹ 59.00 million). A increase/decrease of 10% on the NSE market index could have an impact of approximately ₹ 26.40 million (March 31, 2020: ₹ 5.90 million) on the OCI or equity attributable to the Company. 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 ₹ 58.71 million (March 31, 2020: ₹ 35.03 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, 2021, receivable from Company's top 5 customers accounted for approximately-31.75% (March 31, 2020: 30.21%) 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 into 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 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, 2021 and March 31, 2020 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.

Notes to Financial Statements
for the year ended March 31, 2021 (Contd.):

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.):

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 ₹ 23,483.57 million (March 31, 2020: ₹ 13,694.20 million) and other liquid assets of ₹ 2,762.12 million (March 31, 2020: ₹ 4,711.64 million) that are expected to readily generate cash inflows for managing liquidity risk.

As per the Company's policy, there should not be concentration of repayment of loans in a particular financial year. In case of such concentration of repayment, the Company evaluates the option of refinancing entire or part of repayments for extended maturity. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders and the Company is also maintaining surplus funds with short term liquidity for future repayment of loans.

The table below summarises the maturity profile of the Company's financial liabilities (In ₹ million)

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
March 31, 2021				
Borrowings	15,560.21	17,609.25	-	33,169.46
Trade and other payables	7,993.25	-	-	7,993.25
Lease liabilities	250.38	1,272.85	494.81	2,018.04
Other financial liabilities	3,817.31	-	-	3,817.31
Total	**27,621.15**	**18,882.10**	**494.81**	**46,998.06**
March 31, 2020				
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
Total	**23,479.05**	**14,626.13**	**1,805.99**	**39,911.17**

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 Financial Statements

for the year ended March 31, 2021 (Contd.):

52. CAPITAL MANAGEMENT

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

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a net debt equity ratio, which is net debt divided by equity. The Company's policy is to keep the net debt equity ratio below 1.00. The Company includes within its borrowings net debt and interest bearing loans less cash and cash equivalents.

In ₹ Million

	As at March 31, 2021	As at March 31, 2020
Borrowings	36,117.30	32,370.90
Less: Cash and other liquid assets	26,245.69	18,405.84
Net debt	**9,871.61**	**13,965.06**
Equity	**59,534.06**	**53,550.63**
Net debt /equity Ratio	**0.17**	**0.26**

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, 2021 and March 31, 2020.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2021 and March 31, 2020.

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Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

53 ACQUISITION OF SANGHVI FORGING & ENGINEERING LIMITED

Hon'ble National Company Law Tribunal Ahmedabad Bench (NCLT), has orally pronounced its order of approval on the Resolution Plan submitted by the Company for acquisition of Sanghvi Forging & Engineering Limited, on April 26, 2021.

For better strategic alignment, it was considered to acquire the company within the Group named Nouveau Power and Infrastructure Private Limited (NPIPL) as a special purpose vehicle (SPV) to undertake the acquisition of Sanghvi Forging & Engineering Limited (SFEL) in terms of the provision of Insolvency & Bankruptcy Code, 2016 ("IBC"), as per Resolution plan approved by National Company Law Tribunal, Ahmedabad Bench (NCLT).

The Company have acquired 100% stake of Nouveau Power & Infrastructure Private Limited on May 5, 2021 by subscribing ₹ 0.10 million towards acquiring 10,000 equity shares of ₹ 10/- each. The acquisition has been completed on May 5, 2021. The name of the said company has been changed from Nouveau Power & Infrastructure Private limited to BF Industrial Solutions Private Limited, in view of the strategic alignment of the business to be carried out in this company.

As per our report of even date

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

per **Huzefa Ginwala**
Partner
Membership Number: 111757

Place: Pune
Date: June 4, 2021

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 4, 2021

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 2021, 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 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, 2021, their consolidated loss including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

BASIS FOR OPINION

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

EMPHASIS OF MATTER

We draw attention to note 56 of the Consolidated 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, 2021 and the operations of the Group.

Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as

Independent Auditor's Report (Contd.):

reported by them, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters	How our audit addressed the key audit matter
Completeness of revenue (as described in Note 2.3(f) (Summary of significant accounting policies) and note 24 of notes forming part of the consolidated Ind AS financial statements)	
The Group has revenue from sale of products which includes finished goods and tooling income and sale of services in the form of job work charges. The Group manufactures highly specialized forged and machined finished goods as per specification provided by the customers and based on the schedules from the customers. The Group recognizes revenue from sale of finished goods at a point in time based on the terms of the contract with customers which varies for each customer. Determination of point in time includes assessment of timing of transfer of significant risk and rewards of ownership, establishing the present right to receive payment for the products, delivery specifications including inco terms, timing of transfer of legal title of the asset and determination of the point of acceptance of goods by customer. Further, the pricing of the products is dependent on metal indices and foreign exchange fluctuation making the price volatile including variable considerations. Due to judgments relating to determination of point in time in satisfaction of performance obligations with respect to sale of products, this matter has been considered as key audit matter.	Our audit procedures included the following: • We and other auditors focused on our understanding of the Group's sales process, including design and implementation of controls and tested the operating effectiveness of these controls. • We and other auditors read the Group's accounting policies pertaining to revenue recognition and assessed compliance with Ind AS 115 - Revenue from Contracts with Customers. • We and other auditors obtained and read the terms of customer contracts on sample basis to assess various performance obligations in the contract, the point in time of transfer of control and pricing terms. • We and other auditors tested on a sample basis sales invoices for identification of point in time for transfer of control and terms of contract with customers. Further, we and other auditors performed procedures to test on a sample basis whether revenue was recognised in the appropriate period by testing shipping records, good inwards receipt of customer, sales invoice, etc. and testing the management assessment involved in the process, wherever applicable. • We assessed the disclosure of revenue in the Consolidated Ind AS financial statements of the Group. • We and other auditors also performed various analytical procedures to identify any unusual sales trends for further testing.

Independent Auditor's Report (Contd.):

Key audit matters	How our audit addressed the key audit matter
Hedge accounting including valuations thereof (as described in Note 2.3(s) (Summary of significant accounting policies) and note 9 and 33 of notes forming part of the consolidated Ind AS financial statements)	
The Holding Company enters into derivative financial instruments which are mainly plain vanilla forward contracts and range forward contracts to manage its exposure of foreign currency risk of highly probable forecasted transactions which arise during the normal course of its business. These contracts are measured at fair values leading to derivative financial assets of INR 2,790.04 million as at March 31, 2021 and the net movement of cashflow hedge reserve for the year is INR 2,598.77 million net of taxes which is recorded in other comprehensive income. The gain / loss on maturity of such derivative instruments is recorded in the statement of profit and loss along with the relevant hedged item. Due to the changes in risks and estimates during the lifecycle of the customer contracts, in order to apply hedge accounting, management is required to demonstrate that the underlying contract is considered to be a highly probable transaction, that the hedges are highly effective and maintain hedge documentation. A degree of subjectivity is also required to determine when hedge accounting is to be considered as ineffective. Fair value movements of the forward contracts are driven by movements in financial markets. Due to the outbreak of COVID 19, there are uncertainties involved in estimating the highly probable forecasted sales, estimating future foreign exchange rates and accordingly have an impact on hedge effectiveness and impact to statement of profit and loss. These transactions may have a significant financial effect and have extensive accounting and reporting obligations and accordingly, this is considered as a key audit matter.	Our audit procedures included the following: • We obtained understanding of the Holding Company's overall hedge accounting strategy, forward contract valuation and hedge accounting process from initiation to settlement of derivative financial instruments including assessment of the design and implementation of controls and tested the operating effectiveness of these controls. • We assessed the Holding Company's accounting policy for hedge accounting in accordance with relevant accounting standards. • We tested the existence of hedging contracts by tracing to the independent balance confirmations obtained from respective banks. • We tested management's hedge documentation and contracts, on a sample basis. • We tested on a sample basis the fair values of derivative financial instruments recorded by the Holding Company with the independent balance confirmations obtained from banks. • We involved our valuation specialists in re-performing the year-end fair valuations including evaluation of hedge effectiveness of derivative financial instruments on a sample basis and compared these valuations with those recorded by the Holding Company including assessing the valuation methodology and key assumptions used therein. • We have evaluated the revised estimates obtained from management with respect to highly probable forecasted sales due to COVID 19. • We assessed the disclosure of hedge transactions in the Consolidated Ind AS financial statements of the Group.

Independent Auditor's Report (Contd.):

Key audit matters	How our audit addressed the key audit matter
Impairment assessment of investments in associates and joint ventures (as described in Note 2.3(o) (Summary of significant accounting policies) and note 6 of notes forming part of the standalone Ind AS financial statements)	
The Holding Company has major investments in joint ventures and associates as at March 31, 2021. The management assesses at least annually the existence of impairment indicators of each shareholdings in such associates and joint ventures. The processes and methodologies for assessing and determining the recoverable amount of each investments are based on complex assumptions, that by their nature imply the use of the management's judgment, in particular with reference to identification of impairment indicators, forecast of future cash flows relating to the period covered by the Holding Company's strategic business plan, normalized cash flows assumed as a basis for terminal value, as well as the long-term growth rates and discount rates applied to such forecasted cash flows. Further considering the outbreak of COVID 19 and uncertainties involved regarding forecast of future cash flows the management performed detailed analysis to evaluate impairment for specific cases where there are impairment indicators and material investments. Considering the judgment required for estimating the cash flows and the complexity of the assumptions used, this is considered as a key audit matter.	Our audit procedures included the following: • We obtained understanding of the Holding Company's policy on assessment of impairment of investment in associates and joint ventures and assumptions used by the management including design and implementation of controls. We have tested the operating effectiveness of these controls. • We assessed the methodology used by Holding Company's management to estimate the recoverable value of each investment and consistency with accounting standards. • We compared the carrying values of the Holding Company's investment in these associates and joint ventures with their respective net worth as per audited financial statements • We have seen valuation model prepared by the Holding Company's management on investments where investment amount is material and there are indicators of impairment. • We involved our valuation specialists to evaluate methodology, assumptions and estimates used in the calculations. We discussed potential changes in key drivers as compared to previous year / actual performance with Holding Company's management to evaluate whether the inputs and assumptions used in the cash flow forecasts were suitable. We also evaluated the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates used. • We also assessed the recoverable value by performing sensitivity testing of key assumptions used. • Analysed and examined the business plans approved along with assumptions and estimates used by management. • We evaluated the accounting and disclosure of impairment of investment in the Consolidated Ind AS financial statements of the Group. • We tested the arithmetical accuracy of these models.

Independent Auditor's Report (Contd.):

Key audit matters	How our audit addressed the key audit matter
Impairment assessment of Property, Plant and Equipment (PPE) in relation to wholly owned step down subsidiaries in Germany and Sweden as described in Note 2.3(O) (Summary of significant accounting policies) and Note 35	
As at March 31, 2021, the carrying value of Property, Plant and Equipment ("PPE") of the Group is INR 53,137.96 million out of which INR 12,849.94 million relates to certain specific wholly owned step-down subsidiaries ("subsidiaries") in Germany and Sweden. Considering the outbreak of COVID 19 and uncertainties involved regarding forecast of future cash flows the management performed detailed analysis considering impairment indicators. The processes and methodologies for assessing and determining the recoverable amount of the concerned PPE balances are based on complex assumptions, that by their nature imply the use of the management's judgment, in particular with reference to identification of impairment indicators, forecast of future cash flows relating to the period covered by the Company's strategic business plan, as well as the growth rates and discount rates applied to such forecasted cash flows. Considering the judgment required for estimating the cash flows and the complexity of the assumptions used, this is considered as a key audit matter.	Our audit procedures included the following: • We and other auditors obtained understanding of the Group's policy on assessment of impairment of PPE and assumptions used by the management including design and implementation of controls. We have tested the operating effectiveness of these controls. • We instructed and supervised the work of the other auditors related to the impairment assessment. • The other auditors assessed the methodology used by management to calculate discounted future cashflows and assess the recoverable value of PPE and consistency with relevant accounting standards. • The other auditors have obtained valuation models prepared by the management to evaluate the assumptions and estimates used in the calculations including sensitivity analysis of key assumptions used. • We and other auditors involved valuation specialists to evaluate methodology, assumptions and estimates used in the calculations. • We and other auditors tested the arithmetical accuracy of these models. • We assessed the disclosure of impairment of PPE in the Consolidated Ind AS financial statements of the Group.

OTHER INFORMATION

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

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

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

Independent Auditor's Report (Contd.):

RESPONSIBILITIES OF THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associates and joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

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

Those charged with Governance are also responsible for overseeing the financial reporting process of the Group and of its associates and joint ventures.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

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

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

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

Independent Auditor's Report (Contd.):

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTER

(a) We did not audit the Ind AS financial statements and other financial information, in respect of twenty one subsidiaries, whose Ind AS financial statements include total assets of INR 43,349.99 million as at March 31, 2021, and total revenues of INR 39,938.36 million and net cash (inflows) of INR 921.85 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 after tax of INR 299.74 million for the year ended March 31, 2021, as considered in the consolidated Ind AS financial statements, in respect of six associates and three joint ventures, whose Ind AS financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures

Independent Auditor's Report (Contd.):

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 reports 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 three subsidiaries, whose Ind AS financial statements and other financial information reflect total assets of INR 35.20 million as at March 31, 2021, and total revenues of INR 4.90 million and net cash outflows of INR 1.72 million for the year ended on that date. These unaudited Ind AS financial statements and other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited Ind AS financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these Ind AS financial statements and other financial information are not material to the Group.

Our opinion above on the consolidated Ind AS financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the Ind AS financial statements and other financial information certified by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate Ind AS financial statements and the other financial information of subsidiaries, associates and joint ventures, as noted in the 'Other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

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

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) The matter described in emphasis of matter paragraph above, in our opinion, may not have an adverse effect on the functioning of the Group;

(f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 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, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

Independent Auditor's Report (Contd.):

(g) With respect to the adequacy and the operating effectiveness of the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, associate companies and joint ventures, incorporated in India, refer to our separate Report in "Annexure 1" to this report;

(h) In our opinion the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Holding Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate Ind AS financial statements as also the other financial information of the subsidiaries, associates and joint ventures, as noted in the 'Other matter' paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates and joint ventures in its consolidated Ind AS financial statements – Refer note 38, 39 and note 41 to the consolidated Ind AS financial statements;

ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts. Refer note 9 and note 19(a) to the consolidated Ind AS financial statements;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, associates and joint ventures, incorporated in India during the year ended March 31, 2021.

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

per **Huzefa Ginwala**
Partner
Membership Number: 111757
UDIN : 21111757AAAADB326I

Place: Pune
Date: June 4, 2021

Independent Auditor's Report (Contd.):

ANNEXURE 1 REFERRED TO IN PARAGRAPH (G) UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE

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

In conjunction with our audit of the consolidated Ind AS financial statements of Bharat Forge Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and joint ventures, which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated Ind AS financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

A company's internal financial control with reference to consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the

Independent Auditor's Report (Contd.):

assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED IND AS FINANCIAL STATEMENTS

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

OPINION

In our opinion, the Group, its associates and joint ventures, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to consolidated Ind AS financial statements and such internal financial controls with reference to consolidated Ind AS financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

OTHER MATTERS

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company, in so far as it relates to these seven subsidiaries and two associates, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries, associates and joint ventures incorporated in India.

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

per **Huzefa Ginwala**
Partner
Membership Number: 111757
UDIN : 21111757AAAADB326I

Place: Pune
Date: June 4, 2021

Balance Sheet

as at March 31, 2021

In ₹ Million

	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
I. Non-current assets			
Property, plant and equipment	3	44,136.82	38,057.36
Capital work-in-progress		9,001.14	11,426.75
Investment property	4	2.89	2.89
Goodwill	5	323.33	369.71
Other intangible assets	5	175.50	252.73
Right-of-use asset	43	2,861.11	1,337.29
Investment in associates and joint ventures	6	1,308.72	1,219.06
Financial assets			
(i) Investments	7	3,987.08	4,300.32
(ii) Loans	8	252.77	505.64
(iii) Trade receivables	12	101.36	-
(iv) Derivative instruments	9	1,501.46	145.50
(v) Other financial assets	10	1,147.40	1,292.47
Deferred tax assets (net)	21	900.66	804.19
Income tax assets (net)		536.68	474.85
Other assets	14	3,397.10	2,729.11
		69,634.02	**62,917.87**
II. Current assets			
Inventories	11	17,939.38	17,347.00
Financial assets			
(i) Investments	7	20,771.79	10,660.83
(ii) Loans	8	28.38	51.67
(iii) Trade receivables	12	14,095.75	14,938.45
(iv) Derivative instruments	9	1,288.58	-
(v) Cash and cash equivalents	13	4,473.15	3,126.20
(vi) Other bank balances	13	255.47	2,624.91
(vii) Other financial assets	10	936.82	1,416.41
Income tax assets		-	94.14
Other assets	14	2,355.04	2,450.89
		62,144.36	**52,710.50**
Total assets		**131,778.38**	**115,628.37**
EQUITY AND LIABILITIES			
I. Equity			
Equity share capital	15	931.27	931.27
Other equity	16	53,219.92	51,266.13
Equity attributable to equity holders of the parent		**54,151.19**	**52,197.40**
Non-controlling interests		316.95	319.89
Total equity		**54,468.14**	**52,517.29**
II. LIABILITIES			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	18	22,171.65	18,747.34
(ii) Lease liabilities	43	2,246.84	941.02
(iii) Derivative instruments	19a	2.88	157.19
(iv) Other financial liabilities	19	1.28	2.09
Provisions	20	1,923.06	1,721.83
Deferred tax liabilities (net)	21	2,345.76	1,310.78
Other liabilities	23	3,441.51	556.89
		32,132.98	**23,437.14**
Current liabilities			
Financial liabilities			
(i) Borrowings	18	23,625.88	20,036.25
(ii) Trade payables	22		
Dues to micro enterprises and small enterprises		53.95	30.24
Dues to other than micro enterprises and small enterprises		12,014.41	10,279.07
(iii) Lease liabilities	43	506.01	271.67
(iv) Derivative instruments	19a	1.23	581.60
(v) Other financial liabilities	19	5,431.95	5,572.20
Provisions	20	1,082.84	985.11
Other liabilities	23	1,954.22	1,351.27
Current tax liabilities (net)		506.77	566.53
		45,177.26	**39,673.94**
Total liabilities		**77,310.24**	**63,111.08**
Total equity and liabilities		**131,778.38**	**115,628.37**

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

As per our report of even date

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

per **Huzefa Ginwala**
Partner
Membership Number: 111757

Place: Pune
Date: June 4, 2021

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 4, 2021

Statement of Profit and Loss

for the year ended March 31, 2021

In ₹ Million

	Notes	Year ended March 31, 2021	Year ended March 31, 2020
INCOME			
Revenue from operations	24	63,362.61	80,558.44
Other income	25	1,688.98	1,878.63
Total income [i]		**65,051.59**	**82,437.07**
EXPENSES			
Cost of raw materials and components consumed	26	24,800.94	31,186.55
Purchase of traded goods		1,737.16	4,055.33
Decrease/(Increase) in inventories of finished goods, work-in-progress, traded goods, dies and scrap	27	(196.54)	523.44
Employee benefits expense	28	10,710.60	11,954.57
Depreciation, amortisation and impairment expense	29	6,121.59	5,477.15
Finance costs	30	1,077.29	1,713.29
Other expenses	31	17,693.07	21,691.46
Total expenses [ii]		**61,944.11**	**76,601.79**
Profit before share of (loss) of associates and joint ventures, exceptional items and tax [i - ii]		**3,107.48**	**5,835.28**
Share of (loss) of associates and joint ventures		(304.09)	(427.79)
Income tax (credit)/expense		(4.35)	1.24
Share of (loss) of associates and joint ventures		**(299.74)**	**(429.03)**
Profit before exceptional items and tax		**2,807.74**	**5,406.25**
Exceptional items (loss)	32	(3,062.28)	(789.16)
(LOSS)/PROFIT BEFORE TAX		**(254.54)**	**4,617.09**
INCOME TAX EXPENSE	21		
Current tax		906.56	1,833.61
Deferred tax		108.56	(708.98)
Income tax expense		**1,015.12**	**1,124.63**
(LOSS)/PROFIT FOR THE YEAR		**(1,269.66)**	**3,492.46**
Other comprehensive income			
Other comprehensive income /(loss) to be reclassified to profit and loss in subsequent periods (net of tax)			
- Re-measurement income/(loss) on defined benefit plans	33	9.51	(348.12)
- Net gain/(loss) on FVTOCI equity securities	33	152.75	(0.33)
- Share of other comprehensive income in associates and joint ventures	33	(39.04)	16.96
		123.22	**(331.49)**
Income tax effect		4.54	95.41
(A)		**127.76**	**(236.08)**
Other comprehensive income/(loss) to be reclassified to profit and loss in subsequent periods (net of tax)			
- Net movement on cash flow hedges	33	3,478.22	(2,430.32)
- Foreign Currency Monetary Items Translation Difference Account	33	18.08	5.82
- Foreign Currency Translation reserve	33	474.38	181.20
		3,970.68	**(2,243.30)**
Income tax effect		(875.54)	750.31
(B)		**3,095.14**	**(1,492.99)**
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR (NET OF TAX) [A+B]		**3,222.90**	**(1,729.07)**
Total comprehensive income for the year (net of tax)		**1,953.24**	**1,763.39**

Statement of Profit and Loss

for the year ended March 31, 2021 (Contd.):

In ₹ Million

	Notes	Year ended March 31, 2021	Year ended March 31, 2020
Of the total comprehensive income above,			
Attributable to:			
Equityholders of the parent		1,956.18	1,772.18
Non-controlling interests		(2.94)	(8.79)
Of the total comprehensive income above,			
(Loss)/profit for the year			
Attributable to:			
Equityholders of the parent		(1,263.81)	3,498.32
Non-controlling interests		(5.85)	(5.86)
Of the total comprehensive loss above,			
Other comprehensive income/(loss) for the year			
Attributable to:			
Equityholders of the parent		3,219.99	(1,726.14)
Non-controlling interests		2.91	(2.93)
Earnings per equity share [nominal value per share ₹ 2/- (March 31, 2020: ₹ 2/-)]	34		
Basic (in ₹)		(2.71)	7.51
Diluted (in ₹)		(2.71)	7.51

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

As per our report of even date

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

per **Huzefa Ginwala**
Partner
Membership Number: 111757

Place: Pune
Date: June 4, 2021

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 4, 2021

Statement of changes in equity

as at March 31, 2021

A. EQUITY SHARE CAPITAL:

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

Particulars	No.	In ₹ Million
As at April 1, 2019	465,588,632	931.27
As at March 31, 2020	465,588,632	931.27
As at March 31, 2021	**465,588,632**	**931.27**

B. OTHER EQUITY

In ₹ Million

Particulars	Reserves and Surplus (Refer note 16)				Items of OCI (Refer note 16)				Non Controlling interests	Total
	Security premium	Capital reserves	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)		
Balance as at April 1, 2019	**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 Income / (loss)	-	-	-	(253.37)	181.20	17.32	(1,677.11)	5.82	(2.93)	(1,729.07)
	-	**-**	**-**	**3,244.95**	**181.20**	**17.32**	**(1,677.11)**	**5.82**	**(8.79)**	**1,763.39**
Investment in/acquisition of partly owned subsidiaries	-	-	-	-	-	-	-	-	30.32	30.32
Transaction with owners in their capacity as owners										
- 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)
Balance as at March 31, 2020	**6,930.89**	**15.50**	**3,230.48**	**40,665.93**	**754.50**	**234.36**	**(547.45)**	**(18.08)**	**319.89**	**51,586.02**

Statement of changes in equity

as at March 31, 2021 (Contd.):

B. OTHER EQUITY (Contd.):

In ₹ Million

Particulars	Reserves and Surplus (Refer note 16)				Items of OCI (Refer note 16)				Non Controlling interests	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)		
Balance as at April 1, 2020	**6,930.89**	**15.50**	**3,230.48**	**40,665.93**	**754.50**	**234.36**	**(547.45)**	**(18.08)**	**319.89**	**51,586.02**
- (Loss) for the year (Refer note 31)	-	-	-	(1,261.42)	(2.39)	-	-	-	(5.85)	(1,269.66)
- Other Comprehensive Income	-	-	-	15.30	474.38	112.46	2,599.77	18.08	2.91	3,222.90
Balance as at March 31, 2021	**6,930.89**	**15.50**	**3,230.48**	**39,419.81**	**1,226.49**	**346.82**	**2,052.32**	**-**	**316.95**	**53,539.26**

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

As per our report of even date

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

per **Huzefa Ginwala**
Partner
Membership Number: 111757

Place: Pune
Date: June 4, 2021

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 4, 2021

Cash flow statement

for the year ended March 31, 2021

In ₹ Million

Particulars	March 31, 2021	March 31, 2020
OPERATING ACTIVITIES		
(Loss) / profit after exceptional items & before tax	**(254.54)**	**4,617.09**
Add/(Less): Share of (loss)/profit of associates and joint ventures (net of tax)	**(299.74)**	**(429.03)**
	45.20	**5,046.12**
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation expense	6,121.60	5,477.15
Unrealised foreign exchange loss/(gain)/MTM (net),etc.	(517.03)	1,205.85
Interest income	(275.27)	(172.28)
Liabilities/provision no longer required written back	(138.60)	(171.16)
Provision for doubtful debts and advances written back	-	(6.84)
Provision for doubtful debts and advances (net) including expected credit loss	91.15	96.26
Bad debts/advances written off	0.14	29.83
Finance cost	1,077.29	1,713.29
(Gain) on sale of property, plant and equipment (net)	(3.36)	(4.23)
Dividend income from investment	(1.23)	(2.64)
Net (gain) on sale of financial investments	(589.87)	(380.69)
Net (gain) on fair valuation of financial instruments (FVTPL)	(336.59)	(576.33)
Non-cash exceptional items	2,970.45	769.18
Effects of consolidation	(1,146.25)	(80.55)
Operating profit before working capital changes	**7,297.63**	**12,942.96**
Working capital adjustments		
Decrease/(Increase) in trade receivables	750.80	6,982.04
(Increase)/decrease in inventories	(592.39)	1,099.66
Decrease/(Increase) in other financial assets	523.75	(209.18)
(Increase)/decrease in other assets	294.83	1,242.57
Increase/(decrease) in provisions	42.95	(24.22)
Increase/(decrease) in trade payables	1,916.82	(4,600.41)
Increase/(decrease) in other financial liabilities	52.72	132.13
Increase/(decrease) in other liabilities	847.11	(15.17)
Cash generated from operations	**11,134.22**	**17,550.38**
Income taxes paid (net of refunds)	(934.02)	(2,330.88)
Net cash flow from operating activities (I)	**10,200.20**	**15,219.50**
INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress, capital creditors and capital advances)	(9,142.62)	(9,617.61)
Proceeds from sale of property, plant and equipment and intangible assets	237.13	46.16
Investments in joint venture/associates	(60.00)	(1,049.99)
Acquisition of a subsidiary, net of cash acquired	-	(3.20)
Loan given to joint venture/associates	(78.43)	(335.80)
Proceeds from loan given to joint venture/associates	2.00	-
Loan given to employees/others	(115.64)	(67.66)
Proceeds from loan given to employees/others	130.73	53.86
Investments in financial instruments including fixed deposits	(56,860.68)	(54,147.25)

Cash flow statement

for the year ended March 31, 2021 (Contd.):

In ₹ Million

Particulars	March 31, 2021	March 31, 2020
Proceeds from sale of financial instruments including fixed deposits	50,501.55	53,602.05
Interest received	274.15	194.42
Dividend received	1.23	2.64
Net cash flows (used in) investing activities (II)	**(15,110.58)**	**(11,322.38)**
FINANCING ACTIVITIES		
Dividend paid on equity shares	-	(2,793.54)
Tax on equity dividend paid	-	(541.81)
Interest paid	(759.95)	(1,380.00)
Payment of principal portion of lease liabilities	(440.12)	(297.74)
Proceeds from borrowings including bill discounting	49,295.42	63,025.28
Repayment of borrowings including bill discounting	(42,264.59)	(61,856.74)
Debenture issue expenses	(47.81)	-
Equity infused by minority shareholders	-	30.32
Net cash flows from/(used in) financing activities (III)	**5,782.95**	**(3,814.23)**
Net increase / (decrease) in cash and cash equivalents (I + II + III)	**872.57**	**82.89**
Cash and cash equivalents at the beginning of the year/period*	**3,126.20**	**2,862.11**
Cash and cash equivalents at the end of the year/period*	**3,998.77**	**2,945.00**
Foreign currency translation reserve movement	**474.38**	**181.20**
Cash and cash equivalents at the end of the year/period*	**4,473.15**	**3,126.20**

* Excluding earmarked balances (on unclaimed dividend accounts).

CASH AND CASH EQUIVALENTS FOR THE PURPOSE OF CASH FLOW STATEMENT

In ₹ Million

Particulars	March 31, 2021	March 31, 2020
Bank Balances		
In cash credit and current accounts	4,433.72	2,425.36
Deposits with original maturity of less than three months	37.03	699.00
Cash on hand	2.40	1.84
Total cash and cash equivalents	**4,473.15**	**3,126.20**

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

As per our report of even date

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

per **Huzefa Ginwala**
Partner
Membership Number: 111757

Place: Pune
Date: June 4, 2021

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 4, 2021

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

1. CORPORATE INFORMATION

The consolidated financial statements comprise financial statements of Bharat Forge Limited ("the Holding Company") and its subsidiaries (collectively, the Group) for the year ended March 31, 2021. 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 including aluminum castings for auto and industrial sector and also in manufacturing and assembly of electric vehicle related components. The Group caters to both domestic and international markets. The registered office of the Company is located at Mundhwa, Pune. The Holding Company's CIN is L25209PN1961PLC012046. The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of directors on June 4, 2021.

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 recognized assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiaries as at March 31, 2021 and March 31, 2020, 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 to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.2 Basis of consolidation (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/associates are drawn for the year ended December 31, 2020 and December 31, 2019, whereas the financial statements of the Holding Company are drawn for the year ended March 31, 2021 and March 31, 2020. 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, 2020 and December 31, 2019. The effect of significant transactions and other events that occur between January 1, 2021 and March 31, 2021 and January 1, 2020 to March 31, 2020 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, 2021 and March 31, 2020. The financial statements of Indian subsidiaries/associates/joint controlled entities have been drawn for the year ended March 31, 2021 and March 31, 2020.

Consolidation procedure:

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

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

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

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

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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.2 Basis of consolidation (Contd.):

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

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 recognized 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 to Financial Statements
for the year ended March 31, 2021 (Contd.):

2.3 Summary of significant accounting policies (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 to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.3 Summary of significant accounting policies (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 recognises share of profit/(loss) of associates and joint ventures in the statement of profit and loss and then calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value.

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

C. Current versus non-current classification

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

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

All other assets are classified as non-current.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.3 Summary of significant accounting policies (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.

For the components with non-coterminous periods, current/non-current classification has been considered based on year ending date of the Holding Company.

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).

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

Exchange Differences

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

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

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

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

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

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

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

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

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

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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

E. Fair value measurement

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

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

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

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

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is 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.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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

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

F. Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Holding Company expects to be entitled in exchange for those goods or services. The Holding 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 recognized at the point in time when control of the asset is transferred to the customer, generally on date of bill of lading for export sales and generally on delivery for domestic sales. In case of certain subsidiaries, revenue recognition is based on ex-factory/ex-works incoterms wherein the goods are made available at subsidiary company's factory location to be picked up by the customers. The performance obligation is met at the time of goods being made available for pick up by customers. The normal credit term is 30 to 240 days upon delivery.

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

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

Export incentives

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

Tooling income

Revenue from tooling income is recognized at the point 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 (referred to as production parts approval process or PPAP).

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

Sale of services

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

Interest income

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

Dividends

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

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 2.2-S Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

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

G. Government grants

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

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities. For further details of such loans, refer note 18 (a)(i).

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

H. Taxes

Current income tax

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

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

Deferred tax

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

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

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

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

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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.3 Summary of significant accounting policies (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.

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 capitalized. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for decommissioning are met.

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

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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

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

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

Freehold land is carried at cost

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

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

J. Investment Properties

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

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

Notes to Financial Statements
for the year ended March 31, 2021 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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

K. Intangible Assets

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

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

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

Group amortizes intangible assets on Straight line basis over the useful life of the asset as mentioned below:

Type of Asset	Useful life estimated by management (years)
Software	3 – 5
Development costs	10
Patents	10
Technology license	5
Customer Contracts	2
Technical Know-how	3

Research and development costs

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

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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

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

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

L. Borrowing costs

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

M. Leases

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

Group as a lessee

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

i) Right-of-use assets

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

Type of Asset	Useful life estimated by management (years)
Buildings	2 - 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 to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.3 Summary of significant accounting policies (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 recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

N. Inventories

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

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

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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

Traded goods are valued at lower of Costs are determined on weighted average basis and net realizable value.

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

Scrap is valued at net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

O. Impairment of non-financial assets

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

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

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

Intangible assets under development are tested for impairment annually.

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

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

Notes to Financial Statements
for the year ended March 31, 2021 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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

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

P. Provisions and contingent liabilities

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

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

Q. Post-employment and other employee benefits

Provident fund

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

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

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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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

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

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

Gratuity

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

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

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

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

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

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

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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

Superannuation

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

Privilege leave benefits

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

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

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

Termination benefits

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

Other long-term employee benefits

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

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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

R. Financial instruments

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

Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit and loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement

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

- Debt instruments at amortized cost
- Debt instruments, derivatives and equity instruments at fair value through profit and loss (FVTPL)
- Debt instruments, Equity and derivative instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

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

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

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 DE recognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). 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 derecognized (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

  (a) the Group has transferred substantially all the risks and rewards of the asset, or

  (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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

Impairment of financial assets

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

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

b) Lease receivables under Ind AS 116

c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

d) Financial assets that are measured at FVTOCI

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

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

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

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

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

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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

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

- Financial assets measured as at amortized cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit and loss

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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

Loans and borrowings

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

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

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 recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

Derecognition

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

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

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Re-assessment 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 re-classification of a financial asset out of the fair value through profit and loss.

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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

Offsetting of financial instruments

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

S. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

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

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

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

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

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

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

Fair value hedges

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

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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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

Cash flow hedges

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

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

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

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

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

T. Cash and cash equivalents

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

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

U. Dividend to equity holders of the Group

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

V. Segment reporting

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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

2.3 Summary of significant accounting policies (Contd.):

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

Amendments to IND AS 116: Covid-19 related rent concessions

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.

A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The amendments to AS 116 states that the lessee shall apply Covid-19-Related Rent Concessions retrospectively, recognizing the cumulative effect of initially applying that amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment.

In the reporting period in which a lessee first applies Covid-19-Related Rent Concessions, the lessee is not required to disclose the information required by paragraph 28(f) of Ind AS 8.

The Group has not opted for concessions in rent for any of its leases and accordingly, these amendments had no impact on the consolidated financial statements.

Amendments to Ind AS 1 and Ind AS 8: Definition of material

The amendments provide a new definition of material that states, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of the Group.

Amendments to Ind AS 107 and Ind AS 109: Interest rate benchmark reform

The amendments to Ind AS 109 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. The amendments to Ind AS 107 prescribe the disclosures which entities are required to make for hedging relationships to which the reliefs as per the amendments in Ind AS 109 are applied. These amendments are not expected to have a significant impact on the Group's consolidated financial statements.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

3. PROPERTY, PLANT AND EQUIPMENT

In ₹ Million

Particulars	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)
Cost								
As at April 1, 2019	767.58	150.40	7,675.99	39,794.13	382.84	0.02	130.39	48,901.35
Reclassified on account of adoption of IND AS 116	-	(150.71)	-	-	(382.84)	-	-	(533.55)
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)
As at March 31, 2020	**773.98**	**-**	**9,575.18**	**44,191.51**	**-**	**0.02**	**149.10**	**54,689.79**
Foreign Currency Translation Reserve	40.36	-	410.54	1,472.41	-	-	(1.06)	1,922.25
Additions	-	-	1,303.49	8,712.75	-	-	31.81	10,048.05
Disposals	-	-	(4.33)	(1,795.84)	-	-	(0.31)	(1,800.48)
Other adjustments								
- Borrowing cost (Refer note c)	-	-	1.24	203.14	-	-	-	204.38
- Exchange differences	-	-	(4.00)	(7.05)	-	-	-	(11.05)
As at March 31, 2021	**814.34**	**-**	**11,282.12**	**52,776.92**	**-**	**0.02**	**179.54**	**65,052.94**
Depreciation and impairment								
As at April 1, 2019	-	4.27	1,278.06	15,015.97	268.45	-	47.47	16,614.22
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
Impairment (Refer note 29)	-	-	-	-	-	-	-	-
Disposals	-	-	-	(173.98)	-	-	(0.03)	(174.01)
Other adjustments								-
- Others (Refer note e)	-	-	3.99	(8.27)	-	-	(1.44)	(5.72)
As at March 31, 2020	**-**	**-**	**1,640.44**	**18,900.02**	**-**	**-**	**68.97**	**20,609.43**
Foreign Currency Translation Reserve	-	-	110.81	788.82	-	-	(0.48)	899.15
Charge for the year	-	-	431.40	4,399.60	-	-	24.94	4,855.94
Disposals	-	-	(1.08)	(1,601.75)	-	-	(0.24)	(1,603.07)
As at March 31, 2021	**-**	**-**	**2,181.57**	**22,486.69**	**-**	**-**	**93.19**	**24,761.45**
Net block								
As at March 31, 2020	**773.98**	**-**	**7,934.74**	**25,291.49**	**-**	**0.02**	**80.13**	**34,080.36**
As at March 31, 2021	**814.34**	**-**	**9,100.55**	**30,290.23**	**-**	**0.02**	**86.35**	**40,291.49**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

3. PROPERTY, PLANT AND EQUIPMENT (Contd.):

In ₹ Million

Particulars	Electrical installations	Factory equipments	Furniture and fixtures	Vehicles and aircraft	Power line	Sub Total (B)	Grand Total (A+B)	Capital work-in-progress
Cost								
As at April 1, 2019	180.51	2,472.51	189.47	2,597.72	6.17	5,446.38	54,347.73	8,306.79
Reclassified on account of adoption of IND AS 116	-	-	-	-	-	-	(533.55)	-
Foreign Currency Translation Reserve	-	8.54	-	1.42	-	9.96	130.94	23.13
Additions	-	667.70	90.12	536.65	-	1,294.47	7,541.90	10,366.02
Additions on acquisition of subsidiary	0.40	-	0.23	-	-	0.63	8.58	-
Disposals	-	(59.60)	(0.24)	(49.08)	-	(108.92)	(329.37)	-
Transferred to asset block	-	-	-	-	-	-	-	(7,541.90)
Other adjustments								
- Borrowing cost (Refer note c)	-	0.07	-	-	-	0.07	63.44	242.34
- Exchange differences	-	1.87	-	-	-	1.87	132.21	42.60
- Others (Refer note e)	-	-	(0.53)	2.72	-	2.19	(25.44)	-
As at March 31, 2020	**180.91**	**3,091.09**	**279.05**	**3,089.43**	**6.17**	**6,646.65**	**61,336.44**	**11,438.98**
Foreign Currency Translation Reserve	-	293.92	-	0.62	-	294.54	2,216.79	269.28
Additions	77.15	325.97	32.93	26.00	10.00	472.05	10,520.10	7,666.56
Disposals	-	(48.63)	(0.61)	(7.30)	-	(56.54)	(1,857.02)	-
Transferred to asset block	-	-	-	-	-	-	-	(10,520.10)
Other adjustments								
- Borrowing cost (Refer note c)	-	0.98	-	-	-	0.98	205.36	135.28
- Exchange differences	-	(0.46)	-	-	-	(0.46)	(11.51)	23.37
- Others (Refer note e)	-		-	-	-	-	-	-
As at March 31, 2021	**258.06**	**3,662.87**	**311.37**	**3,108.75**	**16.17**	**7,357.22**	**72,410.16**	**9,013.37**
Depreciation and impairment								
As at April 1, 2019	110.25	1,189.44	55.92	762.69	6.17	2,124.47	18,738.69	-
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	-
Impairment (refer note 29)	-	-	-	-	-	-	-	12.23
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)	-
As at March 31, 2020	**129.78**	**1,478.13**	**76.93**	**978.64**	**6.17**	**2,669.65**	**23,279.08**	**12.23**
Foreign Currency Translation Reserve	-	169.71	-	0.47	-	170.18	1,069.33	-
Charge for the year	19.90	407.96	29.71	269.81	0.47	727.85	5,583.79	-
Disposals	-	(48.38)	(0.36)	(7.05)	-	(55.79)	(1,658.86)	-
As at March 31, 2021	**149.68**	**2,007.42**	**106.28**	**1,241.87**	**6.64**	**3,511.89**	**28,273.34**	**12.23**
Net block								
As at March 31, 2020	**51.13**	**1,612.96**	**202.12**	**2,110.79**	**-**	**3,977.00**	**38,057.36**	**11,426.75**
As at March 31, 2021	**108.38**	**1,655.45**	**205.09**	**1,866.88**	**9.53**	**3,845.33**	**44,136.82**	**9,001.14**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

3. PROPERTY, PLANT AND EQUIPMENT (Contd.)

(a) Buildings include cost of hangar jointly owned with other companies ₹ 0.12 million (March 31, 2020: ₹ 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, 2021 was ₹ 125.79 million (March 31, 2020: ₹ 282.54 million).

(d) Assets include assets lying with third parties amounting to ₹ 115.75 million (March 31, 2020: ₹ 275.83 million).

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

4. INVESTMENT PROPERTY

In ₹ Million

Particulars	Total
Cost	
As at April 1, 2019	**2.89**
Additions	-
Disposals	-
As at March 31, 2020	**2.89**
Additions	-
Disposals	-
As at March 31, 2021	**2.89**
Depreciation and impairment	
As at April 1, 2019	-
Depreciation for the year	-
As at March 31, 2020	-
Depreciation for the year	-
As at March 31, 2021	-
Net block	
As at March 31, 2020	**2.89**
As at March 31, 2021	**2.89**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

4. INVESTMENT PROPERTY (Contd.):

Information regarding income and expenditure of investment property

In ₹ Million

Particulars	March 31, 2021	March 31, 2020
Rental income derived from investment properties (included in Rent in note 25)	2.95	2.95
Direct operating expenses (including repairs and maintenance) generating rental income	-	-
Direct operating expenses (including repairs and maintenance) that did not generate rental income (included in Rates and taxes in note 31)	1.03	1.07
Profit arising from investment properties before depreciation and indirect expenses	**1.92**	**1.88**
Less : Depreciation	-	-
Profit arising from investment properties before indirect expenses	**1.92**	**1.88**

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

As at March 31, 2021 and March 31, 2020, the fair values of the properties are ₹ 2,432.95 million, ₹ 2,426.11 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 Group has not executed lease deed with related party for one of the said land.

Reconciliation of fair value

In ₹ Million

Particulars	Investment properties Free hold land
Opening balance as at April 1, 2019	**2,445.00**
Fair value difference	(18.89)
Purchases	-
Opening balance as at March 31, 2020	**2,426.11**
Fair value difference	6.84
Purchases	-
Closing balance as at March 31, 2021	**2,432.95**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

5. INTANGIBLE ASSETS AND GOODWILL

In ₹ Million

Particulars	Goodwill	Computer and Software	Customer contracts	Technical know-how	Development cost	Patents	Technology License	Total
Cost								
As at April 1, 2019	472.53	396.41	-	-	140.94	2.64	157.53	**1,170.05**
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**
As at March 31, 2020	**525.04**	**464.04**	**7.84**	**8.65**	**141.12**	**2.64**	**193.73**	**1,343.06**
Foreign Currency Translation Reserve	58.69	15.99	-	-	17.51	0.37	-	**92.56**
Additions	-	46.11	-	-	-	-	-	**46.11**
Disposals	-	(0.02)	-	-	-	-	-	**(0.02)**
As at March 31, 2021	**583.73**	**526.12**	**7.84**	**8.65**	**158.63**	**3.01**	**193.73**	**1,481.71**
Amortisation/Impairment								
As at April 1, 2019	123.66	247.64	-	-	140.94	2.14	21.59	**535.97**
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**
As at March 31, 2020	**155.33**	**357.59**	**2.69**	**1.63**	**141.12**	**2.26**	**60.00**	**720.62**
Foreign Currency Translation Reserve	20.58	13.01	-	-	17.51	0.33	-	**51.43**
Charge for the year	-	79.20	5.15	3.12	-	0.12	38.75	**126.34**
Impairment	84.49	-	-	-	-	-	-	**84.49**
Disposals	-	-	-	-	-	-	-	**-**
As at March 31, 2021	**260.40**	**449.80**	**7.84**	**4.75**	**158.63**	**2.71**	**98.75**	**982.88**
Net Block								
As at March 31, 2020	**369.71**	**106.45**	**5.15**	**7.02**	**-**	**0.38**	**133.73**	**622.44**
As at March 31, 2021	**323.33**	**76.32**	**-**	**3.90**	**-**	**0.30**	**94.98**	**498.83**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

5. INTANGIBLE ASSETS AND GOODWILL (Contd.):

(a) (i) During the previous year, the group acquired one of the divisions of KPIT Technologies Limited which was engaged in design and development of defense related products. Accordingly, as part of the overall business combination, the group recognised the goodwill amounting to ₹ 51.90 million based on the valuation reports obtained as part of purchase price allocation. The carrying amount of goodwill as at March 31, 2021 is ₹ 51.90 million (March 31, 2020 : ₹ 51.90 million) net of impairment.

(a) (ii) 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, 2021 is ₹ 271 .43 million (March 31, 2020 : ₹ 317.81 million) net of impairment.

(b) Other adjustments are related to reclassification within block of assets

Impairment of Goodwill:

1. KPIT Technologies Limited

The Group performed its annual impairment test for year ended March 31, 2021 . The Group considers the discounted cash flows, among other factors, when reviewing for indicators of impairment.The calculations use pre-tax cash flow projections based on financial budgets/forecasts approved by the management.

Key assumptions used for value in use calculations

Weighted Average Cost of Capital % (WACC) before tax (discount rate) : 24.52%

Terminal growth rate : 5.00%

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

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

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

2. Mécanique Générale Langroise (MGL)

The Group performed its annual impairment test for year ended December 31, 2020 and December 31, 2019 in May 2021 and May 2020, respectively. The Group considers the discounted cash flows, among other factors, when reviewing for indicators of impairment. Considering the continuing impact of COVID 19, management has performed additional stress test to test the recoverable amount of the goodwill, indicating a potential impairment of goodwill, the management has provided for additional impairment of ₹ 84.49 million for the year ended March 31, 2021 (March 31, 2020: ₹ 31.54 million).

Key assumptions used for value in use calculations

Weighted Average Cost of Capital % (WACC) before tax (discount rate) : 11.1% (March 31, 2020 : 11.3%)

Terminal growth rate : 1.43% (March 31, 2020 : 1.5%)

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

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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

6. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
At cost		
Unquoted equity instruments (fully paid)		
- Investment in associates		
Talbahn GmbH (note 6 (a))	0.30	0.30
Less: Provision for diminution	(0.30)	(0.30)
49,000 (March 31, 2020: 49,000) equity shares of ₹ 10/- each fully paid up in Ferrovia Transrail Solutions Private Limited (Refer note 39)	-	-
3,500 (March 31, 2020: 3,500) equity shares of ₹ 10/- each fully paid up in Hospet Bellary Highways Private Limited (Refer note 6(a)(f))	-	0.05
14,208 (March 31, 2020: 14,208) equity shares of ₹ 10/- each fully paid up in Tork Motors Private Limited (Refer note 6 (b) and note 39)	199.25	232.33
794,217 (March 31, 2020 : 794,217) ordinary shares of £ 0.00001 each in Tevva Motors (Jersey) Limited	478.80	478.80
[GBP 10,094,948 (March 31, 2020 : GBP 10,094,948)] (Refer note 6 (c)) and note 39)		
Add: Conversion of Loan note of GBP 3.50 million along with Interest accrued	134.91	-
Less : Provision for impairment in value of investments (refer note 32(d))	(475.87)	(475.87)
	137.84	2.93
136,500 (March 31, 2020: 78,000) equity shares of ₹ 10/- each fully paid up in Aeron Systems Private Limited (Refer note 6 (d) and note 39)	119.46	70.87
- Investments in joint ventures		
7,128,219 (March 31, 2020: 7,128,219) equity shares of ₹ 10/- each fully paid up in BF NTPC Energy Systems Ltd. (BFNTPCESL) (Refer note 6(a)(g))	-	-
100,000 (March 31, 2020: 100,000) equity shares of ₹ 10/- each fully paid up in BF Premier Energy Systems Pvt. Ltd. (BFPESPL) (Refer note 38)	-	-
12,500 (March 31, 2020 : 12,500) ordinary shares of Eur 1.00 each in Refu Drive GmbH	852.17	912.88
[Euro 11,350,000 (March 31, 2020 : Euro 11,350,000)] (Refer note 6 (e) and note 38)		
Total	**1,308.72**	**1,219.06**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

6. INVESTMENT IN ASSOCIATES AND JOINT VENTURES (Contd.):

a. Not included in the consolidation based on materiality

b. During the previous year, the Group had made further investment in Tork Motors Private Limited of ₹ 39.99 million by acquiring 1,895 equity shares of ₹ 10/- each.

c. During the year, the Group has further extended the tenure of the convertible loan note amounting to GBP 3.50 million to December 31, 2021. The management intends to convert the said loan into equity at GBP 13.38 per share. On the revised due date, the outstanding loan amount including interest accrued thereon till the date of conversion will be converted into equivalent equity shares of Tevva Motors (Jersey) Limited as per the terms of agreement. Accordingly, such loan and interest accrued thereon till March 31, 2021 have been disclosed as investment in associates.

d. During the current year, the Group has made further investement in Aeron Systems Private Limited of ₹ 60.00 million (March 31, 2020: ₹ 80.00 million) by acquiring 58,500 (March 31, 2020: 78,000) equity shares of ₹ 10/- each.

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

f. During the current year, the associate has been dissolved on January 12, 2021.

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

7. INVESTMENTS

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current investment		
(a) Investments designated at fair value through OCI (FVTOCI) (Refer note 7 (a))		
- **Equity instruments (unquoted)**		
- **Investments in others (Group holds 5% or more of the share capital) fully paid**		
38,384,202 (March 31, 2020: 38,384,202) equity shares of ₹ 10/- each fully paid up in Khed Economic Infrastructure Private Limited	589.58	641.78
- **Investments in others (Group holds 5% or more of the share capital) fully paid**		
14,245,000 (March 31, 2020 : 1,089) equity shares of ₹ 10/- each fully paid in Avaada SataraMH Private Limited [Refer note 7(e)]	142.45	0.01
carried forward	732.03	641.79

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

7. INVESTMENTS (Contd.):

In ₹ Million

Particulars		As at March 31, 2021	As at March 31, 2020
	brought forward	732.03	641.79
- Equity instruments (quoted)			
Investment in others			
613,000 (March 31, 2020: 613,000) equity shares of ₹ 10/- each fully paid up in KPIT Technologies Limited		108.84	21.61
613,000 (March 31, 2020: 613,000) equity shares of ₹ 2/- each fully paid up in Birlasoft Limited		155.12	37.39
Total FVTOCI Investments	**(a)**	**995.99**	**700.79**
(b) Investments at fair value through profit or loss (FVTPL)			
Equity instruments (unquoted)			
Investments in others (Group holds 5% or more of the share capital)			
504,432 (March 31, 2020: 504,432) equity shares of ₹ 10/- each fully paid up in Gupta Energy Private Limited (Refer note 7(b))		-	-
Bonds (quoted)			
Nil (March 31, 2020 : 250) Secured redeemable non-convertible debentures of ₹ 1,000,000/- each in Series 237 (Option I) issued by Bajaj Finance Limited		-	318.87
Investments in private equity fund (unquoted funds)			
1,776,969.68 (March 31, 2020 : 1,179,546.87) Units of ₹ 100/- each of Paragon Partners Growth Fund - I		242.20	211.46
Investments in mutual funds (quoted funds) (Refer standalone financial statements note 7 for details)		812.15	1,044.83
Investments in mutual funds (unquoted funds) (Refer standalone financial statements note 7 for details)		1,936.74	2,024.37
Total FVTPL Investments	**(b)**	**2,991.09**	**3,599.53**
Total (a) + (b)		**3,987.08**	**4,300.32**
Current investments			
Investments at fair value through profit or loss (fully paid)			
Investments in mutual funds (quoted funds) (Refer standalone financial statements note 7 for details and refer note 7(f))		4,262.81	569.98
Investments in mutual funds (unquoted funds) (Refer standalone financial statements note 7 for details)		16,508.98	10,090.85
Total		**20,771.79**	**10,660.83**
Aggregate book value of quoted investments		**4,600.44**	**1,709.53**
Aggregate market value of quoted investments		**5,338.92**	**1,992.68**
Aggregate value of unquoted investments		**19,419.95**	**12,968.47**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

7. INVESTMENTS (Contd.):

(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) **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.

(c) 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.

(d) 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.

(e) During the current year, the Holding Company has made further investment in Avaada SataraMH Private Limited (ASPL) of ₹ 142.44 million (March 31, 2020: ₹ 0.01 million) by acquiring 14,243,911 (March 31, 2020: 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 Holding Company under open access for solar plant of ASPL.

(f) Includes investment in 9,172.597 (March 31, 2020: 9,172,597) Units of HDFC Liquid Fund - Direct Plan - Growth Option amounting to ₹ 37.11 million (March 31,2020 : ₹ 35.83 million) with respect to one of the subsidiaries.

8. LOANS

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current (Unsecured, considered good unless stated otherwise)		
Other loans		
Loan to employees	41.05	49.17
Loan to related parties (Refer note 6(c), 45, 47)	211.72	456.47
Total	**252.77**	**505.64**
Current (Unsecured, considered good)		
Loan to Others		
Loan to employees	20.38	27.36
Loan to related parties (Refer note 6(c), 45, 47)	8.00	24.31
Total	**28.38**	**51.67**

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 parties.

During the year, the Group has provided loan to Tork Motors Private Limited amounting to ₹ 40 million. For details refer note 45, 47.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

9. DERIVATIVE INSTRUMENTS

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Cash flow hedges (FVTOCI)		
Foreign exchange forward contracts	1,501.46	-
Fair value hedges (FVTPL)		
Cross currency swap	-	145.50
Total	**1,501.46**	**145.50**
Current		
Cash flow hedges (FVTOCI)		
Foreign exchange forward contracts	1,288.58	-
Total	**1,288.58**	**-**

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).

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

10. OTHER FINANCIAL ASSETS

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Non current		
Government grants*	735.41	907.46
Security deposits	356.12	366.18
Deposits with original maturity for more than twelve months**	55.87	0.03
Interest accrued on loan to associate	-	18.80
Total	**1,147.40**	**1,292.47**
Current		
Government grants*	884.11	1,267.98
Energy credit receivable - windmills	8.37	8.28
Interest accrued on fixed deposits and others	35.14	70.48
Security deposits	2.24	5.57
Receivable for sale of property, plant and equipment	-	34.78
Other receivables***	6.96	29.32
Total	**936.82**	**1,416.41**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

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, Energy Tax refund, compensation for short time work (Kurzarbeit) and subsidy for capital expansion with respect to some of the subsidiaries. There are no unfulfilled conditions or other contingencies attached to the these Government grants.

** ₹ Nil (March 31, 2020: ₹ 0.03 million) pledged with the sales tax department and ₹ 49.71 million (March 31, 2020: Nil) under bank lien for bank guarantees issued.

*** Other receivables includes sundry balances receivables.

11. INVENTORIES

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Raw materials and components [includes items lying with third parties and items in transit]	3,111.38	2,837.06
Work-in-progress [includes items lying with third parties]	5,947.02	5,915.72
Finished goods [includes items lying with third parties and items in transit]	5,940.34	6,064.73
Stock of traded goods [includes items lying with third parties and items in transit]	526.67	405.72
Stores, spares and loose tools	1,945.16	1,823.64
Dies and dies under fabrication	438.45	241.58
Scrap	30.36	58.55
Total	**17,939.38**	**17,347.00**

During the year ended March 31, 2021 ₹ 76.26 million (March 31, 2020: ₹ 118.93 million) was recognised as an expense for inventories carried at net realisable value.

12. TRADE RECEIVABLES

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Non current		
Unsecured		
Considered good	101.36	-
Significant increase in credit risk	3.68	-
Total	**105.04**	**-**
Less :		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Significant increase in credit risk	3.68	-
	3.68	**-**
	101.36	**-**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

12. TRADE RECEIVABLES (Contd.):

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
Secured		
Considered good	82.44	50.55
	82.44	**50.55**
Unsecured		
Considered good (including related parties receivable)	14,198.82	15,056.26
Significant increase in credit risk	-	-
Credit impaired	121.32	122.74
	14,320.14	**15,179.00**
Less:		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Credit impaired	(121.32)	(122.74)
Unsecured (considered good)	(185.51)	(168.36)
	(306.83)	**(291.10)**
Total	**14,095.75**	**14,938.45**

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

Particulars	As at March 31, 2021	As at March 31, 2020
Transferred receivables	2,633.36	1,903.86
Associated borrowing (bank loans - Refer note 18)	2,634.73	1,905.15

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

13. CASH AND BANK BALANCES

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalent		
Balances with banks:		
In cash credit and current accounts	4,433.72	2,425.36
Deposits with original maturity of less than three months	37.03	699.00
Cash on hand	2.40	1.84
Total	**4,473.15**	**3,126.20**
Other bank balances		
Earmarked balances (on unclaimed dividend accounts)	39.17	49.24
Deposits with original maturity of less than twelve months*	216.30	2,575.67
Total	**255.47**	**2,624.91**

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 ₹ 32.84 million (March 31, 2020: ₹ 169.05 million) under bank lien for bank guarantees issued.

14. OTHER ASSETS

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current (Unsecured, considered good)		
Capital advances	1,711.09	863.34
Balances with government authorities	310.34	429.77
Advances to suppliers#	1,350.00	1,397.43
Others*	25.67	38.57
Total	**3,397.10**	**2,729.11**
Current (Unsecured, considered good)		
Balances with government authorities	1,325.36	1,146.24
Advance to suppliers	534.08	867.77
Others*	495.60	436.88
Total	**2,355.04**	**2,450.89**

* Includes prepaid expenses, sundry debit balances etc.

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

for the year ended March 31, 2021 (Contd.):

14. OTHER ASSETS (Contd.):

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Break up of financial assets carried at amortised cost		
Loans [Refer note 8]	281.15	557.31
Other financial assets [Refer note 10]	2,084.22	2,708.88
Trade receivables [Refer note 12]	14,200.79	14,938.45
Cash and cash equivalents [Refer note 13]	4,473.15	3,126.20
Other bank balances [Refer note 13]	255.47	2,624.91
Total	**21,294.78**	**23,955.75**

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Break up of financial assets carried at fair value through OCI		
Investments [Refer note 7]	995.99	700.79
Derivative instruments [Refer note 9]	2,790.04	-
Total	**3,786.03**	**700.79**

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Break up of financial assets carried at fair value through profit and loss		
Investments [Refer note 7]	23,762.88	14,260.36
Derivative instruments [Refer note 9]	-	145.50
Total	**23,762.88**	**14,405.86**

15. EQUITY SHARE CAPITAL

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Authorized shares (No.)		
975,000,000 (March 31, 2020: 975,000,000) equity shares of ₹ 2/- each	1,950.00	1,950.00
43,000,000 (March 31, 2020: 43,000,000) cumulative non convertible preference shares of ₹ 10/- each	430.00	430.00
2,000,000 (March 31, 2020: 2,000,000) unclassified shares of ₹ 10/- each	20.00	20.00
Issued (No.)		
465,768,492 (March 31, 2020: 465,768,492) equity shares of ₹ 2/- each	931.54	931.54

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

15. EQUITY SHARE CAPITAL (Contd.):

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Subscribed and fully paid-up (No.)		
465,588,632 (March 31, 2020: 465,588,632) equity shares of ₹ 2/- each	931.18	931.18
Add:		
172,840 (March 31, 2020: 172,840) forfeited equity shares comprising of 15,010 equity shares	0.09	0.09
(March 31, 2020: 15,010) of ₹ 2/- each (amount partly paid ₹ 1/- each) and 157,830 equity shares		
(March 31, 2020: 157,830) of ₹ 2/- each (amount partly paid ₹ 0.50 each)		
Total issued, subscribed and fully paid-up share capital	**931.27**	**931.27**

(a) Terms / rights attached to equity shares

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

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

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

Equity shares	As at March 31, 2021		As at March 31, 2020	
	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 to Financial Statements

for the year ended March 31, 2021 (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

Particulars	As at March 31, 2021 No.	As at March 31, 2020 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, 2021		As at March 31, 2020	
	No	% of Holding	No	% of Holding
Equity Shares of Rs. 2/- each fully paid				
Kalyani Investment Company Limited	63,312,190	13.60	63,312,190	13.60
Sundaram Trading and Investment Private Limited	55,240,174	11.87	55,240,174	11.87
KSL Holding Private Limited	46,285,740	9.94	46,285,740	9.94

* 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

Particulars	As at March 31, 2021	As at March 31, 2020
4,680 (March 31, 2020: 4,680) equity shares of ₹ 2/- each out of the previous issue of equity shares on a right basis together with 234 (March 31, 2020: 234) detachable warrants entitled to subscription of 2,340 (March 31, 2020: 2,340) equity shares of ₹ 2/- each, have been kept in abeyance and reserve for issue pending adjudication of title to the pre-right holding.	7,020	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, 2020: 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 to Financial Statements

for the year ended March 31, 2021 (Contd.):

16. OTHER EQUITY

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Capital reserves		
Special capital incentive [Refer note 16(a)]		
Balance as per the last financial statements	2.50	2.50
Closing balance	**2.50**	**2.50**
Warrants subscription money [Refer note 16(b)]		
Balance as per the last financial statements	13.00	13.00
Closing balance	**13.00**	**13.00**
Closing balance	**15.50**	**15.50**
Securities premium [Refer note 16(c)]		
Balance as per the last financial statements	6,930.89	6,930.89
Closing balance	**6,930.89**	**6,930.89**
Foreign Currency Monetary Item Translation Difference Account (FCMITDA) [Refer note 2.3 (d)]		
Balance as per the last financial statements	(18.08)	(23.90)
Add: Arising during the year (loss)	8.43	(36.27)
Less: Adjusted during the year	(9.65)	(42.09)
Closing balance	**-**	**(18.08)**
Hedge reserve [Refer note 2.3 (s)]		
Balance as per the last financial statements	(547.45)	1,129.66
Add: Arising during the year	2,207.11	(1,194.52)
Less: Adjusted during the year	(392.66)	482.59
Closing balance	**2,052.32**	**(547.45)**
General reserve		
Balance as per the last financial statements	3,230.48	3,230.48
Add: Amount transferred from surplus balance in the statement of profit and loss	-	-
Closing balance	**3,230.48**	**3,230.48**
Foreign currency translation reserve (FCTR) [Refer note 2.3 (d)]		
Balance as per the last financial statements	754.50	573.30
Add: Arising during the year	474.38	181.20
Less: Adjusted during the year	2.39	-
Closing balance	**1,226.49**	**754.50**
Surplus in the statement of profit and loss		
Balance as per the last financial statements	**40,900.29**	**40,973.36**
Add:		
- Net profit for the year	(1,263.81)	3,498.32
- Items of other comprehensive income :		
(1) Re-measurement of defined benefit obligations	15.30	(253.37)
(2) Equity Instruments through other comprehensive income	112.46	17.32
	(1,136.05)	**3,262.27**
carried forward	39,764.24	44,235.63

Notes to Financial Statements
for the year ended March 31, 2021 (Contd.):

16. OTHER EQUITY (Contd.):

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
brought forward	39,764.24	44,235.63
Less:		
- Final equity dividend of previous year	-	1,163.97
- Tax on final equity dividend of previous year	-	224.60
- Interim equity dividend	-	1,629.56
- Tax on interim equity dividend	-	317.21
	-	**3,335.34**
Closing balance	**39,764.24**	**40,900.29**
Total	**53,219.92**	**51,266.13**

(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.

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Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

17. DISTRIBUTION MADE AND PROPOSED TO BE MADE

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Cash dividends on equity shares declared and paid :		
Final dividend		
For the year ended on March 31, 2020 : nil (March 31, 2019 : ₹ 2.50 per share)	-	1,163.97
DDT on final dividend*	-	224.60
Interim dividend		
For the year ended on March 31, 2021: nil (March 31, 2020: ₹ 3.50 per share)	-	1,629.56
DDT on interim dividend*	-	317.21
Proposed dividend on equity shares		
Final cash dividend		
For the year ended on March 31, 2021: ₹ 2/- per share (March 31, 2020 : nil)	**931.18**	-

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.

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Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

18. BORROWINGS

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current borrowings		
- Term loans from banks		
Foreign currency term loans (other than Rupee loans) (secured)		
On bilateral basis [Refer note18 a]	4,532.16	3,021.24
Foreign currency term loans (other than Rupee loans) (unsecured)		
On syndication basis [Refer note18 a]	1,535.41	2,272.80
On bilateral basis [Refer note18 a]	11,135.39	13,446.60
Rupee term loans (secured)		
On bilateral basis [Refer note18 (b)]	3.22	-
- 5.97% Rated unsecured non-convertible debentures [Refer note 18 (c)]	4,958.77	-
- Other loans (secured)		
GITA R&D project loan (Refer note 18 (d))	6.70	6.70
Total	**22,171.65**	**18,747.34**
Current borrowings		
- Current maturity of term loans from banks		
Foreign currency term loans (other than Rupee loans) (secured)		
On bilateral basis [Refer note18 a]	1,017.52	1,934.91
Foreign currency term loans (other than Rupee loans) (unsecured)		
On syndication basis [Refer note18 a]	658.05	1,515.20
On bilateral basis [Refer note18 a]	2,480.07	1,247.12
Rupee term loans (secured)		
On bilateral basis [Refer note18 (b)]	0.57	-
- From banks		
- Foreign currency loans		
Preshipment packing credit (secured) [Refer note18 e(i)]	3,184.64	3,075.11
Preshipment packing credit (unsecured) [Refer note18 e(i)]	1,798.20	345.78
Bill discounting with banks (secured) [Refer note18 e(ii)]	10,165.45	8,691.13
Bill discounting with banks (unsecured) [Refer note18 e(ii)]	-	1,281.55
Overdraft facilities (secured) [Refer note18 e(iii)]	8,038.57	5,938.20
- Rupee loans		
Cash credit (secured) [Refer note18 e(iv)]	10.05	0.99
Bill discounting with banks (secured) [Refer note18 e(ii)]	305.08	645.05
Bill discounting with banks (unsecured) [Refer note18 e(ii)]	106.83	44.89
Loans from companies and directors (unsecured) [Refer note18 e(vi)]	17.06	13.55
Total	**27,782.09**	**24,733.48**
Less: Amount clubbed in other current financial liabilities (Refer note 19)	**4,156.21**	**4,697.23**
Net current borrowings	**23,625.88**	**20,036.25**
Total secured loans	27,263.96	23,313.33
Total unsecured loans	22,689.78	20,167.49
Total	**49,953.74**	**43,480.82**

Notes to Financial Statements
for the year ended March 31, 2021 (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
Balance as on April 1, 2019	**23,438.59**	**16,681.24**	**69.31**	**103.92**
Net cash flows	(4,492.36)	5,458.52	-	-
Foreign exchange management	1,077.15	1,331.55	-	-
Reclassified from non-current to current	4,702.42	(4,702.42)	-	-
Others	7.92	(21.55)	-	-
Transferred to lease liabilities	-	-	(69.31)	(103.92)
Balance as on March 31, 2020	**24,733.72**	**18,747.34**	**-**	**-**
Net cash flows	(1,821.29)	7,284.31	-	-
Foreign exchange movement	728.06	339.12	-	-
Reclassified from non-current to current	4,178.50	(4,178.50)	-	-
Others	(1.97)	(12.24)	-	-
Balance as on March 31, 2021	**27,817.02**	**22,180.03**	**-**	**-**

(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, alongwith interest ranging from LIBOR + 65 bps to LIBOR + 225 bps and from EURIBOR + 60 bps to EURIBOR + 500 bps.

Repayment Schedule	Outstanding amount			
	As at March 31, 2021		As at March 31, 2020	
	USD in Million	In ₹ Million	USD in Million	In ₹ Million
From				
- March, 2019 (yearly installment over 3 years)	-	-	20.00	1,515.50
- August, 2021 (Yearly installment over 3 years)	30.00	2,193.45	30.00	2,272.80
- October, 2021 (Yearly installment over 3 years)	50.00	3,655.75	50.00	3,788.00
- December, 2022 (18 months installment over 4.5 years)	40.00	2,924.60	40.00	3,030.40
- November, 2018 (Monthly installment for 32 months)	-	-	1.80	135.69
- August, 2019 (Quarterly installment for 8 quarters)	0.63	45.94	3.12	235.20
- November, 2019 (Yearly installment over 3 years)	1.35	98.38	2.67	201.28
- April, 2021 (Yearly installment over 3 years)*	1.63	118.90	-	-

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

18. BORROWINGS (Contd.):

	Outstanding amount			
	As at March 31, 2021		As at March 31, 2020	
Repayment Schedule	EUR in Million	In ₹ Million	EUR in Million	In ₹ Million
From				
- August, 2020 (Yearly installment over 3 years)	14.00	1,200.92	20.00	1,646.40
- May, 2022 (Yearly installment over 3 years)	40.00	3,431.20	40.00	3,292.80
- February, 2020 (Yearly installment over 5 years)	26.00	2,230.28	34.00	2,798.88
- December, 2019 (Half yearly installment for 10 half years)	-	-	5.40	431.37
- December, 2019 (Half yearly installment for 10 half years)	-	-	9.00	718.98
- June 21, (Half yearly installment for 8 half years)	9.00	808.14	-	-
- January 23, (Monthly installment for 16 months)	9.90	888.95	-	-
- December, 2014 (Quarterly installment for 28 quarters)	1.08	96.71	1.38	110.24
- September, 2014 (Monthly installment for 60 months)	0.16	14.26	0.50	39.94
- April, 2014 (Monthly installment for 60 months)	0.41	36.60	0.73	58.31
- February, 2016 (Monthly installment for 60 months)	0.19	17.30	0.36	28.76
- September, 2019 (Quarterly installment for 19 quarters)	9.75	875.48	12.75	1,018.51
- March, 2020 (Quarterly installment for 19 quarters)	2.37	212.79	3.00	239.65
- April, 2021 (Quarterly installment for 32 quarters)	28.00	2,514.21	24.70	1,973.11
- December, 2012 (Monthly installment for 72 months)	-	-	0.01	0.80
- August, 2013 (Monthly installment for 84 months)	-	0.23	0.04	3.20
- July, 2014 (Monthly installment for 84 months)	0.03	2.80	0.07	5.43
- September, 2015 (Monthly installment for 50 months)	-	-	-	0.24
- May, 2014 (Monthly installment for 84 months)	-	-	0.01	0.52
- June, 2021 (Single installment)	0.07	6.29	-	-
- July, 2021 (Single installment)	0.08	7.18	-	-
- August, 2021 (Single installment)	0.10	8.98	-	-
- December, 2021 (Single installment)	0.45	40.41	-	-

* Subsidiaries in USA received loan proceeds amounting to USD 1.63 million under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts upto 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks ("the covered period" as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period.

These subsidiaries companies intend to apply for 100% PPP loan forgiveness with Truist Bank ("Lender"). As of December 31, 2020, the subsidiary companies do not have a reasonable assurance that loan amount will be 100% forgiven and therefore, the subsidiary companies have recognized the entire loan proceeds as a loan liability.

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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

18. BORROWINGS (Contd.):

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

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

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

On August 6, 2020, the Holding Company issued 5,000 5.97% BFL 2025 Listed, rated, unsecured, redeemable, non-convertible debentures having face value of ₹ 1,000,000/- each on private placement basis.

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

	Outstanding amount	
Repayment schedule	As at March 31, 2021 In ₹ Million	As at March 31, 2020 In ₹ Million
From		
- August, 2023 (Yearly installment over 3 years)	5,000.00	-

(d) GITA R&D project loan (Secured)

The loan is secured by bank guarantee executed by the Holding Company in favour of Global Innovation & Technology Alliance (GITA). Repayable in 5 yearly instalments from March, 2020, alongwith interest @ 12.00% p.a. only on 67% of the principal amount and balance amount is interest free.

GITA has partially released funds (in instalments) for the R&D project. Repayment dates for the loan will be decided by GITA, on completion of review for closure of the project.

(e) 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 + 125 bps p.a.

(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 + 125 bps p.a. and EURIBOR + 45 bps to EURIBOR + 95 bps p.a., respectively.

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

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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

18. BORROWINGS (Contd.):

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

(iv) Cash credits (Rupee) (secured)

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

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

(v) Letter of credit discounting (secured)

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

(vi) Loans from companies and directors (unsecured)

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

(vii) Working Capital Demand Loan (Secured)

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

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

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Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

19. OTHER FINANCIAL LIABILITIES

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Other non-current financial liabilities at amortised cost		
Voluntary retirement scheme compensation	1.28	2.09
Total	**1.28**	**2.09**
Other current financial liabilities at amortised cost		
Interest accrued but not due on borrowings	257.24	56.26
Payables for capital goods	675.21	516.86
Contract liabilities (Advance from customers)*	39.19	131.33
Security deposits	226.32	84.09
Directors commission	6.80	6.50
Current maturities of long term loans (Refer note 18)	4,156.19	4,697.23
Investor Education and Protection Fund (as and when due) **		
- Unpaid dividend	38.83	48.89
- Unpaid matured deposits	0.04	0.04
Voluntary retirement scheme compensation	30.42	30.34
Others ***	1.71	0.66
Total	**5,431.95**	**5,572.20**

* Advance from customer disclosed under financial liabilities by subsidiary considering the terms of contract with the customer.

** Includes unpaid due to litigation

*** Other include commission payable and other liabilities.

19 (A). DERIVATIVE INSTRUMENTS

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	-	157.19
Fair value hedges (FVTPL)		
Cross currency swap	2.88	-
Total	**2.88**	**157.19**
Current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	-	577.05
Fair value hedges (FVTPL)		
Cross currency swap	1.23	-
Foreign currency forward contracts	-	4.55
Total	**1.23**	**581.60**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

19 (A). DERIVATIVE INSTRUMENTS (Contd.):

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

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

20. PROVISIONS

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employees benefits		
Non-current		
Provision for gratuity (Refer note 40)	173.59	186.47
Provision for special gratuity (Refer note 40)	174.13	132.79
Provision for pension and similar obligation (Refer note 40)	1,327.28	1,128.89
Provision for jubilee scheme (Refer note 40)	91.65	76.63
Provision for early retirement (Refer note 40)	36.41	28.02
Provision for employee's provident fund (Refer note 40)	120.00	169.03
Total	**1,923.06**	**1,721.83**
Current		
Provision for gratuity (Refer note 40)	111.30	100.63
Provision for special gratuity (Refer note 40)	11.24	9.23
Provision for leave benefits	609.71	555.56
Provision for pension and similar obligation (Refer note 40)	32.76	26.61
Provision for early retirement (Refer note 40)	25.92	25.47
Provision for manpower cost optimization (Refer note 32(b))	291.91	267.61
Total	**1,082.84**	**985.11**

Provision for manpower cost optimization

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	267.61	-
Add: Created during the year	169.04	267.61
Less: Utilised during the year	(177.94)	-
Less: Foreign currency transaction reserve	33.20	-
Closing balance	**291.91**	**267.61**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

21. INCOME AND DEFERRED TAXES

The major components of income tax expense/(income) recognised for the year ended March 31, 2021 and March 31, 2020 are :

Statement of profit and loss:

In ₹ Million

Profit or loss section	As at March 31, 2021	As at March 31, 2020
Current income tax :		
Current income tax charge	906.56	1,833.61
Deferred tax		
Relating to origination and reversal of temporary differences	108.56	(708.98)
Income tax expense reported in the statement of profit and loss	**1,015.12**	**1,124.63**

In ₹ Million

OCI section	As at March 31, 2021	As at March 31, 2020
Deferred tax related to items recognised in OCI:		
Net movement on cash flow hedges	875.54	(750.31)
Net loss on re-measurement of defined benefit plans	(4.54)	(95.41)
Tax charged to OCI	**871.00**	**(845.72)**

Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for March 31, 2021 and March 31, 2020

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Accounting profit before tax from operations	(254.54)	4,617.09
Accounting profit before income tax		
At India's statutory income tax rate of 25.168% (March 31, 2020: 25.168%)	(64.06)	1,162.03
Exceptional items	278.42	119.77
Tax impact of losses on which deferred tax asset is not recognised	60.11	243.72
Effect of differential rates	(214.06)	(42.44)
Impact of change in applicable statutory tax rate	-	(586.18)
Adjustments in respect of reversal of tax expenses of earlier years	(102.92)	-
Other disallowances (including consolidation adjustments)	1,057.63	227.73
At the effective income tax rate of (398.80%) (March 31, 2020: 24.36%)	**1,015.12**	**1,124.63**
Income tax expense reported in the statement of profit and loss	**1,015.12**	**1,124.63**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

21. INCOME AND DEFERRED TAXES (Contd.):

Major components of deferred tax as at March 31, 2021 and March 31, 2020:

In ₹ Million

Deferred tax liability (net)	Balance Sheet As at March 31, 2021	 As at March 31, 2020
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	2,012.12	1,923.38
Fair valuation of cash flow hedges	700.76	(173.28)
Other deductible temporary differences	(367.12)	(439.32)
Net deferred tax liability	**2,345.76**	**1,310.78**

In ₹ Million

Deferred tax asset (net)	Balance Sheet As at March 31, 2021	 As at March 31, 2020
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	42.47	3.43
Fair valuation of cash flow hedges	-	(1.50)
Other deductible temporary differences	(438.21)	(336.88)
Unrealised profit on inventory	(504.92)	(469.24)
Net deferred tax asset	**(900.66)**	**(804.19)**

Major components of deferred tax for the year ended March 31, 2021 and March 31, 2020:

In ₹ Million

Deferred tax expense/(income)	Statement of Profit and Loss Year ended March 31, 2021	 Year ended March 31, 2020
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	127.78	(781.97)
Unrealised profit on inventory	(35.68)	(34.85)
Other deductible temporary differences	16.46	107.84
Deferred tax (income)	**108.56**	**(708.98)**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

21. INCOME AND DEFERRED TAXES (Contd.):

In ₹ Million

Reflected in the balance sheet as follows	As at March 31, 2021	As at March 31, 2020
Deferred tax assets	(367.12)	(711.73)
Deferred tax liabilities	2,712.88	2,022.51
Deferred tax liabilities (net)	**2,345.76**	**1,310.78**
Deferred tax assets	(943.13)	(807.62)
Deferred tax liabilities	42.47	3.43
Deferred tax assets (net)*	**(900.66)**	**(804.19)**

* Relates to temporary differences arising in different tax jurisdiction

In ₹ Million

Reconciliation of deferred tax liabilities and assets	As at March 31, 2021	As at March 31, 2020
Reconciliation of deferred tax liabilities (net)		
Opening balance	1,310.78	2,702.05
Tax (expense) during the period recognised in profit or loss	145.77	(588.68)
Deferred tax liabilities on business combination	-	0.29
Tax income during the period recognised in OCI	889.21	(802.88)
Closing balance	**2,345.76**	**1,310.78**
Reconciliation of deferred tax assets (net)		
Opening balance	(804.19)	(639.58)
Tax income/(expense) during the period recognised in profit or loss	(37.21)	(120.30)
Tax (expense)/income during the period recognised in OCI	(18.21)	(42.84)
Other adjustments (including FCTR)	(41.05)	(1.47)
Closing balance	**(900.66)**	**(804.19)**

(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 previous year ended March 31, 2020, 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 carried forward business losses in India ₹ 1,375.31 million (March 31, 2020: ₹ 1,354.68 million) that are available for offsetting for eight years against future taxable profits of the Group under the head income from business. This loss will expire in eight years from the end of the respective year to which it pertains.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

21. INCOME AND DEFERRED TAXES (Contd.):

(d) The Group has tax losses which arose due to carried forward business losses in the USA of ₹ 2,098.14 million (March 31, 2020: ₹ 2,149.23 million) that are available for offsetting for twenty years and ₹ 371.97 million (March 31, 2020: ₹ 251.39 million) that are available for offsetting indefinitely against future taxable profits under relevant heads of income of the companies in which the losses arose. These losses will expire in various years between tax years 2026 and 2037.

(e) The Group has tax losses which arose due to carried forward business losses in Sweden of ₹ 2,384.94 million (March 31, 2020: ₹ 1,896.77 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 ₹ 1,293.02 million (March 31, 2020: ₹ 908.67 million) that are available for offsetting for an indefinite period against future taxable profits under relevant heads of income of the subsidiaries in which the losses arose.

(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 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 ₹ 1,800.56 million (March 31, 2020: ₹ 1,481.45 million).

22. TRADE PAYABLES

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Dues to micro enterprises and small enterprises	53.95	30.24
Dues to other than micro enterprises and small enterprises (including related parties payables)	12,014.41	10,279.07
Total	**12,068.36**	**10,309.31**

Terms and conditions of the above financial liabilities:

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

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

The above amount of trade payables is net off certain advances given to suppliers amounting to ₹ 720 million (March 31, 2020 : ₹ 720.00 million) for which the Group currently has a legally enforceable right to set off the advance against the respective payables. The Group intends to settle these amounts on a net basis

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

23. OTHER LIABILITIES

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Government grant*	657.79	556.75
Settlement for anti-trust proceedings (Refer note 32)	2,783.59	-
Others**	0.13	0.14
Total	**3,441.51**	**556.89**
Current		
Contract liabilities (Advance from customers)***	669.74	455.12
Employee contributions and recoveries payable ****	410.69	261.79
Statutory dues payable including tax deducted at source ****	529.22	324.95
Government grant*	89.05	89.75
Settlement for anti-trust proceedings (Refer note 32)	102.31	-
Others **	153.21	219.66
Total	**1,954.22**	**1,351.27**

* 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.

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

In ₹ Million

Government grant - investment subsidies and grants	As at March 31, 2021	As at March 31, 2020
Opening balance	646.50	522.56
Add: Received during the year	102.22	204.96
Less: Released to the statement of profit and loss	(80.45)	(80.64)
Less: Foreign currency transaction reserve	78.57	(0.38)
Closing balance	**746.84**	**646.50**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

23. OTHER LIABILITIES (Contd.):

In ₹ Million

Break up of the financial liabilities at amortised cost	As at March 31, 2021	As at March 31, 2020
Borrowings [Refer note 18]	45,797.53	38,783.59
Other financial liabilities [Refer note 19]	5,433.23	5,574.29
Trade payables [Refer note 22]	12,068.36	10,309.31
Total financial liabilities carried at amortised cost	**63,299.12**	**54,667.19**

In ₹ Million

Break up of financial liabilities carried at fair value through OCI	As at March 31, 2021	As at March 31, 2020
Derivative instruments [Refer note 19(a)]	-	**734.24**

In ₹ Million

Break up of the financial liabilities at fair value through profit and loss	As at March 31, 2021	As at March 31, 2020
Derivative instruments [Refer note 19(a)]	**4.11**	**4.55**

For Group's credit risk management processes, refer Note 53.

24. REVENUE FROM OPERATIONS

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Sale of products		
- Sale of goods	59,664.97	75,654.43
- Tooling income	682.39	446.54
Total sale of products	**60,347.36**	**76,100.97**
Sale of services		
- Job work charges	445.36	524.57
Other operating revenues		
- Manufacturing scrap	2,049.87	2,535.61
- Government grants - export incentives **(Refer note 10)**	490.37	1,321.89
- Sale of electricity / REC - Windmills	29.65	75.40
	2,569.89	**3,932.90**
Total	**63,362.61**	**80,558.44**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

24. REVENUE FROM OPERATIONS (Contd.):

Set out below is the amount of revenue recognised from

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Amounts included in contract liabilities at the beginning of the year	238.16	225.21
Performance obligations satisfied in previous years	-	-

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

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from operations	63,362.61	80,558.44
Less: Adjustments		
- Government grants - export incentives	(490.37)	(1,321.89)
	62,872.24	**79,236.55**
Add: Adjustments		
- Miscellaneous income	64.64	101.65
- Sale of property, plant and equipments	202.35	80.94
	266.99	**182.59**
Revenue from contract with customers	**63,139.23**	**79,419.14**
Less: Adjustments (sales returns, discounts etc.)	813.53	139.25
Revenue as per contracted price	**62,325.70**	**79,279.89**

25. OTHER INCOME

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Dividend income from investments	1.22	2.64
Net gain on fair valuation of financial instruments (FVTPL)	336.62	577.16
Net gain on sale of financial investments	589.87	380.69
Government grants*	86.65	166.06
Provision for doubtful debts and advances written back (net)	-	6.84
Liabilities / provisions no longer required written back	138.60	171.16
Interest income on		
- Fixed deposits and others**	237.15	153.48
- Loan to associates	38.12	18.80
Rent (Refer note 43(b))	8.01	6.85
Gain on sale/discard of property, plant and equipments (net)	3.36	4.23
Miscellaneous income ***	249.38	390.72
Total	**1,688.98**	**1,878.63**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

25. OTHER INCOME (Contd.):

* Includes Government grants received as part of the Packaged Scheme of Incentives for the purpose of capital investment in designated areas, investment grants and subsidies released to the statement of profit and loss with respect to investments in property, plant, equipment for one of the subsidiaries and also includes government grant on pre shipment credit and bill discounting where the Holding Company has availed the benefit of interest equalisation scheme of the Reserve Bank of India. Interest on borrowings is accounted for on gross basis in note 30. There are no unfulfilled conditions or contingencies attached to these grants.

** Includes interest on account of unwinding of security deposits .

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

26. COST OF RAW MATERIALS AND COMPONENTS CONSUMED

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Inventory at the beginning of the year (Refer note 11)	2,837.06	3,418.46
Add: Purchases	25,075.26	30,605.15
Less: Inventory as at end of the year (Refer note 11)	3,111.38	2,837.06
Total	**24,800.94**	**31,186.55**

27. DECREASE/(INCREASE) IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS, TRADED GOODS, DIES AND SCRAP

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Inventories at the end of the year (Refer note 11)		
Work-in-progress [includes items lying with third parties]	5,947.02	5,915.72
Finished goods [includes items lying with third parties and items in transit]	5,940.34	6,064.73
Stock of traded goods [includes items lying with third parties and items in transit]	526.67	405.72
Dies and dies under fabrication	438.45	241.58
Scrap	30.36	58.55
	12,882.84	**12,686.30**
Inventories at the beginning of the year (Refer note 11)		
Work-in-progress [includes items lying with third parties]	5,915.72	6,045.36
Finished goods [includes items lying with third parties and items in transit]	6,064.73	6,112.91
Stock of traded goods [includes items lying with third parties and items in transit]	405.72	817.41
Dies and dies under fabrication	241.58	153.09
Scrap	58.55	79.21
	12,686.30	**13,207.98**
Add: Inventory on acquisition	-	1.76
Total	**(196.54)**	**523.44**

Notes to Financial Statements
for the year ended March 31, 2021 (Contd.):

28. EMPLOYEE BENEFITS EXPENSE

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus (including managing and whole time director's remuneration)*	8,808.12	9,881.60
Contributions to provident and other funds / scheme# *	673.54	680.59
Gratuity expense (Refer note 40 (a,f))	80.80	72.17
Special gratuity expense (Refer note 40 (b))	17.87	12.95
Employee voluntary retirement scheme compensation	1.55	2.76
Staff welfare expenses	1,128.72	1,304.50
Total	**10,710.60**	**11,954.57**

\# Other funds/scheme includes contribution towards jubilee scheme, early retirement scheme and ESIC scheme.

* Net of government grant in the nature of short time work (Kurzarbeit) for COVID support with respect to some of the subsidiaries amounting to ₹ 500.98 million (March 31, 2020: nil).

29. DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSE

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation on property, plant and equipments (Refer note 3)	5,583.79	5,033.62
Amortisation on intangible assets (Refer note 5)	126.34	142.66
Depreciation on right of use asset (Refer note 43)	326.97	257.10
Impairment of capital work in progress	-	12.23
Impairment of goodwill (Refer note 5)	84.49	31.54
Total	**6,121.59**	**5,477.15**

30. FINANCE COSTS

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest on bank facilities*	805.01	1,057.21
Exchange differences regarded as an adjustment to borrowing costs **	45.30	527.47
Interest on lease liabilities (Refer note 43)	107.75	53.59
Others***	119.23	75.02
Total	**1,077.29**	**1,713.29**

* 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 to Financial Statements

for the year ended March 31, 2021 (Contd.):

31. OTHER EXPENSES

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Consumption of stores, spares and tools	3,194.58	3,536.40
Machining/subcontracting charges	2,531.32	2,831.46
Power, fuel and water*	4,021.07	4,909.58
Less: Credit for energy generated	60.09	95.30
	3,960.98	4,814.28
Repairs and maintenance		
- Building repairs and road maintenance	123.29	208.37
- Plant and machinery	944.56	1,383.36
Rent (Refer note 43 (a))	72.60	98.03
Rates and taxes	118.16	100.21
Insurance	225.16	189.99
CSR Expenditure	225.30	254.50
Legal and professional fees	964.56	724.02
Commission	98.58	147.76
Donations	25.88	112.44
Packing material	683.82	831.34
Freight and forwarding charges	1,691.75	2,465.88
Directors' fees and travelling expenses	4.70	3.96
Commission to directors other than managing and whole time directors	6.80	6.50
Provision for doubtful debts and advances (includes expected credit loss) (net)	91.15	96.26
Bad debts / advances written off/back (net)	0.14	29.83
Exchange difference (net)** $	16.17	241.95
Payment to Auditors***	91.95	76.19
Loss on closure of subsidiary/associate (includes FCTR ₹ 2.39 million on closure of overseas subsidiary)	2.44	-
Miscellaneous expenses ****	2,619.18	3,538.73
Total	**17,693.07**	**21,691.46**

* Net of government grant in the nature of energy tax refund with respect to some of the subsidiaries amounting to ₹ 150.67 million (March 31, 2020: ₹ 142.75 million)

** Includes MTM (gain)/loss of ₹ 149.61 million (March 31, 2020: ₹ (67.18) million)

$ Includes foreign exchange (gain) /loss amounting to ₹ 3.21 million (March 31, 2020: ₹ 429.22 million) on account of differential restatement of foreign exchange loan.

*** Includes ₹ 73.51 million (March 31, 2020: ₹ 57.58 million) paid to subsidiary auditors

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

Notes to Financial Statements

for the year ended March 31, 2021 (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

Particulars	March 31, 2021	March 31, 2020
Interest	125.79	293.80
Salaries, wages and bonus	354.07	102.23
Material consumed	237.84	232.23
Consumption of stores and spares	9.43	205.51
Others	30.28	7.61
Total	**757.41**	**841.38**

32. EXCEPTIONAL ITEMS

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Voluntary retirement scheme compensation (Refer note 32(a))	(91.83)	(49.14)
Provision for manpower cost optimization in Overseas subsidiaries (Refer note 32(b))	(227.77)	(264.15)
Settlement amount and related expenses in overseas subsidiaries (Refer note 32(c))	(2,742.68)	-
Provision for impairment in the value of the investment in Tevva Motors (Jersey) Ltd. (Refer note 32(d))	-	(475.87)
Total	**(3,062.28)**	**(789.16)**

(a) Voluntary retirement scheme compensation

The Holding Company announced a Voluntary Retirement Scheme (VRS) on March 12, 2020, July 4, 2020 and November 11, 2020 for its eligible employees who have completed 10 years of service with the Holding company. The amount of expenditure under said scheme is disclosed as exceptional item.

(b) Provision for manpower cost optimization in Overseas subsidiaries

Certain overseas subsidiaries, as a part of one off cost optimisation initiative, have decided to rationalize the manpower cost in relation to its activities. On account of these actions, cost of redundancy payment to employees is provided for.

(c) During the year , Germany's National Competition regulator (Federal Cartel Office)(FCO) has concluded the settlement with the Group's German subsidiaries. On account of this an amount of ₹ 2,742.68 million has been provided towards such settlement including related expenses. The settlement amount will be paid over the period of next 5 years along with applicable interest thereon.

(d) Provision for impairment in the value of the investment in Tevva Motors (Jersey) Ltd.

Considering the business situation as at last reporting date, provision of an amount of ₹ 475.87 million was made towards the impairment in the value of the investment in Tevva Motors (Jersey) Ltd.

Notes to Financial Statements

for the year ended March 31, 2021 (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, 2021	Cash flow hedge reserve	FVTOCI Reserve	Foreign currency monetary items translation difference account	Retained earnings	Foreign currency translation differences	Income tax / Deferred tax effect	Total
Foreign exchange revaluation differences	-	-	18.08	-	-	-	18.08
Currency forward contracts	2,954.82	-	-	-	-	(743.81)	2,211.01
Reclassified to statement of profit and loss	523.40	-	-	-	-	(131.73)	391.67
Gain /(losses)on FVTOCI financial assets	-	112.46	-	-	-	-	112.46
(including share of associate, joint ventures)							
Re-measurement gains/(losses) on defined benefit plans (including share of associate, joint ventures)	-	-	-	10.76	-	4.54	15.30
Foreign exchange translation difference	-	-	-	-	474.38	-	474.38
Total	**3,478.22**	**112.46**	**18.08**	**10.76**	**474.38**	**(871.00)**	**3,222.90**

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 on FVTOCI financial assets	-	17.32	-	-	-	-	17.32
Re-measurement gains/(losses) on defined benefit plans (including share of associate, joint ventures and discontinued operations)	-	-	-	(348.81)	-	95.41	(253.40)
Foreign exchange translation difference	-	-	-	-	181.20	-	181.20
Total	**(2,430.32)**	**17.32**	**5.82**	**(348.81)**	**181.20**	**845.72**	**(1,729.07)**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

34. EARNINGS PER SHARE

Particulars		Year ended March 31, 2021	Year ended March 31, 2020
Numerator for basic and diluted EPS			
Net (loss)/profit after tax attributable to equity holders of parent (in ₹ million)	**(A)**	(1,263.81)	3,498.32
Denominator for basic EPS [Refer note 15(b)]			
Weighted average number of equity shares for basic EPS	**(B)**	465,588,632	465,588,632
Denominator for diluted EPS [Refer note 15(b)]			
Weighted average number of equity shares for diluted EPS	**(C)**	465,588,632	465,588,632
Basic earnings per share of face value of ₹ 2 each (in ₹)	**(A/B)**	(2.71)	7.51
Diluted earnings per share of face value of ₹ 2 each (in ₹)	**(A/C)**	(2.71)	7.51

35. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Judgements

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

1) Leases

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

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

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

The Group included the renewal period as part of the lease term for leases of plant and machinery with shorter non-cancellable period (i.e. three to five years). The Company typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of plant and machinery with longer non-cancellable periods (i.e. 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Notes to Financial Statements

for the year ended March 31, 2021 (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) Derivative contracts

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

3) Embedded derivative

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

4) Control assessment for Joint ventures / partly owned subsidiaries

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

5) Share of profit / loss of associates

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

6) Revenue from contracts with customers

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

Notes to Financial Statements
for the year ended March 31, 2021 (Contd.):

35. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Contd.):

I. **Identifying contract with customers**

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

II. **Identifying performance obligation**

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

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

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

1. **Sale of goods**

The goods manufactured are "Build to print" as per design specified by the customer for which the tools/dies are approved before commercial production commences. Further, the dispatch of goods is made on the basis of the purchase orders obtained from the customer taking into account the just in time production model with customer. Further, some orders have variable considerations (including LME adjustments) for the review of prices under negotiation which are estimated based on the expected probability method and, where appropriate, they would be limited to the amount that is highly unlikely to be reversed in the future.

2. **Tooling income**

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

3. **Determination of revenue in case of Bill-and-hold transaction in relation to one of the Subsidiary**

i) Bill-and-hold arrangement

The Group completes its performance obligation to transfer the control of the goods to the customer in accordance with the agreed -upon specifications in the contract for which customer has accepts the control and confirms to the Group basis which crieria for bill and hold is met. However, due to the situation of the COVID-19 lock down the physical movement of goods did not happen. Hence, Group recognized the revenue of these goods.

ii) The Group identified the goods and stored separately in the factory premises until goods are cleared from the factory premises.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

35. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Contd.):

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 liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

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

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

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

B. Defined benefit plans

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

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

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

C. Fair value measurement of financial instruments

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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

35. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Contd.):

D. Impairment of financial assets

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

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

E. Income tax and deferred tax

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

Further details on taxes are disclosed in note 21.

F. Provision for Inventories

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

G. Current / Non-Current Classification

The group evaluates funds requirement on the basis of internal budgets and forecasts and believes that on the basis of current scale of operations and cash realization cycle, it would be able to generate sufficient funds from operations in order to meet such requirement in the foreseeable future of upto one year. Accordingly, the Group has classified major portion of its investment in mutual funds as non-current.

H. Litigations

The Group has various ongoing litigations, the outcome of which may have a material effect on the financial position, results of operations or cashflows. Legal team regularly analyses current information about these matters and assesses the requirement for provision for probable losses including estimates of legal expense to resolve such matters. In making the decision regarding the need for loss provision, management considers the degree of probability of an 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. Considering the facts on hand and the current stage of certain ongoing litigations, the Group foresee remote risk of any material claim arising from claims against the Group. Management has exercised significant judgement in assessing the impact, if any, on the disclosures in respect of litigations in relation to Holding Company and its subsidiaries.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

35. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Contd.):

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.

K. Contingent consideration

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

36. GROUP INFORMATION

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

Name	Principal activities	Principal place of business	% equity interest		Financial year ended on
			March 31, 2021	March 31, 2020	
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
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	NA	100%*	December 31
iv. Mecanique Generale Langroise	Machining	France	100%*	100%*	December 31
v. Bharat Forge Hong Kong Limited*****	Others	Hong Kong	NA	100%*	December 31
Bharat Forge International Limited	Forging	U.K.	100%*	100%	March 31

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

36. GROUP INFORMATION (Contd.):

Name	Principal activities	Principal place of business	% equity interest		Financial year ended on
			March 31, 2021	March 31, 2020	
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%*	100%*	December 31
iv. Kalyani Precision Machining, Inc. (from September 27, 2019)	Machining	U.S.A	100%*	100%*	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 8, 2019)	Others	India	51%	51%	March 31
Kalyani Centre for Precision Technology Limited (from December 25, 2019)	Machining	India	100%	100%	March 31
Kalyani Powertrain Private Limited (From March 16, 2021)	Others	India	100%	NA	March 31

* held through subsidiaries

** based on control assessment as per Ind AS 110

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

**** Deregistered w.e.f. January 14, 2021

***** Dissolved w.e.f. July 10, 2020

Notes to Financial Statements

for the year ended March 31, 2021 (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, 2021	March 31, 2020	
Talbahn GmbH	Others	Germany	35%*	35%*	December 31
Ferrovia Transrail Solutions Private Limited	Projects	India	49%*	49%*	March 31
Hospet Bellary Highways Private Limited**	Projects	India	NA	35%*	March 31
Tork Motors Private Limited	Others	India	48.86%	48.86%	March 31
i) Lycan Electric Private Limited	Others	India	48.86%	48.86%	March 31
ii) Tork Motors (UK) Limited***	Others	UK	NA	48.86%	March 31
Tevva Motors (Jersey) Limited	Others	UK	36.51%	36.51%	December 31
i) Tevva Motors Limited	Others	UK	17.89%	36.51%	December 31
Aeron Systems Private Limited (from May 29, 2019)	Others	India	37.14%	22.42%	March 31

* held through subsidiaries

** Dissolved w.e.f. January 12, 2021

*** Dissolved w.e.f. September 22, 2020

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, 2021	March 31, 2020	
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%	50%	December 31
i) Refu Drive India Private Limited (from September 19, 2019)	Others	India	50%	50%	December 31

* held through subsidiaries

** Not consolidated as the shareholders of the Joint Venture Company decided to voluntarily liquidate the joint venture at their EGM held on October 9, 2018.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

37. MATERIAL PARTLY OWNED SUBSIDIARIES

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

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation	% equity interest	
		March 31, 2021	March 31, 2020
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	India	49%	49%

During the year, the Board of Directors of the Holding Company approved acquisition of balance non-controlling interest of Kalyani Strategic Systems Limited ("KSSL") on March 19, 2021. This is subject to approval from Ministry of Home Affairs authority after which the Holding Company will acquire the balance stake in KSSL and the said partly owned subsidiary Company will become a wholly owned subsidiary of the Group.

Information regarding non-controlling interest

(In ₹ Million)

Particulars	March 31, 2021	March 31, 2020
Accumulated balances of material non-controlling interest:		
Kalyani Strategic Systems Limited	191.98	191.84
BF Elbit Advanced Systems Limited	(55.28)	(47.89)
Kalyani Rafael Advanced Systems Private Limited	182.07	176.00
Eternus Performance Materials Private Limited	(1.82)	(0.06)
Total Comprehensive income allocated to material non-controlling interest:		
Kalyani Strategic Systems Limited	0.14	(0.86)
BF Elbit Advanced Systems Limited	(7.39)	(6.32)
Kalyani Rafael Advanced Systems Private Limited	6.07	(0.72)
Eternus Performance Materials Private Limited	(1.76)	(0.89)

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

Notes to Financial Statements
for the year ended March 31, 2021 (Contd.):

37. MATERIAL PARTLY OWNED SUBSIDIARIES (Contd.):
Summarised statement of profit and loss for the year ended March 31, 2021:

(In ₹ Million)

Particulars	Kalyani Strategic Systems Limited**	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited
Revenue	50.07	798.92	-	4.90
Other income	10.59	9.51	0.28	0.44
Cost of raw materials and components consumed	0.54	223.18	-	0.87
Purchase of stock in trade	43.18	461.86	-	-
(Increase)/decrease in inventories of finished goods, work-in-progress, traded goods, dies & scrap	-	(0.85)	-	0.23
Employee benefits expense	5.12	26.41	-	5.46
Depreciation and amortisation expense	2.27	35.25	0.81	0.82
Finance costs	10.76	1.53	13.69	0.21
Other expenses	4.47	54.29	0.86	1.51
Profit / (loss) before tax	**(5.68)**	**6.76**	**(15.08)**	**(3.76)**
Income tax	(0.09)	1.47	-	0.16
Profit /(loss) for the year	**(5.77)**	**8.23**	**(15.08)**	**(3.60)**
Other Comprehensive Income:				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)				
Net movement on cash flow hedges	-	3.90	-	-
Re-measurement gain/(losses) on defined benefit plans	0.01	0.02	-	-
Other comprehensive income for the year, net of tax	**0.01**	**3.92**	**-**	**-**
Share in profit and loss of joint venture	**(0.01)**	**-**	**-**	**-**
Total comprehensive income	**(5.77)**	**12.15**	**(15.08)**	**(3.60)**
Attributable to non-controlling interests**	**0.14**	**6.07**	**(7.39)**	**(1.76)**
Dividend paid to non-controlling interests	-	-	-	-

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

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

37. MATERIAL PARTLY OWNED SUBSIDIARIES (Contd.):

Summarised statement of profit and loss for the year ended March 31, 2020

(In ₹ Million)

Particulars	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 material 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, dies and 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
Profit/ (loss) before tax	**(1.32)**	**2.53**	**(12.89)**	**(1.98)**
Income tax	0.34	(0.05)	-	0.14
Profit /(loss) for the year	**(0.98)**	**2.48**	**(12.89)**	**(1.84)**
Other Comprehensive Income:				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)				
Net movement on cash flow hedges	-	(3.90)	-	-
Re-measurement gain/(losses) on defined benefit plans	(0.02)	(0.02)	-	-
Other comprehensive income for the year, net of tax	**(0.02)**	**(3.92)**	**-**	**-**
Share in profit and loss of associate/joint venture	**(0.02)**	**-**	**-**	**-**
Total comprehensive income	**(1.00)**	**(1.44)**	**(12.89)**	**(1.84)**
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 statement of profit and loss numbers are disclosed at Kalyani Strategic System Limited standalone level.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

37. MATERIAL PARTLY OWNED SUBSIDIARIES (Contd.):

Summarised balance sheet as at March 31, 2021:

(In ₹ Million)

Particulars	Kalyani Strategic Systems Limited*	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited**
Trade receivables, inventories and cash and bank balances (current)	71.97	589.22	13.40	20.96
Property, plant and equipment and other non-current financial and non-financial assets	351.63	135.24	19.12	14.24
Trade and other payables (current) and (non-current)	(33.71)	(360.34)	(2.13)	(16.82)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	(9.08)	-	(143.20)	(19.22)
Total equity	**380.81**	**364.12**	**(112.81)**	**(0.84)**
Attributable to:				
Equity holders of parent	188.83	182.06	(57.53)	0.98
Non-controlling interest*	191.98	182.06	(55.28)	(1.82)

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

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

Summarised balance sheet as at March 31, 2020:

(In ₹ Million)

Particulars	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)	(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)
Total equity	**412.50**	**351.99**	**(97.73)**	**2.76**
Attributable to:				
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.

Notes to Financial Statements
for the year ended March 31, 2021 (Contd.):

37. MATERIAL PARTLY OWNED SUBSIDIARIES (Contd.):

Summarised cash flow information for the year ended March 31, 2021:

(In ₹ Million)

Particulars	Kalyani Strategic Systems Limited	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited
Operating	(9.09)	(2.13)	(24.51)	(1.42)
Investing	158.56	(1.46)	(0.03)	(5.84)
Financing	(151.56)	(5.13)	(1.54)	7.19
Net increase/(decrease) in cash and cash equivalents	**(2.09)**	**(8.72)**	**(26.08)**	**(0.07)**

Summarised cash flow information for the year ended March 31, 2020:

(In ₹ Million)

Particulars	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
Net increase/(decrease) in cash and cash equivalents	**(2.88)**	**(65.34)**	**15.76**	**(0.42)**

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:

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

38. INTEREST IN JOINT VENTURES (Contd.):

Summarised balance sheet

(In ₹ Million)

Particulars	March 31, 2021	March 31, 2020
Current assets	0.15	0.15
Non-current assets	-	-
Current liabilities	(0.21)	(0.17)
Non-current liabilities	-	-
Equity	**(0.06)**	**(0.02)**
Share of the Group in the capital commitment, contingent liabilities of jointly controlled entity	-	-
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	-	-

Summarised statement of profit and loss for the year ended

(In ₹ Million)

Particulars	March 31, 2021	March 31, 2020
Income		
Other income	-	-
	-	-
Expenses		
Employee benefits expense	-	-
Depreciation	-	-
Other expenses	0.04	0.04
	0.04	0.04
Loss before tax	**(0.04)**	**(0.04)**
Tax expenses	-	-
Loss for the year	**(0.04)**	**(0.04)**
Other comprehensive income for the year	**-**	**-**
Total comprehensive income for the year	**(0.04)**	**(0.04)**
Group's share of loss for the year	**(0.02)**	**(0.02)**
Group's share of other comprehensive income for the year	**-**	**-**

2. **Refu Drive GmbH**

The Group has acquired 50% interest in Refu Drive Gmbh on September 19, 2019, a joint venture incorporated in Germany, involved in manufacturing and selling on board controllers and components mainly - drives, invertors, convertors (including AC/DC) and all kind of auxiliary applications, related power electronics and battery management (BMS) etc. for all quality of e-mobility vehicles viz; hybrid and electric 2-wheelers, 3-wheelers, cars and commercial vehicles alongwith its wholly owned subsidiary "Refu India Private Limited, India". The Group's interest in Refu Drive GmbH is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind AS financial statements for the period January 1, 2020 to December 31, 2020 are as follows:

Notes to Financial Statements
for the year ended March 31, 2021 (Contd.):

38. INTEREST IN JOINT VENTURES (Contd.):

Summarised balance sheet

(In ₹ Million)

Particulars	December 31, 2020	December 31, 2019
Current assets	678.35	752.56
Non-current assets	700.66	666.29
Current liabilities	(374.63)	(481.00)
Non-current liabilities	(84.97)	(4.64)
Equity	**919.41**	**933.21**
Share of the Group in the capital commitment, contingent liabilities of jointly controlled entity	-	-
Proportion of the Group's ownership	459.71	466.61
Carrying amount of the investment	852.17	912.88

The Group has invested an amount of nil (March 31, 2020: ₹ 892.34 million) in equity shares. The Group's Share of equity is ₹ 459.71 million. Carrying amount of investment includes resultant goodwill amounting to ₹ 365.02 million (March 31, 2020: ₹ 425.73 million)(net of share of loss for the year/period).

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

(In ₹ Million)

Particulars	December 31 , 2020	October 1, 2019 to December 31 , 2019
Income		
Revenue	1,457.25	444.75
Other income	22.10	8.37
	1,479.35	453.12
Expenses		
Cost of raw material and components consumed	813.48	261.82
Purchase of stock in trade	6.88	0.53
(Increase)/decrease in inventories of finished goods, work-in-progress, dies and scrap	37.03	33.01
Employee benefits expense	445.95	105.40
Depreciation and Amortisation	140.05	33.46
Finance costs	5.70	1.36
Other expenses	160.27	26.99
	1,609.36	462.57
Loss before tax	**(130.01)**	**(9.45)**
Tax expenses/(income)	(9.24)	3.00
Loss for the year	**(120.77)**	**(12.45)**
Other comprehensive (loss) for the period	**(0.63)**	**(0.08)**
Total comprehensive (loss) for the period	**(121.40)**	**(12.53)**
Group's share of loss for the period	**(60.39)**	**(6.22)**
Group's share of other comprehensive (loss) for the period	**(0.32)**	**(0.04)**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

39. INVESTMENT IN AN ASSOCIATE

1. Ferrovia Transrail Solutions Private Limited

The Group has 49% interest in Ferrovia Transrail Solutions Private Limited (FTSPL), investment through wholly owned subsidiary. FTSPL is involved in carrying out the project of design, procurement, construction of railway track and railway track related work. The Group's interest in FTSPL is accounted for using the equity method in the consolidated financial statements. Summarized financial information of the Group's investment in Ferrovia Transrail Solutions Private Limited based on its audited IND AS financial statements:

Summarized Balance sheet

(In ₹ Million)

Particulars	March 31, 2021	March 31, 2020
Current assets	176.10	176.35
Non-current assets	6.73	8.88
Current liabilities	(202.31)	(195.04)
Non-current liabilities	(0.20)	(0.20)
Equity	**(19.68)**	**(10.01)**
Share of the Group in the capital commitment, contingent liabilities of associates*	4.07	4.07
Proportion of the Group's ownership	49%	49%
Carrying amount of the investment and loan*	**181.72**	**152.60**

* 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.

Summarized statement of profit and loss for the year ended

(In ₹ Million)

Particulars	March 31, 2021	March 31, 2020
Income		
Revenue from operations	-	108.67
Other income	0.39	46.51
	0.39	155.18
Expenses		
Project expenses	3.02	0.60
Employee benefits expense	1.10	1.40
Finance costs	0.07	0.71
Other expenses	5.93	152.53
	10.12	155.24
Loss before tax	**(9.73)**	**(0.06)**
Tax expenses	0.03	-
Loss for the year	**(9.70)**	**(0.06)**
Other comprehensive income	**0.03**	**-**
Total comprehensive income/(loss) for the year	(9.67)	(0.06)
Group's share of loss for the year *	(9.67)	(10.00)

Notes to Financial Statements

for the year ended March 31, 2021 (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, 2021. TMPL has a wholly owned subsidiary viz; Lycan Electric Private Limited. TMPL is involved in research and development and manufacturing of electric two and three wheelers. The Group's interest in TMPL 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)

Particulars	March 31, 2021	March 31, 2020
Current assets	21.09	13.58
Non-current assets	415.04	522.14
Current liabilities	(68.61)	(44.05)
Non-current liabilities	(33.01)	(89.89)
Equity	**334.51**	**401.78**
Share of the Group in the capital commitment, contingent liabilities of associates	-	-
Proportion of the Group's ownership	48.86%	48.86%
Carrying amount of the investment	**199.25**	**232.33**

The Group has invested an amount of ₹ 300.37 million (March 31, 2020: ₹ 300.37 million) in equity shares.

Group's Share of equity is ₹ 163.44 million. Carrying amount of investment includes resultant goodwill amounting to ₹ 2.94 million (March 31, 2020: ₹ 36.02 million)(net of share of loss for current year).

Summarized statement of profit and loss for the year ended:

(In ₹ Million)

Particulars	March 31, 2021	March 31, 2020
Income		
Revenue from operations	43.09	-
Other income	0.82	1.94
	43.91	1.94
Expenses		
Cost of raw materials and components consumed	10.53	-
(Increase) in inventories of finished goods, work-in-progress, traded goods, dies and scrap	(0.96)	-
Employee benefit expenses	20.97	27.60
Finance cost	3.25	0.04
Depreciation and amortization	60.56	66.18
Other expenses	20.17	20.24
Loss before tax	**(70.61)**	**(112.12)**
Income tax expense		
Current tax	-	-
Deferred tax	-	-
Loss for the year	**(70.61)**	**(112.12)**
Other comprehensive income/(loss) for the year	**2.90**	**(0.93)**
Total comprehensive income/(loss) for the year	**(67.71)**	**(113.05)**
Group's share of loss for the year	**(34.50)**	**(54.78)**
Group's share of other comprehensive income/(loss) for the year	**1.42**	**(0.45)**

Notes to Financial Statements

for the year ended March 31, 2021 (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, 2021. Tevva Motors Limited (TML) was a wholly owned subsidiary of TMJL till TML raised additional funds on August 12, 2020 and then it became an associate of TMJL. Pursuant to dilution of stake of TML in TML and accordingly, with a stake of 49% TML is consoldiated as an associate in the books TMJL for the period between August 12, 2020 to December 31, 2020. The Group had also extended a convertible loan note that based on management's intentions will be converted into equity on the due date alongwith the relevant interest accrued thereon. Such convertible loan note has been treated as part of entities long term interest in the associate and hence, treated as part of equity. TML 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 audited consolidated Ind AS financial statements:

Summarized Balance sheet

(In ₹ Million)

Particulars	December 31, 2020	December 31, 2019
Current assets	7.15	314.25
Non-current assets	1,474.76	1844.80
Current liabilities	-	(87.70)
Non-current liabilities	(601.06)	(464.48)
Equity	**880.85**	**1,606.87**
Share of the Group in the capital commitment, contingent liabilities of associates	-	2.73
Proportion of the Group's ownership	**36.51%**	**36.51%**
Carrying amount of the investment (net of impairment provision) (refer note 32)	**137.84**	**2.93**

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Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

39. INVESTMENT IN AN ASSOCIATE (Contd.):

Summarized statement of profit and loss for the period ended*

(In ₹ Million)

Particulars	December 31, 2020	December 31, 2019
Income		
Revenue from operations	77.73	145.81
Other income	0.03	1.22
	77.76	147.03
Expenses		
Cost of raw material and components consumed	11.13	150.45
(Increase)/decrease in inventories of finished goods, work-in-progress, dies and scrap	-	(30.57)
Employee benefit expenses	168.11	384.16
Finance cost	71.73	20.34
Depreciation and amortization	216.67	320.97
Other expenses	75.87	257.70
Loss before tax and share of loss of associate	**(465.75)**	**(956.02)**
Share of loss of associate	(37.10)	-
Loss before tax	**(502.85)**	**(956.02)**
Income tax expense		
Current tax	-	-
Loss for the year	**(502.85)**	**(956.02)**
Other comprehensive income/(loss)	**(110.34)**	**48.36**
Total comprehensive income/(loss) for the year	**(613.19)**	**(907.66)**
Group's share of loss for the year	**(183.59)**	**(349.08)**
Group's share of other comprehensive income/(loss) for the year	**(40.29)**	**17.66**

4. **Aeron Systems Private Limited**

   The Group owned 22.42% stake in Aeron Systems Private Limited as of March 31, 2020. Further, on August 14, 2020 additional 3.58% stake was acquired to reach 26.00% ownership. Further, on March 9, 2021 additional stake of 11.14% was acquired to reach total ownership of 37.14% as of March 31, 2021. 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 April 1, 2020 to March 31, 2021 based on its consolidated Ind AS financial statements as follows:

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

39. INVESTMENT IN AN ASSOCIATE (Contd.):

Summarized Balance sheet

(In ₹ Million)

Particulars	March 31, 2021	March 31, 2020
Current assets	82.23	74.68
Non-current assets	256.23	272.49
Current liabilities	(69.14)	(52.58)
Non-current liabilities	(14.79)	(16.17)
Equity	**254.53**	**278.42**
Share of the Group in the capital commitment, contingent liabilities of associates	14.28	3.41
Proportion of the Group's ownership	37.14%	22.42%
Carrying amount of the investment	**119.46**	**70.87**

The Group has invested an amount of ₹ 140.00 million in equity shares. Group's share of equity is ₹ 89.23 million. Carrying amount of investment includes resultant goodwill amounting to ₹ 24.57 million (March 31, 2020: ₹ 8.45 million)(net of share of loss for the year).

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

(In ₹ Million)

Particulars	March 31, 2021	May 29, 2019 to March 31, 2020
Income		
Revenue from operations	113.70	71.24
Other income	0.62	0.65
	114.32	71.89
Expenses		
Cost of Material Consumed	59.30	40.25
Changes in inventories	7.00	(5.76)
Employee benefit expenses	32.20	24.86
Finance cost	5.93	4.86
Depreciation and amortization	39.20	26.59
Other expenses	14.04	22.08
Loss before tax	(43.35)	(40.99)
Income tax expense		
Current tax	-	-
Deferred tax	(1.04)	1.15
Loss for the year	**(44.39)**	**(39.84)**
Other comprehensive income/(loss) for the period	**0.50**	**(0.90)**
Total comprehensive income/(loss) for the period	**(43.89)**	**(40.74)**
Group's share of loss for the period	**(11.54)**	**(8.93)**
Group's share of other comprehensive income/(loss) for the period	**0.13**	**(0.20)**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

Holding Company

(a) Gratuity plans

Funded scheme

The Holding Company has a defined benefit gratuity plan for its employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the employee's length of service and salary at retirement age. 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 Holding 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 Holding Company is successfully able to neutralize valuation swings caused by interest rate movements.

b) Discount rate risk

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

c) Future salary escalation and inflation risk

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

2) Asset risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India and other insurance companies. LIC and other insurance companies have a sovereign guarantee and have been providing consistent and competitive returns over the years. The Holding Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Holding 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 to Financial Statements

for the year ended March 31, 2021 (Contd.):

40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

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

Particulars	As at March 31, 2021	As at March 31, 2020
Mortality table	IALM(2012-14) cult	IALM(2012-14) cult
Discount rate	6.90%	6.20%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)	11.37	11.72
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

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of obligation as at the beginning of the period	1,151.42	961.00
Interest expense	75.63	72.86
Current service cost	79.90	71.74
Benefits (paid)	(78.33)	(29.60)
Remeasurements on obligation [Actuarial Loss/(Gain)]	(14.49)	75.42
Closing defined benefit obligation	**1,214.13**	**1,151.42**

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

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Opening fair value of plan assets	866.70	746.03
Interest income	57.85	59.83
Contributions	101.43	91.50
Benefits paid	(78.34)	(29.60)
Return on plan assets, excluding amount recognized in Interest Income - Gain	(15.14)	(1.06)
Closing fair value of plan assets	**932.50**	**866.70**
Actual return on plan assets	42.71	57.54

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

Net Interest (Income)/Expense

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest (Income) / Expense – Obligation	75.63	72.86
Interest (Income) / Expense – Plan assets	(57.85)	(59.83)
Net Interest (Income) / Expense for the period	**17.78**	**13.03**

Premeasurement for the period [Actuarial (Gain)/loss]

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Experience (Gain) / Loss on plan liabilities	(4.57)	(3.82)
Demographic (Gain) / Loss on plan liabilities	-	-
Financial (Gain) / Loss on plan liabilities	(9.92)	78.01
Experience (Gain) / Loss on plan assets	7.32	2.29
Financial (Gain) / Loss on plan assets	7.82	-

Amount recognized in statement of Other comprehensive Income (OCI)

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Remeasurement for the period-Obligation (Gain)/Loss	(14.49)	75.42
Remeasurement for the period-Plan assets (Gain)/Loss	15.14	1.06
Total Remeasurement cost/(credit) for the period recognized in OCI	**0.65**	**76.48**

The amounts to be recognized in the Balance Sheet

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of obligation as at the end of the period	(1,214.13)	(1,151.42)
Fair value of plan assets as at the end of the period	932.50	866.70
Net asset / (liability) to be recognized in balance sheet	**(281.63)**	**(284.72)**

Expense recognized in the statement of profit and loss

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost (Refer note 28)	79.90	71.74
Net Interest (Income) / Expense (Refer note 30)	17.78	13.03
Net periodic benefit cost recognized in the statement of profit and loss	**97.68**	**84.77**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

Reconciliation of net asset/(liability) recognized

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Net asset / (liability) recognized at the beginning of the period	(285.94)	(214.97)
Holding Company's contributions	101.43	91.50
Expense recognized for the year	(96.47)	(84.77)
Amount recognized in OCI	(0.65)	(76.48)
Net asset / (liability) recognized at the end of the period	**(281.63)**	**(284.72)**

The Holding Company expects to contribute ₹ 110.00 million to gratuity fund in the next year (March 31, 2020: ₹ 100.00 million).

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

Particulars	As at March 31, 2021	As at March 31, 2020
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, 2021	As at March 31, 2020
Decrease by 1%	1,317.52	1,248.57
Increase by 1%	1,119.64	1,060.65

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, 2021	As at March 31, 2020
Decrease by 1%	1,128.49	1,069.22
Increase by 1%	1,305.13	1,236.62

C) Impact of change in withdrawal rate when base assumption is decreased/increased in present value of obligation

In ₹ Million

Withdrawl rate	As at March 31, 2021	As at March 31, 2020
Decrease by 1%	1,218.17	1,154.99
Increase by 1%	1,206.12	1,142.16

Notes to Financial Statements
for the year ended March 31, 2021 (Contd.):

40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

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

The sensitivity 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.

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

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Within one year	185.12	177.25
After one year but not more than five years	354.53	320.22
After five years but not more than ten years	644.13	576.74

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 10.93 years. (March 31, 2020: 11.02 years).

(b) Special gratuity

The Holding Company has a defined benefit special gratuity plan. Under the gratuity plan, every eligible employee who has completed ten years of service gets an additional gratuity on departure which will be salary of 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 Holding 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 Holding Company may default on paying the benefits in adverse circumstances. Funding the plan removes volatility in the Holding Company's financials and also benefit risk through return on the funds made available for the plan.

Notes to Financial Statements
for the year ended March 31, 2021 (Contd.):

40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	6.90%	6.90%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)	11.90	12.17
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

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of obligation as at the beginning of the period	142.02	113.45
Interest expense	9.69	8.65
Past service cost	0.72	-
Current service cost	17.87	12.95
Benefits (paid)	(3.15)	(2.33)
Remeasurements on obligation [Actuarial (Gain) / Loss]	18.22	9.30
Closing Defined Benefit Obligation	**185.37**	**142.02**

Net Interest (Income)/Expense

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest (Income) / Expense – Obligation	9.69	8.65
Net Interest (Income) / Expense for the period	**9.69**	**8.65**

Remeasurement for the period [Actuarial (Gain)/loss]

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Experience (Gain) / Loss on plan liabilities	18.22	(1.39)
Demographic (Gain) / Loss on plan liabilities	-	-
Financial (Gain) / Loss on plan liabilities	-	10.69

Notes to Financial Statements
for the year ended March 31, 2021 (Contd.):

40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

Amount recognized in Statement of Other comprehensive Income (OCI)

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Remeasurement for the period-Obligation (Gain)/Loss	18.22	9.30
Total Remeasurement cost/(credit) for the period recognized in OCI	**18.22**	**9.30**

The amounts to be recognized in the Balance Sheet

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of obligation as at the end of the period	(185.37)	(142.02)
Net Asset / (liability) to be recognized in balance sheet	**(185.37)**	**(142.02)**

Expense recognized in the statement of profit and loss

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost (Refer note 28)	17.87	12.95
Past service cost	0.72	-
Net Interest (Income) / Expense (Refer note 30)	9.69	8.65
Net periodic benefit cost recognized in the statement of profit and loss	**28.28**	**21.60**

Reconciliation of Net Asset/(Liability) recognized:

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Net asset / (liability) recognized at the beginning of the period	(142.02)	(113.45)
Holding Company's contributions	-	-
Benefits directly paid by Holding Company	3.15	2.33
Expense recognized for the year	(28.28)	(21.60)
Amount recognized in OCI	(18.22)	(9.30)
Net asset / (liability) recognized at the end of the period	**(185.37)**	**(142.02)**

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

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Within one year	11.24	9.23
After one year but not more than five years	47.53	32.56
After five years but not more than ten years	89.01	66.50

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 11.07 years (March 31, 2020: 10.73 years)

Sensitivity analysis

A) Impact of change in discount rate when base assumption is decreased/increased in present value of obligation

In ₹ Million

Discount rate	As at March 31, 2021	As at March 31, 2020
Decrease by 1%	207.42	159.09
Increase by 1%	166.66	127.61

B) Impact of change in salary increase rate when base assumption is decreased/increased in present value of obligation

In ₹ Million

Salary increment rate	As at March 31, 2021	As at March 31, 2020
Decrease by 1%	168.08	128.69
Increase by 1%	205.32	157.44

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, 2021	As at March 31, 2020
Decrease by 1%	185.71	142.54
Increase by 1%	185.06	141.52

(c) Provident fund

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

Under the defined contribution plan, provident fund is contributed to the government administered provident fund. The Holding Company has no obligation, other than the contribution payable to the provident fund.

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

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

1) Liability risks:

a) Asset-liability mismatch risk

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

Notes to Financial Statements

for the year ended March 31, 2021 (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 Holding Company's plan is shown below:

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	6.90%	6.80%
Interest rate declared by Employees' Provident Fund Organisation for the year	8.50%	8.55%
Yield spread	0.50%	0.50%
Expected average remaining working lives of employees (in years)	11.61*	12.35*
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

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of expected Interest rate shortfall as at the beginning of the period	169.03	52.84
Interest cost	11.49	4.07
Current service cost	18.61	5.66
Actuarial Loss / (Gain) on obligations	(48.17)	106.46
Present value of expected Interest rate shortfall as at the end of the period	**150.96**	**169.03**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

Table showing changes in fair value of plan assets (Surplus account):

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Fair value of plan assets as at the beginning of the period (Surplus Account)	-	20.98
Interest Income	-	1.61
Amount transferred to cover shortfall	-	-
Actuarial Gain / (Loss) on plan assets	30.96	(22.59)
Fair value of plan assets as at the end of the period (Surplus Account)	**30.96**	**-**

Net Interest (Income/Expense)

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest (Income) / Expense – Obligation	11.49	4.07
Interest (Income) / Expense – Plan assets	-	(1.61)
Net Interest (Income) / Expense for the period	**11.49**	**2.46**

Actuarial gain / loss recognized

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Actuarial (Gain)/Loss for the period – Obligation	(48.17)	106.46
Actuarial (Gain)/Loss for the period – Plan assets	(30.96)	22.59
Total (Gain)/Loss for the year	**(79.13)**	**129.05**
Actuarial (Gain)/Loss recognized in the year	**(79.13)**	**129.05**

The amounts to be recognized in the balance sheet:

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of expected Interest rate shortfall as at the end of the period	150.96	169.03
Fair value of the plan assets as at the end of the period (Surplus Account)	30.96	-
Surplus / (Deficit)	**(120.00)**	**(169.03)**
Net asset / (liability) recognized in the balance sheet	(120.00)	(169.03)

Amount recognized in Statement of Other comprehensive Income (OCI)

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Remeasurement for the period-Obligation (Gain)/Loss	(48.17)	106.46
Remeasurement for the period-Plan assets (Gain)/Loss	(30.96)	22.59
Total Remeasurement cost/(credit) for the period recognized in OCI	**(79.13)**	**129.05**

Notes to Financial Statements
for the year ended March 31, 2021 (Contd.):

40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

Expense recognized in the statement of profit and loss

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost (Refer note 28)	18.61	5.66
Net Interest (Income) / Expense (Refer note 25/30)	11.49	2.46
Net periodic benefit cost recognized in the statement of profit and loss	**30.10**	**8.12**

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, 2021	Year ended March 31, 2020
Decrease by 0.50%	212.38	227.79
Increase by 0.50%	93.06	113.71

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, 2021	Year ended March 31, 2020
Decrease by 0.50%	94.86	116.85
Increase by 0.50%	207.05	221.20

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:

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Mortality table	Heubeck 2018 G	Heubeck 2018 G
Discount rate	0.50% to 2.34%	0.80% to 1.54%
Rate of increase in compensation levels	1.00% to 2.00%	1.00% to 2.00%

Notes to Financial Statements

for the year ended March 31, 2021 (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

Particulars	As at March 31, 2021	As at March 31, 2020
Opening defined benefit obligation	1,176.74	1,032.63
Foreign Currency Translation Reserve (FCTR) Impact on opening balance	151.52	1.62
Interest expense	16.59	21.07
Current service cost	17.49	14.93
Benefits paid	(28.42)	(24.23)
Remeasurements on obligation [Actuarial (Gain) / Loss]	49.76	130.72
Closing defined benefit obligation	**1,383.68**	**1,176.74**

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

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Opening fair value of plan assets	21.24	21.05
Foreign Currency Translation Reserve (FCTR) Impact on opening balance	2.02	0.03
Interest income	0.37	0.39
Benefits paid	(0.22)	(0.41)
Remeasurements-Actuarial gains / (losses)	0.23	0.18
Closing fair value of plan assets	**23.64**	**21.24**
Actual return on plan assets	0.60	0.57

Net Interest (Income/Expense)

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest (Income) / Expense – Obligation	16.59	21.07
Interest (Income) / Expense – Plan assets	(0.37)	(0.39)
Net Interest (Income) / Expense for the period	**16.22**	**20.68**

Amount recognized in Statement of Other comprehensive Income (OCI)

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Remeasurement for the period-Obligation (Gain)/Loss	49.76	130.72
Remeasurement for the period-Plan assets (Gain)/Loss	(0.23)	(0.18)
Total Remeasurement cost/(credit) for the period recognized in OCI	**49.53**	**130.54**

Notes to Financial Statements
for the year ended March 31, 2021 (Contd.):

40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

The amounts to be recognized in the Balance Sheet

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of defined benefit obligations	(1,383.68)	(1,176.74)
Fair value of plan assets	23.64	21.24
Net Asset / (liability) to be recognized in balance sheet	**(1,360.04)**	**(1,155.50)**

Expense recognized in the statement of profit and loss

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost	17.49	14.93
Net Interest (Income) / Expense	16.22	20.68
Net periodic benefit cost recognized in the statement of profit & loss	**33.71**	**35.61**

Reconciliation of Net Asset/(Liability) recognized:

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Net asset / (liability) recognized at the beginning of the period	(1,155.50)	(1,011.58)
Foreign Currency Translation Reserve (FCTR) Impact on Opening Balance	(149.50)	(1.59)
Benefits directly paid by the Group	28.20	23.82
Expense recognized for the year	(33.71)	(35.61)
Amount recognized in OCI	(49.53)	(130.54)
Net asset / (liability) recognized at the end of the period	**(1,360.04)**	**(1,155.50)**

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

Particulars	As at March 31, 2021	As at March 31, 2020
Funds managed by insurer	100%	100%

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

Sensitivity analysis

Impact of change in discount rate when base assumption is present value of obligation decreased/increased in present value of obligation

In ₹ Million

Discount rate	As at March 31, 2021	As at March 31, 2020
Decrease by 0.50%	121.22	113.54
Increase by 0.50%	117.85	(99.48)

The pension scheme pertains to employees who have already left the organization. Hence, the impact of change in salary increase rate and withdrawal rate is nil and hence not disclosed.

The followings are the expected contributions to the defined benefit plan in future years :

In ₹ Million

	As at March 31, 2021	As at March 31, 2020
Within the next 12 months (next annual reporting period)	31.79	28.55
Between 2 and 5 years	145.83	130.27
Beyond 5 and 10 years	228.04	204.12
Beyond 10 years	1,494.65	1,332.60
Total expected payments	**1,900.31**	**1,695.54**

(e) Other long term benefits

Other long term benefits includes early retirement scheme as governed by the local laws amounting to ₹ 62.33 million (March 31, 2020: ₹ 53.49 million) and jubilee scheme as governed by the local laws amounting to ₹ 91.65 million (March 31, 2020: ₹ 76.36 million).

One of the subsidiary has an employees' savings plan which qualifies under Internal Revenue Code as governed by the local laws. The plan allows eligible employees to make voluntary contributions based on a specific percentage of compensation which may not exceed limitations under the said Internal Revenue Code. The Group has a discretionary matching contribution of 50% up to 6% of compensation. The total expense for employee retirement contribution plans for the year ended March 31, 2021 was ₹ 57.95 million (March 31, 2020: ₹ 10.87 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.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

40. 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 companies take on uncertain long term obligations to make future benefit payments.

1) **Liability risks**

a) **Asset-liability mismatch risk**

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Group is successfully able to neutralize valuation swings caused by interest rate movements.

b) **Discount rate risk**

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

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

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

2) **Asset risks**

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India and other insurance companies. LIC and other insurance companies has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Group has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The respective subsidiary have no control over the management of funds but this option provides a high level of safety for the total corpus. Same account is maintained for both the investment and claim settlement and hence, 100% liquidity is ensured and also interest rate and inflation risk are taken care of.

The following table summarizes the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

The principal assumptions used in determining gratuity for the Indian subsidiary's plan is shown below:

Particulars	As at March 31, 2021	As at March 31, 2020
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	5.90% - 7.00%	6.00% - 7.21%
Rate of increase in compensation levels	6.00% - 10.00%	6.00% - 10.00%
Expected average remaining working lives (in years)	4.10 - 21.39	4.38 - 20.85
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 to Financial Statements

for the year ended March 31, 2021 (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

Particulars	As at March 31, 2021	As at March 31, 2020
Opening defined benefit obligation	4.70	3.56
Adjustment to defined benefit obligation		
Interest expense	0.31	0.42
Current service cost	0.90	0.43
Benefits paid	(0.20)	(0.03)
Remeasurements on obligation [Actuarial (Gain) / Loss]	(0.28)	0.32
Acquisition (credit)/cost	-	-
Closing defined benefit obligation	**5.43**	**4.70**

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

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Opening fair value of plan assets	2.33	1.98
Adjustment to fair value of plan asset	(0.10)	-
Interest Income	0.17	0.17
Benefits paid	(0.20)	(0.03)
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	(0.04)	0.21
Closing fair value of plan assets	**2.16**	**2.33**
Actual return on plan assets	0.15	0.18

Net Interest (Income/Expense)

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest (Income) / Expense – Obligation	0.31	0.42
Interest (Income) / Expense – Plan assets	(0.17)	(0.17)
Net Interest (Income) / Expense for the period	**0.14**	**0.25**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

Remeasurement for the period [Actuarial (Gain)/loss]

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Experience (Gain) / Loss on plan liabilities	(0.22)	0.05
Demographic (Gain) / Loss on plan liabilities	0.03	(0.18)
Financial (Gain) / Loss on plan liabilities	(0.10)	0.45
Experience (Gain) / Loss on plan assets	0.02	(0.02)
Financial (Gain) / Loss on plan assets	-	0.01

Amount recognized in Statement of Other comprehensive Income (OCI)

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Opening amount recognized in OCI outside profit and loss account	0.71	0.60
Remeasurement for the period-Obligation (Gain)/Loss	(0.28)	0.32
Remeasurement for the period-Plan assets (Gain)/Loss	0.02	(0.21)
Total Remeasurement cost/(credit) for the period recognized in OCI	(0.26)	0.11
Closing amount recognized in OCI outside profit and loss account	**0.45**	**0.71**

The amounts to be recognized in the Balance Sheet

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Present value of defined benefit obligations	(5.42)	(4.70)
Fair value of plan assets	2.16	2.33
Net Asset / (liability) to be recognized in balance sheet	**(3.26)**	**(2.37)**

Expense recognized in the statement of profit and loss

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost	0.90	0.43
Net Interest (Income) / Expense	0.14	0.25
Net periodic benefit cost recognized in the statement of profit & loss	**1.04**	**0.68**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

Reconciliation of Net Asset/(Liability) recognized:

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Net asset / (liability) recognized at the beginning of the period	(2.37)	(1.04)
Adjustment to opening balance	-	(0.54)
Expense recognized for the year	(1.04)	(0.68)
Amount recognized in OCI	0.26	(0.11)
Adjustment to fund	(0.11)	-
Net (liability) recognized at the end of the period	**(3.26)**	**(2.37)**

The Indian subsidiaries expect to contribute ₹ Nil to gratuity fund in the next year (March 31, 2020: ₹ Nil).

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

Particulars	As at March 31, 2021	As at March 31, 2020
Funds managed by insurer	100.00%	100.00%

Sensitivity analysis

A) Impact of change in discount rate when base assumption is decreased/increased in Present value of obligation

In ₹ Million

Discount rate	As at March 31, 2021	As at March 31, 2020
Increase by 1%	5.04	4.26
Decrease by 1%	5.87	5.22

B) Impact of change in salary increase rate when base assumption is decreased/increased in Present value of obligation

In ₹ Million

Salary increment rate	As at March 31, 2021	As at March 31, 2020
Increase by 1%	5.85	5.19
Decrease by 1%	5.05	4.28

Notes to Financial Statements
for the year ended March 31, 2021 (Contd.):

40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

C) Impact of change in withdrawal rate when base assumption is decreased/increased in Present value of obligation

In ₹ Million

Withdrawal rate	As at March 31, 2021	As at March 31, 2020
Increase by 1%	5.42	4.70
Decrease by 1%	5.42	4.70

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

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

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

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Year ending March 31		
Within one year	1.93	0.10
After one year but not more than five years	0.35	1.42
After five years but not more than ten years	0.92	2.81
Total expected payments	**3.20**	**4.33**

Under the defined contribution plan, provident fund is contributed to the government administered provident fund. The Group has no obligation, other than the contribution payable to the provident fund.

41. CONTINGENT LIABILITIES

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Claims against the Group not acknowledged as Debts - to the extent ascertained (Refer note a,c,d)	1,131.85	1,029.64
Excise/Service tax demands - matters under dispute (Refer note e)	260.21	260.21
Customs demands - matters under dispute (Refer note f)	50.97	50.97
Sales tax demands - matters under dispute (Refer note g)	37.16	35.75
Income tax demands - matters under dispute (Refer note h)	-	54.92
Others (Refer note b)	9.54	4.53

(a) The Claim against the Group comprise of dues in respect to personnel claims (amount unascertainable), local taxes etc.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

41. CONTINGENT LIABILITIES (Contd.):

(b) Includes:

- contingent liability to employees as per agreed terms.

- One of the subsidiaries has availed exemption from stamp duty amounting to ₹ 3.32 million, in respect of agreement to lease executed during the earlier financial year. The said exemption is availed in accordance with the Package Scheme of Incentive, 2013 of the Government of Maharashtra. As per the conditions attached, the subsidiary is required to start the activities within a period of three years from the date of instrument, which is January 17, 2018 . The subsidiary will be liable to pay the whole of the stamp duty and applicable penalty in the event the Subsidiary is unable to fulfil this condition. The Group believes that the Subsidiary will be able to fulfil 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 upto 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 further 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. Based on the legal advice, the Management is of the view that the possibility of cash outflow on this account is remote.

(e) Includes amount pertaining to incentive received under Government 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.

Deferred payment liabilities

Sales tax deferral incentives attached to the erstwhile windmill division, which was demerged to BF Utilities Limited (BFUL) under section 392 and 394 of the erstwhile Companies Act, 1956 sanctioned by the High Court of the Judicature at Mumbai, have been passed on thereafter from year to year by the Group to the latter, under an arrangement, with all liabilities and obligations attached thereto taken over completely by BFUL. The net liability outstanding of BFUL after such pass on amounts to ₹ 45.12 million (March 31, 2020: ₹ 97.41 million).

Refer notes 38 and 39 for contingent liabilities with respect to group's share in joint venture and associates

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

42. CAPITAL AND OTHER COMMITMENTS

In ₹ Million

	Particulars	As at March 31, 2021	As at March 31, 2020
(a)	Guarantees given by Group's Bankers on behalf of the Group, against sanctioned guarantee limit of ₹7,250 million (March 31, 2020: ₹ 7,250 million) for contracts undertaken by the Group and other matters are secured by extension of charge by way of joint hypothecation of stock-in-trade, stores and spares etc., book debts, subject to prior charge in their favour	2,984.73	2,307.85
(b)	Guarantees given by the Holding Company on behalf of subsidiaries/ related parties	6,128.40	2,307.85
(c)	Estimated value of contracts remaining to be executed on capital accounts and not provided for, net of advances	2,633.50	2,127.80
(d)	Commitments relating to further investment in private equity fund of Paragon Partners Growth Fund - I	-	5.00
(e)	Commitments relating to further investment in Aeron Systems Private Limited	-	20.00

The Group, for its newly set up plant located at Mambattu, Nellore, Andhra Pradesh for Manufacture of Aluminium Casting, has imported capital Goods under the Export Promotion Capital goods Scheme of the Government of India, at concessional rates of Duty on an undertaking to fulfil quantified exports against which remaining future obligation aggregates USD 9.82 Million (₹ 743.93 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 fulfilment of such future obligations, in the manner required, if any entails options / rights to the Government to levy penalties under the above referred scheme.

43. LEASES

A. Group as lessee

The Group has lease contracts for various items of buildings, leasehold land, plant and machinery, office 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 to Financial Statements

for the year ended March 31, 2021 (Contd.):

43. LEASES (Contd.):

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

In ₹ Million

Particulars	Buildings	Plant and machinery	Office equip-ments	Electrical installa-tions	Furniture and fixtures	Vehicles	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**
Additions	57.31	1,734.86	1.69	-	-	7.86	0.10	1,801.82
Depreciation	(126.09)	(141.35)	(6.44)	(8.62)	(1.75)	(41.02)	(1.70)	(326.97)
Foreign Currency Translation Reserve	27.85	9.90	2.88	1.10	0.68	10.28	(3.73)	48.97
As at March 31, 2021	**883.88**	**1,737.60**	**22.02**	**5.50**	**5.26**	**66.95**	**139.89**	**2,861.11**

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

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Opening balance	**1,212.69**	**1,135.60**
Transferred from borrowings*	-	173.23
Additions	1,801.82	148.01
Accretion of Interest	107.75	53.59
Payments	(441.08)	(297.74)
Foreign Currency Translation Reserve	71.67	-
Closing balance	**2,752.85**	**1,212.69**
Current	506.01	271.67
Non - Current	2,246.84	941.02

*includes lease liabilities transferred from borrowings of nil (March 31, 2020: ₹ 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 domestic entities and 1.90% to 4.4 % for Overseas entities with maturity between 2021-2029.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

43. LEASES (Contd.):

The following are the amounts recognised in profit or loss:

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation expense of right-of-use assets	326.97	257.10
Interest expense on lease liabilities	107.75	53.59
Expense relating to short-term leases (included in Other expenses)	72.60	98.03
Expense relating to leases of low-value assets (included in Other expenses)	-	0.01
Total amount recognised in profit or loss	**507.32**	**408.73**

The Group had total cash outflows for leases of ₹ 441.08 million (March 31, 2020: ₹ 272.74 million). The Group also had non-cash additions to right-of-use assets and lease liabilities of ₹ 1,801.82 million (March 31, 2020: ₹ 1,598.25 million) and ₹ 1,909.57 million (March 31, 2020: ₹ 1,510.43 million), respectively.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. (See note 35).

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

In ₹ Million

Particulars	Within five years	More than five years	Total
March 31, 2021			
Extension options expected not to be exercised	-	-	-
Termination options expected to be exercised	-	-	-
Obligations under leases not yet commenced	137.87	297.52	435.39
March 31, 2020			
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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Within one year	3.12	2.90
After one year but not more than five years	1.44	3.19
Total	**4.56**	**6.09**

Notes to Financial Statements

for the year ended March 31, 2021 (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

Particulars	As at March 31, 2021	As at March 31, 2020
Cost of the assets / capital work in progress	30.75	(132.33)
FCMITDA	8.43	(36.27)
Amortised in the current year	9.65	(42.09)

45. LOANS AND ADVANCES IN THE NATURE OF LOANS GIVEN TO ASSOCIATES /COMPANIES IN WHICH DIRECTORS ARE INTERESTED

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Ferrovia Transrail Solutions Private Limited		
Balance outstanding as at March 31	181.72	152.60
Maximum amount outstanding during the year	191.74	162.94
Tevva Motors (Jersey) Limited*		
Balance outstanding as at March 31	-	303.87
Maximum amount outstanding during the year	303.87	303.87
Tork Motors Private Limited		
Balance outstanding as at March 31	38.00	-
Maximum amount outstanding during the year	40.00	-
Saarloha Advanced Materials Private Limited**		
Balance outstanding as at March 31	1,350.00	1,350.00
Maximum amount outstanding during the year	1,350.00	1,350.00

* Refer note 6 for the details of balance outstanding.

** Short term advance converted into a long term advance for a period of 4 years.

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 to Financial Statements

for the year ended March 31, 2021 (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)

Particulars	As at April 8, 2019
Assets	
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
	27.93
Liabilities	
Trade payables	5.30
Other Financial liabilities	0.10
Other Current liabilities	4.91
Borrowings	10.27
	20.58
Total identifiable net assets at fair value	7.35
Non-controlling interest measured at fair value	3.60
Goodwill arising on acquisition	-
Purchase consideration transferred	3.75

None of the trade receivables is credit impaired and it is expected that the full contractual amounts can be collected.

(In ₹ Million)

Particulars	Amount
Purchase Consideration	(3.75)
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 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 was agreed to be 24th September, 2019. As part of the Business Transfer Agreement (BTA), the sellers transferred running business and assumed assets and intangibles including the customer list.

Notes to Financial Statements

for the year ended March 31, 2021 (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)

Particulars	As at September 04, 2019
Assets	
Intangibles assets	16.49
Total identifiable net assets at fair value	**16.49**
Goodwill arising on acquisition	51.90
Purchase consideration transferred	68.39

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.

(In ₹ Million)

Particulars	Amount
Purchase Consideration	68.39
Less: Net Cash acquired in business Combination	-
Net Cash flow on acquisition	68.39

47. DISCLOSURES REQUIRED UNDER SEC. 186(4) OF THE COMPANIES ACT, 2013

(In ₹ Million)

Name of the loanee	Purpose	Rate of Interest (p.a.)	Year ended March 31, 2021	Year ended March 31, 2020
Tevva Motors (Jersey) Limited*	General corporate purpose	12.00%	-	303.87
Tork Motors Private Limited	General corporate purpose	11.00%	38.00	-
Saarloha Advanced Materials Private Limited**	General corporate purpose	8.25%	1,350.00	1,350.00

* Loan given is unsecured and convertible by December 31, 2021.

** Short term advance converted into a long term advance for a period of 4 years.

The Company has given guarantees to banks on behalf of the following group companies:

- Bharat Forge Kilsta AB, step down subsidiary company, of ₹ 1,544.04 million (March 31, 2020: ₹ 1,481.86 million) for working capital requirements which was renewed during the current year.

Notes to Financial Statements
for the year ended March 31, 2021 (Contd.):

47. DISCLOSURES REQUIRED UNDER SEC. 186(4) OF THE COMPANIES ACT, 2013 (Contd.):

- Bharat Forge America Inc., wholly owned subsidiary company, of ₹ 1,389.19 million (March 31, 2020: ₹ 303.04 million) for term loan which was used for acquisition of stepdown subsidiaries and short term loan for expansion of the capacity.

- Bharat Forge Aluminium USA, wholly owned subsidiary company, of ₹ 2,284.84 million (March 31, 2020: nil) for short term loan for expansion of the capacity.

- Kalyani Strategic Systems Limited , subsidiary company, of ₹ 500.00 million (March 31, 2020: nil) for availing non-fund based credit facilities from the banks.

48. RELATED PARTY DISCLOSURES

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

Related parties with whom transactions have taken place during the period.	
Associates	Ferrovia Transrail Solutions Private Limited, India
	Hospet Bellary Highways Private Limited, India (dissolved on January 12, 2021)
	Tork Motors Private Limited, India
	Talbahn GmbH (Investment through wholly owned subsidiary), Germany
	Tevva Motors (Jersey) Limited, Jersey
	Aeron Systems Private Limited, India (w.e.f. May 21, 2019)
Joint Ventures	BF NTPC Energy Systems Limited, India (under liquidation)
	BF Premier Energy Systems Private Limited, India
	REFU Drive GmbH, Germany (w.e.f. September 19, 2019)
Subsidiaries/associates of associates	Lycan Electric Private Limited, India
	Tork Motors (UK) Limited, UK (dissolved w.e.f. September 22, 2020)
	Tevva Motors Limited, UK*
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 Maxion Wheels Private Limited, India
	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)

*During the year, Tevva Motors Limited became associate of Tevva Motors (Jersey) Limited due to dilution of stake held.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

48. RELATED PARTY DISCLOSURES (Contd.):

(i) Names of the related parties and related party relationship (Contd.):

Other related parties (Contd.):	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 Tecnologies 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)
	Govalkonda 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)
	Inmate Technolgy Solutions Pvt. Ltd., India
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)
Key management personnel (including subsidiaries/associates/joint ventures)	Mrs. L. D. Gupte (Independent Director)
	Mr. P. H. Ravikumar (Independent Director)
	Mr. P. C. Bhalerao (Non-Executive Director)

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

48. RELATED PARTY DISCLOSURES (Contd.):

(i) Names of the related parties and related party relationship (Contd.):

Key management personnel (including subsidiaries/associates/joint ventures) (Contd.):	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. R. Jadeja
	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)
	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. M. Black
	Mr. Asher Bennett
	Mr. R.J.D. Mackie
	Mr. K. Srinivasan (Upto January 10, 2020)
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
	Mrs. Moira Bennett
	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)

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

48. RELATED PARTY DISCLOSURES (Contd.):

(i) Names of the related parties and related party relationship (Contd.):

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 relationships	Year ended March 31, 2021	Year ended March 31, 2020
1	**Purchase of raw materials, components, stores, spares and traded goods**	**Associates**		
		Tevva Motors Limited	-	9.30
			-	**9.30**
		Other related parties		
		Kalyani Steels Limited	3,369.57	4,162.65
		Saarloha Advance Material Private Limited	7,608.82	8,058.00
		Kalyani Technoforge Limited	1,415.96	3,833.32
		Others	27.58	149.89
			12,421.93	**16,203.86**
		Joint ventures Partners		
		REFU Elektronik GmbH	11.25	7.83
			11.25	**7.83**
			12,433.18	**16,220.99**
2	**Staff welfare expenses**	**Other related parties**		
		Institute for Prostate Cancer	-	0.38
			-	**0.38**
3	**Other expenses - Power, fuel and water**	**Other related parties**		
		BF Utilities Limited	134.31	154.51
			134.31	**154.51**
		Joint ventures Partners		
		REFU Elektronik GmbH	-	7.13
			-	**7.13**
			134.31	**161.64**

Notes to Financial Statements
for the year ended March 31, 2021 (Contd.):

48. RELATED PARTY DISCLOSURES (Contd.):

(ii) Related party transactions (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2021	Year ended March 31, 2020
	- Machining / subcontracting charges	**Other related parties**		
		Kalyani Technoforge Limited	152.74	124.01
		Automotive Axles Limited	31.00	-
		Kalyani Transmission Tecnologies Private Limited	27.16	1.28
		Others	3.09	1.83
			213.99	**127.12**
	- Rent	**Other related parties**		
		United Metachem Private Limited	8.24	6.42
		KTMS Properties Company Private Limited	15.46	16.59
		Others	3.79	3.57
			27.49	**26.58**
		Associates		
		Tirupati Engineers	2.03	2.03
			2.03	**2.03**
		Relatives of key management personnel		
		Mrs. S. S. Tandale	0.18	0.18
			0.18	**0.18**
	- Donations	**Other related parties**		
		Harmony Electoral Trust	-	100.00
		Akutai Kalyani Charitable Trust	6.50	4.50
			6.50	**104.50**
	-Directors' fees and travelling expenses	**Key management personnel**		
		Mr. P. G. Pawar	0.88	0.65
		Mr. S. M. Thakore	0.78	0.83
		Mrs. Lalita D. Gupte	0.38	0.44
		Mr. P. H. Ravikumar	0.70	0.68
		Mr. P. C. Bhalerao	0.85	0.60
		Mr. Vimal Bhandari	0.43	0.42
		Mr. Dipak Mane	0.35	0.16
		Mr. Murali Sivaraman	0.35	0.18
			4.72	**3.96**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

48. RELATED PARTY DISCLOSURES (Contd.):

(ii) Related party transactions (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2021	Year ended March 31, 2020
	-Commission to directors other than managing and whole time directors	**Key management personnel**		
		Mr. P. G. Pawar	1.22	1.30
		Mr. S. M. Thakore	1.12	1.30
		Mrs. Lalita D. Gupte	0.55	0.55
		Mr. P. H. Ravikumar	1.05	1.00
		Mr. P. C. Bhalerao	1.20	1.20
		Mr. Vimal Bhandari	0.60	0.55
		Mr. Dipak Mane	0.53	0.30
		Mr. Murali Sivaraman	0.53	0.30
			6.80	**6.50**
	- Legal and professional fees	**Other related parties**		
		Kalyani Technologies Limited	80.00	80.00
		M. J. Risbud & Co.	0.16	0.09
		H. M. Risbud & Co.	0.10	0.21
		Tirupati Engineers	-	-
			80.26	**80.30**
	- Repairs and maintenance	**Other related parties**		
		Kalyani Technoforge Limited	17.74	16.27
		KTMS Properties Company Private Limited	7.82	-
			25.56	**16.27**
	- Miscellaneous expenses	**Other related parties**		
		Tirupati Engineers	-	1.48
		Rafael Advanced Defence Systems Limited	11.78	-
		Kalyani Technologies Limited	51.61	64.08
		Automotive Axles Limited	3.18	-
			66.57	**65.56**
			568.41	**594.64**
4	Sale of goods, raw materials, stores and spares, manufacturing scrap and tooling income (net of returns, rebate etc.)	**Associates**		
		Tork Motors Private Limited	0.48	1.50
			0.48	**1.50**
		Other related parties		
		Saarloha Advanced Materials Private Limited	1,410.34	1,645.67
		Automotive Axles Limited	202.33	158.73
		Others	17.52	29.07
			1,630.19	**1,833.47**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

48. RELATED PARTY DISCLOSURES (Contd.):

(ii) Related party transactions (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2021	Year ended March 31, 2020
		Joint ventures Partners		
		REFU Elektronik GmbH	64.97	84.13
			64.97	**84.13**
		Minority holders		
		Rafael Advanced Defence Systems Limited	762.22	634.28
		Elbit Systems Land and C4I Limited	-	10.32
			762.22	**644.60**
			2,457.86	**2,563.70**
5	**Sale of services**	**Other related parties**		
		Automotive Axles Limited	97.28	89.32
		Saarloha Advanced Materials Private Limited	46.98	51.91
		Others	2.57	3.67
			146.83	**144.90**
		Joint ventures Partners		
		REFU Elektronik GmbH	22.28	7.62
			22.28	**7.62**
		Minority holders		
		Rafael Advanced Defence Systems Limited	29.44	-
			29.44	**-**
			198.55	**152.52**
6	**Other income**	**Other related parties**		
	-Rent	Kalyani Maxion Wheels Limited	0.05	0.05
		Nandi Economic Corridor Enterprises	2.49	2.61
		Baramati Speciality Steels Limited	2.90	2.90
			5.44	**5.56**
	-Management Consultancy Services	**Associates**		
		Ferrovia Transrail Solutions Private Limited	2.46	3.20
			2.46	**3.20**
			7.90	**8.76**
7	**Purchase of property, plant and equipment (including CWIP)**	**Other related parties**		
		KGEPL Engineering Solutions Private Limited	33.77	687.31
		Kalyani Technoforge Limited	38.92	147.25
		Others	3.84	22.17
			76.53	**856.73**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

48. RELATED PARTY DISCLOSURES (Contd.):

(ii) Related party transactions (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2021	Year ended March 31, 2020
8	**Finance provided:**	**Other related parties**		
	- Investments by Group	Khed Economic Infrastructure Private Limited	(52.20)	58.72
		(includes fair valuation impact)		
			(52.20)	**58.72**
		Joint ventures		
		REFU Drive GmbH	-	892.34
			-	**892.34**
		Associates		
		Tork Motors Private Limited	-	39.99
		Aeron Systems Private Limited	60.00	80.00
			60.00	**119.99**
	- Loan given	**Associates**		
		Tevva Motors (Jersey) Limited	-	328.18
		Tork Motors Private Limited	40.00	-
		Ferrovia Transrail Solutions Private Limited	38.43	17.61
			78.43	**345.79**
			86.23	**1,416.84**
9	**Interest income**	**Associates**		
		Tork Motors Private Limited	1.30	-
		Tevva Motors (Jersey) Limited	36.82	18.80
			38.12	**18.80**
		Other related party		
		Saarloha Advanced Materials Private Limited	111.45	-
			111.45	**-**
			149.57	**18.80**
10	**Capital advance given**	**Other related party**		
		Khed Economic Infrastructure Private Limited	1,200.00	-
			1,200.00	**-**
11	**Advance from customers**	**Minority holders**		
		Rafael Advanced Defence Systems Limited	56.66	196.46
		Others	-	3.30
			56.66	**199.76**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

48. RELATED PARTY DISCLOSURES (Contd.):

(ii) Related party transactions (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2021	Year ended March 31, 2020
12	Advance given to vendors	**Associates**		
		Tevva Motors Limited	-	15.51
			-	**15.51**
		Other related parties		
		Saarloha Advanced Materials Private Limited	-	1,350.00
			-	**1,350.00**
			-	**1,365.51**
13	Managerial remuneration	**Key management personnel**		
		Mr. B. N. Kalyani	152.57	176.42
		Mr. A. B. Kalyani	41.61	46.27
		Mr. G. K. Agarwal	41.98	46.50
		Mr. S. E. Tandale	38.78	38.81
		Mr. B. P. Kalyani	36.93	38.20
		Mr. K. M. Saletore	32.28	29.56
		Ms. T. R. Chaudhari	2.60	2.98
		Others	56.16	35.34
			402.91	**414.08**
14	Dividend paid	**Key management personnel**		
		Mr. B. N. Kalyani	-	0.47
		Mr. A. B. Kalyani	-	4.20
		Mr. G. K. Agarwal	-	0.03
		Mr. B. P. Kalyani	-	0.04
		Mr. K. M. Saletore	-	0.01
		Mr. S. M. Thakore	-	0.17
		Mr. P. H. Ravikumar	-	0.04
			-	**4.96**
		Relatives of key management personnel		
		Mr. G. N. Kalyani	-	4.14
		Others	-	0.99
			-	**5.13**
			-	**10.09**
15	Repayment of loan given	**Associate**		
		Ferrovia Transrail Solutions Private Limited	-	-
		Tork Motors Private Limited	2.00	-
			2.00	**-**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

48. RELATED PARTY DISCLOSURES (Contd.):

(ii) Related party transactions (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2021	Year ended March 31, 2020
16	Loan taken	**Minority holders**		
		Mr. Rahul Pangare	2.15	1.25
			2.15	**1.25**
		Other related parties		
		Givia Pty Ltd ATF Yajilaara Trust	24.90	89.91
		Growth Spurt Consultant LLP, India	5.00	-
			29.90	**89.91**
		Key management personnel		
		Mr. Kapil Shelke	1.50	2.25
		Mr. Abhijit Bokil	6.77	2.65
		Mr. Ashvani Shukla	-	3.07
			8.27	**7.97**
		Relatives of key management personnel		
		Ms. Meera Shelke	1.75	1.80
			1.75	**1.80**
			42.07	**100.93**
17	Finance cost	**Other related parties**		
		Givia Pty Ltd ATF Yajilaara Trust	10.93	5.25
			10.93	**5.25**
18	Repayment of loan taken	**Minority holders**		
		Mr. Rahul Pangare	-	0.18
			-	**0.18**
		Key management personnel		
		Mr. Kapil Shelke	-	2.25
		Mr. Abhijit Bokil	2.65	2.54
		Mr. Ashvani Shukla	2.94	3.19
			5.59	**7.98**
		Joint venture partners		
		REFU Elektronik GmbH	89.79	-
			89.79	**-**
		Relatives of key management personnel		
		Mrs. Meera Shelke	-	1.80
			-	**1.80**
			95.38	**9.96**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

48. RELATED PARTY DISCLOSURES (Contd.):

(ii) Related party transactions (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2021	Year ended March 31, 2020
19	Contributions paid *	**Post employment benefit trusts**		
		Provident fund		
		Bharat Forge Company Limited Staff Provident Fund	234.55	229.84
			234.55	**229.84**
		Gratuity fund		
		Bharat Forge Company Limited Employees Group	35.21	35.00
		Gratuity fund		
		Bharat Forge Company Limited Officer's Group	68.43	63.86
		Gratuity fund		
			103.64	**98.86**
		Superannuation fund		
		Bharat Forge Company Limited Officer's	20.76	24.03
		Superannuation scheme		
			20.76	**24.03**
			358.95	**352.73**
20	Provision for diminution in value of investment	**Associates**		
		Tevva Motors (Jersey) Limited	-	475.87
			-	**475.87**
21	Share based Payment	**Key management personnel**		
		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.

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Notes to Financial Statements

for the year ended March 31, 2021 (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, 2021	As at March 31, 2020
1	**Trade payables**	**Other related parties**		
		Kalyani Steels Limited* [Refer note 22]	639.28	469.61
		Saarloha Advance Material Private Limited [Refer note 22]**	1,803.02	764.12
		Kalyani Technoforge Limited	861.92	1,050.87
		Others	59.21	18.95
			3,363.43	**2,303.55**
		Joint ventures Partners		
		REFU Elektronik GmbH	-	1.63
			-	**1.63**
		Associates		
		Tevva Motors Limited	-	0.22
			-	**0.22**
		Minority holders		
		Rafael Advanced Defence Systems Limited	201.82	44.34
		Elbit Systems Land And C4I Limited	55.66	105.92
			257.48	**150.26**
			3,620.91	**2,455.66**
2	**Trade receivable**	**Other related parties**		
		Saarloha Advanced Materials Private Limited	723.79	370.23
		Automotive Axles Limited	137.80	88.67
		Others	12.43	45.00
			874.02	**503.90**
		Associates		
		Tork Motors Private Limited	2.05	1.43
		Ferrovia Transrail Solutions Private Limited	-	3.20
			2.05	**4.63**
		Minority holders		
		Elbit Systems Land and C4I Limited	-	10.72
		Rafael Advanced Defence Systems Limited	306.97	198.89
			306.97	**209.61**
			1,183.04	**718.14**

* Net of advance given amounting to ₹ 470 million (March 31, 2020 : ₹ 470 million).

** Net of advance given amounting to ₹ 250 million (March 31, 2020 : ₹ 250 million) .

Notes to Financial Statements
for the year ended March 31, 2021 (Contd.):

48. RELATED PARTY DISCLOSURES (Contd.):

(iii) Balance outstanding as at the year end (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	As at March 31, 2021	As at March 31, 2020
3	**Payables for capital goods**	**Other related parties**		
		Kalyani Technoforge Limited	27.15	10.86
		Others	0.06	0.22
			27.21	**11.08**
		Minority holders		
		Rafael Advanced Defence Systems Limited	-	5.40
			-	**5.40**
			27.21	**16.48**
4	Non-current investments	**Other related parties**		
		Khed Economic Infrastructure Private Limited (including fair value)	589.58	641.78
			589.58	**641.78**
		Joint ventures (net of accumulated share of loss)		
		BF Premier Energy Systems Pvt. Ltd.	-	-
		Refu Drive GmbH	852.17	912.88
			852.17	**912.88**
		Associates (net of accumulated share of loss)		
		Tork Motors Private Limited	199.25	232.33
		Tevva Motors (Jersey) Limited	137.83	2.93
		Hospet Bellary Highways Private Limited	-	0.05
		Aeron Systems Private Limited	119.46	70.87
			456.54	**306.18**
			1,898.29	**1,860.84**
5	**Loans given**	**Associates**		
		Ferrovia Transrail Solutions Private Limited	181.72	152.60
		Tork Motors Private Limited	38.00	-
		Tevva Motors (Jersey) Limited	-	328.18
			219.72	**480.78**
6	**Loans taken**	**Joint ventures Partners**		
		REFU Elektronik GmbH	-	79.88
			-	**79.88**
		Other related parties		
		Givia Pty Ltd ATF Yajilaara Trust	124.50	93.36
		Growth Spurt Consultant LLP, India	5.58	0.58
			130.08	**93.94**
		Minority holders		
		Mr. Rahul Pangare	6.48	4.36
		Mr. Vyankoji Shinde	5.56	4.18
			12.04	**8.54**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

48. RELATED PARTY DISCLOSURES (Contd.):

(iii) Balance outstanding as at the year end (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	As at March 31, 2021	As at March 31, 2020
		Key management personnel		
		Mr. Abhijit Bokil	2.20	0.54
		Mr. Ashvani Shukla	-	0.49
			2.20	**1.03**
		Relatives of key management personnel		
		Mr. Ajitsingh Shinde	1.33	1.33
		Mrs. Roma Shinde	0.49	0.49
		Mrs. Tina Pangre	0.49	0.49
			2.31	**2.31**
			146.63	**185.70**
7	**Security deposits given**	**Other related parties**		
		BF Utilities Limited	200.00	210.00
		Kalyani Technologies Ltd	89.40	89.40
		Radium Merchandise Private Limited	25.00	25.00
		Others	14.71	4.71
			329.11	**329.11**
		Relatives of key management personnel		
		Mrs. S. S. Tandale	-	0.15
			329.11	**329.26**
8	**Advance to suppliers**	**Associates**		
		Tevva Motors Limited	-	6.19
			-	**6.19**
		Other related parties		
		Saarloha Advanced Materials Private Limited	1,350.00	1,350.00
		Kalyani Technoforge Limited	-	388.00
		KGEPL Engineering Solutions Private Limited	-	12.70
			1,350.00	**1,750.70**
			1,350.00	**1,756.89**
9	**Interest accured**	**Associates**		
		Tevva Motors (Jersey) Limited	-	18.80
			-	**18.80**
		Joint ventures Partners		
		REFU Elektronik GmbH	0.48	0.53
			0.48	**0.53**
			0.48	**19.33**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

48. RELATED PARTY DISCLOSURES (Contd.):

(iii) Balance outstanding as at the year end (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	As at March 31, 2021	As at March 31, 2020
10	Advance from customers	**Other related parties**		
		Automotive Axles Limited	3.44	4.20
			3.44	**4.20**
		Minority holders		
		Rafael Advanced Defence Systems Limited	32.96	131.33
			32.96	**131.33**
			36.40	**135.53**
11	Capital advances	**Other related parties**		
		Kalyani Technoforge Limited	22.59	10.45
		KGEPL Engineering Solutions Private Limited	21.48	15.10
		Khed Economic Infrastructure Private Limited	1,200.00	-
			1,244.07	**25.55**
		Minority holders		
		Elbit Systems Land and C4I Limited	17.67	17.67
			17.67	**17.67**
			1,261.74	**43.22**
12	Interest accrued on loan taken	**Other related parties**		
		Givia Pty Ltd ATF Yajilaara Trust	17.26	5.46
			17.26	**5.46**
13	Managerial remuneration payable*	**Key management personnel**		
		Mr. B. N. Kalyani	39.00	60.00
		Mr. A. B. Kalyani	3.00	8.00
		Mr. G. K. Agarwal	3.00	8.00
		Mr. S. E. Tandale	14.75	15.00
		Mr. B. P. Kalyani	14.75	15.00
		Mr. K. M. Saletore	13.00	10.00
		Others	8.59	6.02
			96.09	**122.02**
14	Commission to directors other than managing and whole time directors	**Relatives of directors and other directors**		
		Mr. P. G. Pawar	1.22	1.30
		Mr. S. M. Thakore	1.12	1.30
		Mrs. Lalita D. Gupte	0.55	0.55
		Mr. P. H. Ravikumar	1.05	1.00

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

48. RELATED PARTY DISCLOSURES (Contd.):

(iii) Balance outstanding as at the year end (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	As at March 31, 2021	As at March 31, 2020
14	**Commission to directors other than managing and whole time directors (Contd.):**	Mr. P. C. Bhalerao	1.20	1.20
		Mr. Vimal Bhandari	0.60	0.55
		Mr. Dipak Mane	0.53	0.30
		Mr. Murali Sivaraman	0.53	0.30
			6.80	**6.50**
15	**Provision for diminution in value of loan to associate**	**Associates**		
		Ferrovia Transrail Solutions Private Limited	-	-
			-	-
16	**Provision for diminution in value of Investment in associate**	**Associates**		
		Tevva Motors (Jersey) Limited	475.87	475.87
			475.87	**475.87**
17	**Share based Payment**	**Key management personnel**		
		Mr. M. Black	-	31.26
			-	**31.26**

Notes

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

1. Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured with a short term duration unless otherwise stated and interest free except for loans and settlement occurs in cash. For the year ended March 31, 2021 the Group has not recorded any impairment of receivables relating to amount owed by related parties other than those disclosed separately above (March 31, 2020 : ₹ Nil). This assessment is undertaken in each financial year through examining the financial position of the related party and the market in which the related party operates.

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

3. For Details of guarantees to related parties refer note 47.

4. The Group has various other welfare trusts to administer the long term benefits for its employees for which no contribution is made in the current or previous year.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

49. SEGMENT INFORMATION

In accordance with paragraph 22 of notified Indian Accounting Standard 108 Operating Segments (Ind AS 108), the Group has disclosed segment information only on the basis of the consolidated financial statements which are presented together with the standalone financial statements. The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group's business is divided into two reporting segments which comprises of "Forgings" and "Others" which represents the Group's businesses not covered in Forgings segment. The Chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment based on an analysis of various performance indicators.

The Forgings segment produces and sells forged products comprising of forgings and machined components for automotive and industrial sector. Others primarily includes various new intiatives which the Group is carrying out other than forging related activities.

No operating segments have been aggregated to form the above reportable operating segments.

In ₹ Million

Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	**Segment revenue**		
	Revenue from external customers		
a	Forgings	61,116.83	78,541.54
b	Others	3,057.77	2,437.83
	Total	**64,174.60**	**80,979.37**
	Less - Intersegment revenue	**(4.37)**	**(76.10)**
	Total	**64,170.23**	**80,903.27**
	Adjustments and eliminations *	(807.62)	(344.83)
	Revenue from operations	**63,362.61**	**80,558.44**
2	**Segment results**		
a	Forgings	4,307.27	7,793.60
b	Others	(217.01)	(544.90)
	Total segment profits (before interst and tax from each reportable segment)	**4,090.26**	**7,248.70**
	Less: Finance cost	1,077.29	1,713.29
	Less: Other unallocable expenditure net off unallocable income	205.23	129.16
	Total profits before tax and exceptional items	**2,807.74**	**5,406.25**
	Add: Exceptional items (loss)		
a	Forgings	(3,062.28)	(313.29)
b	Others	-	(475.87)
	Total Exceptional items (loss)	**(3,062.28)**	**(789.16)**
	(Loss)/profits before tax and adjustments	**(254.54)**	**4,617.09**
	Adjustments and eliminations *	-	-
	Profit before tax	**(254.54)**	**4,617.09**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

49. SEGMENT INFORMATION (Contd.):

In ₹ Million

Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020
3	**Segment income/(expense)**		
3.1	**Segment Depreciation, amortisation and impairment expense**		
a	Forgings	5,819.11	5,323.85
b	Others	391.25	325.51
b	Unallocable	100.15	-
	Total	**6,310.51**	**5,649.36**
	Adjustments and eliminations *	(188.92)	(172.21)
	Depreciation, amortisation and impairment expense	**6,121.59**	**5,477.15**
3.2	**Segment Income tax expense/(income)**		
a	Forgings	1,016.25	1,117.41
b	Others	(5.74)	5.98
	Total	**1,010.51**	**1,123.39**
	Adjustments and eliminations *	4.61	1.24
	Income tax expense (excluding impact of deferred tax in OCI)	**1,015.12**	**1,124.63**
3.3	**Share of (loss) of associates and joint ventures*** **		
a	Forgings	-	-
b	Others	(299.74)	(429.03)
	Total share of (loss) of associates and joint ventures	**(299.74)**	**(429.03)**
4	**Segment assets**		
a	Forgings	94,605.93	86,377.45
b	Others	5,559.03	5,963.57
c	Unallocable assets including unutilised fund	32,008.09	23,922.22
	Total	**132,173.05**	**116,263.24**
	Adjustments and eliminations *	(394.67)	(634.87)
	Total assets	**131,778.38**	**115,628.37**
5	**Segment liabilities**		
a	Forgings	20,637.38	15,784.19
b	Others	1,046.21	888.71
c	Unallocable	3,142.47	2,123.70
	Total	**24,826.06**	**18,796.60**
	Adjustments and eliminations *	(483.70)	(435.26)
	Total liabilities	**24,342.36**	**18,361.34**
	Capital employed	**107,436.02**	**97,267.03**

Notes to Financial Statements
for the year ended March 31, 2021 (Contd.):

49. SEGMENT INFORMATION (Contd.):

In ₹ Million

Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020
6	**Other disclosures**		
6.1	**Investments in associates and joint ventures********		
a	Forgings	-	-
b	Others	1,308.72	1,219.06
	Total	**1,308.72**	**1,219.06**
	Adjustments and eliminations *	-	-
	Investments in associates and joint ventures	**1,308.72**	**1,219.06**
6.2	**Increase in non-current non-financial asset for the year**		
a	Forgings	9,073.73	10,407.45
b	Others	114.04	2,590.35
	Total	**9,187.77**	**12,997.80**
	Adjustments and eliminations *	(65.91)	(603.16)
	Increase in non-current non-financial asset for the year	**9,121.86**	**12,394.64**
7	**Information in respect of geographical areas**		
7.1	**Segment revenue from external customers****		
a	Within India	16,696.53	17,909.87
b	Outside India	46,666.08	62,648.57
	Europe	17,054.65	31,195.33
	USA	27,263.92	29,004.34
	Others	2,347.51	2,448.90
	Subtotal	**46,666.08**	**62,648.57**
	Total	**63,362.61**	**80,558.44**
7.2	**Segment non-current assets**		
a	Within India	43,058.47	41,478.65
b	Outside India	18,361.49	14,115.51
	Total	**61,419.96**	**55,594.16**

* Ind AS 108 requires disclosure of reconciliations between segment information and respective line item in Consolidated Financial Statements. Adjustments and eliminations include elimination of assets and liabilities of joint ventures and associates which have been accounted under equity method. Further, inter-segment transactions are eliminated upon consolidation. There are no other reconciling items, hence, no separate reconciliation has been presented.

** The revenue information above is based on location of the customers.

*** Excluding effects of share of OCI of associates and joint ventures amounting to ₹ (39.04) million (March 31, 2020: ₹ 16.96 million).

**** Excluding loan to associate representing long term interest of the Group in the associate. Also refer note 39.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

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.

In ₹ Million

Particulars	As at March 31, 2021		As at March 31, 2020	
	Assets	Liabilities	Assets	Liabilities
Fair value of foreign currency forward contracts	2,790.04	-	-	734.24

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 as follows:

In ₹ Million

Nature of instrument	Currency	Purpose	As at March 31, 2021		As at March 31, 2020	
			Foreign Currency in Million	In ₹ Million	Foreign Currency in Million	In ₹ Million
Forward Contracts	USD	Hedging of highly probable forecast sales	540.98	45,046.31	479.76	37,280.80
Forward Contracts	EUR	Hedging of highly probable forecast sales	145.37	14,434.34	111.15	10,688.23
Range forward contracts	USD	Hedging of highly probable forecast sales	20.25	1,577.80	25.25	1,964.98
Range forward contracts	EUR	Hedging of highly probable forecast sales	6.00	526.99	8.00	702.66

The cash flow hedges of the expected future sales during the year ended March 31, 2021 were assessed to be highly effective and a net unrealised gain of ₹ 2,784.32 million (March 31, 2020: ₹ (688.49) million), with a deferred tax liability of ₹ 700.76 million (March 31, 2020: ₹ 173.28 million) relating to the hedging instruments, is included in OCI.

The amount removed from OCI during the year and included in the carrying amount of the hedged item as an adjustment for the year ended March 31, 2021 as detailed in Note 33, totalling ₹ 523.40 million (gross of deferred tax) (March 31, 2020: ₹ 644.90 million). The amounts retained in OCI at March 31, 2021 are expected to mature and affect the statement of profit and loss till year ended March 31, 2025.

Fair value hedge

At March 31, 2021, the Group had an cross currency swap agreement in place. The same contract was also outstanding as on March 31, 2020. Through this arrangement, the Holding 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 Financial Statements
for the year ended March 31, 2021 (Contd.):

50. HEDGING ACTIVITIES AND DERIVATIVES (Contd.):

Also as at March 31, 2021 and March 31, 2020, the Holding Company had certain forward contracts outstanding, which are being used to hedge the exposure to changes in fair value of its underlying borrowings and trade receivables.

The impact of the derivative instrument on the balance sheet as at March 31, 2021 is as follows:

Fair value Hedge	Nominal amount (In Million)	Carrying amount (In ₹ Million)	Line item in balance sheet where hedging instrument is disclosed	Changes in fair value for calculating hedge ineffectiveness for March 2021
Cross currency swap	EURO 25.52	(4.11)	Derivative instruments	Nil

The impact of the 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	145.50	Derivative instruments	Nil
Forward Contracts	USD 1.73	(4.54)	Derivative instruments	Nil

The impact of the hedged item on the balance sheet as at March 31, 2021 is, as follows:

Fair value Hedge	Nominal amount (In Million)	Change in fair value for calculating hedge ineffectiveness for March 2021
Non-current borrowings	USD 30.00	Nil

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)	Change in fair value for calculating hedge ineffectiveness for March 2020
Non-current borrowings	USD 30.00	Nil
Trade receivables	USD 1.73	Nil

Derivatives not designated as hedging instruments

The Group has used foreign exchange forward contracts to manage repayment of some of its foreign currency denominated borrowings. These foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions i.e. the repayments of foreign currency denominated borrowings.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

51. FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

Quantitative disclosure fair value measurement hierarchy for assets as at March 31, 2021.

Financial Instruments by category

(In ₹ Million)

Particulars	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at FVTOCI			
Unquoted equity instruments			
Khed Economic Infrastructure Private Limited	-	-	589.58
Avaada SataraMH Private Limited (Refer note 51 (c))	-	-	142.45
Quoted equity instruments			
Birlasoft Limited (erstwhile KPIT Technologies Limited)	155.12	-	-
KPIT Technologies Limited (Refer note 51 (b))	108.84	-	-
Derivative instruments			
Cash flow hedges	-	2,790.04	-
Financial assets at FVTPL			
Unquoted equity instruments			
Gupta Energy Private Limited (Refer note 51 (a))	-	-	-
Derivative instruments			
Fair value hedges	-	-	-
Unquoted funds			
Investments in private equity fund	-	242.20	-
Investments in mutual funds	-	18,482.83	-
Quoted funds/bonds			
Investments in mutual funds	5,037.85	-	-
Secured redeemable non-convertible debentures in Series 237 (Option I) issued by Bajaj Finance Limited	-	-	-
Financial liability at OCI			
Derivative instruments			
Cash flow hedges	-	-	-
Financial liability at FVTPL			
Fair value hedges	-	4.11	-

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

51. FAIR VALUE HIERARCHY (Contd.):

Quantitative disclosure fair value measurement hierarchy for assets / liabilities as at March 31, 2020:

(In ₹ Million)

Particulars	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at FVTOCI			
Unquoted equity instruments			
Khed Economic Infrastructure Private Limited	-	-	641.78
Avaada SataraMH Private Limited	-	-	0.01
Quoted equity instruments			
Birlasoft Limited (erstwhile KPIT Technologies Limited)	37.39	-	-
KPIT Technologies Limited (Refer note 51 (b))	21.61	-	-
Financial assets at FVTPL			
Unquoted equity instruments			
Gupta Energy Private Limited (Refer note 51 (a))	-	-	-
Derivative instruments			
Fair value hedges	-	145.50	-
Unquoted funds			
Investments in private equity fund	-	211.46	-
Investments in mutual funds	-	12,115.22	-
Quoted funds			
Investments in mutual funds	1,578.98	-	-
Secured redeemable non-convertible debentures in Series 237 (Option I) issued by Bajaj Finance Limited	318.87	-	-
Financial liability at OCI			
Derivative instruments			
Cash flow hedges	-	728.84	-
Financial liability at FVTPL			
Fair value hedges (Derivative instruments)	-	4.55	-

There have been no transfers between level 1 and level 2 during the year ended March 31, 2021 and March 31, 2020.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

51. FAIR VALUE HIERARCHY (Contd.):

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at March 31, 2021 and March 31, 2020 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 realization rates for developed land and Land under development	**March 31, 2021**: ₹ 10.40 million to ₹ 12.60 million / acre **March 31, 2020**: ₹ 10.40 million to ₹ 12.60 million / acre	5% increase/ (decrease) in realization rate would result in increase/ (decrease) in fair value per share by ₹ 1.54 (March 31, 2020: ₹ 1.56)
		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 Holding Company has made attempts to obtain latest information for the purpose of valuation. However, such information is not available as GEPL has not filed the financial statements with Ministry Of Corporate Affaires (MCA) since FY 2014-15. In view of the above, the management believes that the fair value of the investment is Nil as at April 1, 2015 and thereafter.

(b) KPIT Technologies Limited

The 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.

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

The investment in shares has been classified under level 1 of the fair value hierarchy as on March 31,2021.

(c) Avaada SataraMH Private Limited

The investment in equity shares of Avaada SataraMH Private Limited which was made in October 2020 is governed by the terms of the share purchase agreement and the shares held by the Group are subject to certain restrictions in terms of ability of the Holding Company to sell the shares and the value at which this can be done. Considering the nature of restrictions and overall intension of the management in relation to the equity shares, the fair value of such shares for the Holding Company is same as its cost i.e. the face value as at balance sheet date.

Notes to Financial Statements
for the year ended March 31, 2021 (Contd.):

51. FAIR VALUE HIERARCHY (Contd.):

Reconciliation of fair value measurement of financial assets classified as FVTOCI and FVTPL:

Particulars	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 *
As at April 1, 2019	**-**	**583.06**	**-**
Remeasurement recognised in OCI	-	58.72	-
Remeasurement recognised in Statement of profit and loss	-	-	-
Purchases	0.01	-	-
Sales	-	-	-
Converted in to equity shares	-	-	-
As at March 31, 2020	**0.01**	**641.78**	**-**
Remeasurement recognised in OCI	-	(52.20)	-
Remeasurement recognised in Statement of profit and loss	-	-	-
Purchases	142.44	-	-
Sales	-	-	-
As at March 31, 2021	**142.45**	**589.58**	**-**

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, 2021 and March 31, 2020, other than those with carrying amounts that are reasonable approximates of fair values:

In ₹ Million

Particulars	Carrying value		Fair value	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
(i) Investments	3,987.08	4,300.32	3,987.08	4,300.32
(ii) Loans	252.77	505.64	252.77	505.64
(iii) Derivative instruments	1,501.46	145.50	1,501.46	145.50
(iv) Other non-current financial assets	1,147.40	1,292.47	1,147.40	1,292.47
Total financial assets	**6,888.71**	**6,243.93**	**6,888.71**	**6,243.93**
(i) Borrowings	22,171.65	18,747.34	22,171.65	18,747.34
(ii) Other non-current financial liabilities	1.28	2.09	1.28	2.09
(iii) Derivative instruments	2.88	157.19	2.88	157.19
Total financial liabilities	**22,175.81**	**18,906.62**	**22,175.81**	**18,906.62**

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.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

52. FINANCIAL INSTRUMENTS BY CATEGORY (Contd.):

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 non-performance risk as at March 31, 2021 and March 31, 2020 was assessed to be insignificant.

Notes to Financial Statements

for the year ended March 31, 2021 (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, 2021 and March 31, 2020.

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at March 31, 2021.

The analysis excludes the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations and provisions.

The below assumptions have been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2021 and March 31, 2020 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 upto 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 Financial Statements

for the year ended March 31, 2021 (Contd.):

53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.):

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, 2021, the Group's majority long term borrowings are at a floating rate of interest except for 5.97% Rated unsecured non-convertible debentures.

Interest rate sensitivity

The Group's total interest cost for the year ended March 31, 2021 was ₹ 1,073.59 million and for year ended March 31, 2020 was ₹ 1,713.29 million. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, with all other variables held constant, the Group's profit/(loss) before tax is affected through the impact on floating rate long term borrowings, as follows:

Particulars	Change in basis points	Effect on Profit/(loss) before tax and equity (₹ million)
March 31 2021		
USD	+/- 50	33.62
EUR	+50	66.91
EUR*	-50	(37.52)
March 31 2020		
USD	+/- 50	44.53
EUR	+50	68.23
EUR*	-50	(46.65)

* During the previous and earlier financial year, EURIBOR was trading in negative zone and some of the Euro borrowings were floored at zero EURIBOR while others were trading at floating EURIBOR. Further, Euro borrowings includes USD borrowings swapped in to EURO borrowings through cross currency swap.

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's export revenue, long term foreign currency borrowings and Group's net investment in foreign subsidiaries and associates.

The Holding Company manages its foreign currency risk by hedging its forecasted sales upto 4 years to the extent of 25%-65% on rolling basis and keep its long-term foreign currency borrowings un-hedged which will be natural hedge against its un-hedged exports. The Holding Company may hedge its long term borrowing near to the repayment date to avoid rupee volatility in short term.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.):

The Holding Company avails bills discounting facility in INR for some of its export receivables to avail interest subvention benefit. The Group manages foreign currency risk by hedging the receivables against the said liability.

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.

Particulars	Change in rate	Effect on OCI (In ₹ million)	Effect on profit/(loss) (In ₹ million)
March 31, 2021	USD/INR – 1	561.23	Nil
	EUR/INR – 1	151.37	Nil
	EUR/USD – 0.01		19.33
March 31, 2020	USD/INR – 1	503.02	1.73
	EUR/INR – 1	119.15	Nil
	EUR/USD – 0.01		19.33

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Group's profit/loss before tax is due to changes in the fair value of un-hedged monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

Particulars	Change in FC/INR rate	Effect on Profit/(loss) before tax and equity (In ₹ million)	Effect on other comprehensive income (In ₹ million)
March 31, 2021			
	USD 1	137.05	34.33
	EUR 1	102.80	29.68
March 31, 2020			
	USD 1	112.54	26.79
	EUR 1	120.87	67.34

Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the on-going purchase of steel. Due to significant volatility of the price of the steel, the Group has agreed with its customers for pass-through of increase/decrease in prices of steel. There may be lag effect in case of such pass-through arrangement.

Commodity price sensitivity

The Group has a back-to-back pass through arrangements for volatility in raw material prices for most of the customers. However, in few cases there may be lag effect in case of such pass-through arrangements and might have some effect on the Group's profit/(loss) and equity.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.):

Equity price risk

The Group is exposed to price risk in equity investments and classified on the balance sheet as fair value through profit or loss and through Other comprehensive income. To manage its price risk arising from investments in equity, the Group diversifies its portfolio. Diversification and investment in the portfolio are done in accordance with the limits set by the Board of Directors of the Group.

At the reporting date, the exposure to unlisted equity securities at fair value was ₹ 974.23 million (March 31, 2020: ₹ 853.24 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 ₹ 263.96 million (March 31, 2020: ₹ 59.00 million). Change of 10% on the NSE market index could have an impact of approximately ₹ 26.40 million (March 31, 2020: ₹ 5.90 million) on the OCI or equity attributable to the Group. These changes would not have an effect on profit or loss.

Other price risk

The Group invests its surplus funds in mutual funds and zero coupon bonds which are linked to debt markets. The Group is exposed to price risk for investments in such instruments that are classified as fair value through profit or loss. To manage its price risk arising from investments in mutual funds and zero coupon bonds, the Group diversifies its portfolio. Diversification and investment in the portfolio is done in accordance with Holding Company's investment policy approved by the Board of Directors. An increase/decrease in interest rates by 0.25% will have an impact of ₹ 58.80 million (March 31, 2020: ₹ 35.12 million).

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, investment in mutual funds, other receivables and deposits, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Further, the Group's customers include marquee OEMs and Tier I companies, having long standing relationship with the Group. Outstanding customer receivables are regularly monitored and reconciled. At March 31, 2021, receivable from the Group's top 5 customers accounted for approximately 25.26% (March 31, 2020: 27.91%) 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 into 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.

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.):

The Group's maximum exposure to credit risk for the components of the balance sheet at March 31, 2021 and March 31, 2020 is the carrying amounts as illustrated in the respective notes except for financial guarantees. With respect to financial derivative instruments refer note 50.

Liquidity risk

Cash flow forecasting is performed by Treasury function. The Group's liquidity requirements are monitored at the Holding Company and individual component level by respective treasury functions to ensure availability of funds to meet operational needs. Such forecasting takes into consideration the compliance with internal cash management. The Group's treasury invests surplus cash in marketable securities as per the approved policy, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. At the reporting date, the Group held mutual funds of ₹ 23,520.68 million (March 31, 2020: ₹ 13,730.03 million) and other liquid assets of ₹ 4,689.79 million (March 31, 2020: ₹ 6,069.98 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
March 31, 2021				
Borrowings	23,625.88	21,494.43	677.22	45,797.53
Trade and other payables	12,068.36	-	-	12,068.36
Lease Liabilities	506.01	1,669.96	576.88	2,752.85
Other financial liabilities	5,431.95	1.28	-	5,433.23
Settlement for anti-trust proceedings	102.31	2,783.59	-	2,885.90
	41,734.51	**25,949.26**	**1,254.10**	**68,937.87**
March 31, 2020				
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	1,753.73
Other financial liabilities	5,572.20	2.09	-	5,574.29
	36,249.96	**17,775.62**	**3,236.19**	**57,261.77**

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 to Financial Statements

for the year ended March 31, 2021 (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	As at March 31, 2021	As at March 31, 2020
Borrowings	49,953.72	43,480.82
Less: Cash and other liquid assets	28,210.13	19,431.90
Net debt	**21,743.59**	**24,048.92**
Equity	**54,468.14**	**52,517.29**
Net debt / equity Ratio	**0.40**	**0.46**

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. In relation to one of the subsidiary which was not able to fulfil the debt obligations the group has subsequent to year end obtained waiver letter from the lender.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2021 and March 31, 2020.

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Notes to Financial Statements

for the year ended March 31, 2021 (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
Parent								
Bharat Forge Limited								
Balance as at 31 March, 2021	109.21	59,486.28	(245.81)	3,120.95	87.33	2,814.70	303.89	5,935.65
Balance as at 31 March, 2020	101.97	53,550.63	135.58	4,735.16	105.92	(1,831.40)	164.67	2,903.76
Subsidiaries								
Foreign								
1) Bharat Forge Global Holding GmbH - Group								
Balance as at 31 December, 2020	4.89	2,664.88	296.01	(3,758.38)	(12.10)	(389.86)	(212.38)	(4,148.24)
Balance as at 31 December, 2019	10.24	5,379.65	(28.14)	(982.64)	6.11	(105.65)	(61.72)	(1,088.29)
2) Bharat Forge America Inc. - Group								
Balance as at 31 December, 2020	2.36	1,285.19	22.47	(285.25)	2.22	71.58	(10.94)	(213.67)
Balance as at 31 December, 2019	1.50	787.31	(4.45)	(155.44)	9.31	(160.96)	(17.94)	(316.40)
3) Bharat Forge International Limited								
Balance as at 31 March, 2021	2.26	1,230.56	(2.28)	28.91	(0.96)	(30.83)	(0.10)	(1.92)
Balance as at 31 March, 2020	2.35	1,232.68	5.66	197.56	(6.35)	109.88	17.43	307.44
Indian								
1) Kalyani Centre for Precision Technology Limited								
Balance as at 31 March, 2021	1.23	670.54	1.01	(12.77)	-	-	(0.65)	(12.77)
Balance as at 31 March, 2020	0.37	192.53	(0.22)	(7.57)	-	-	(0.43)	(7.57)
2) B F Infrastructure Limited - Group								
Balance as at 31 March, 2021	0.54	291.49	2.64	(33.48)	0.02	0.56	(1.69)	(32.92)
Balance as at 31 March, 2020	0.55	289.68	(1.22)	(42.77)	(0.00)	0.02	(2.42)	(42.75)
3) Analogic Controls India Limited								
Balance as at 31 March, 2021	0.13	69.54	0.23	(2.88)	(0.00)	(0.07)	(0.15)	(2.95)
Balance as at 31 March, 2020	0.14	72.48	0.60	20.79	0.01	(0.24)	1.17	20.55

Notes to Financial Statements

for the year ended March 31, 2021 (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
4) BF Elbit Advanced Systems Private Limited								
Balance as at 31 March, 2021	(0.21)	(112.81)	0.61	(7.69)	-	-	(0.39)	(7.69)
Balance as at 31 March, 2020	(0.19)	(97.73)	(0.37)	(12.89)	-	-	(0.66)	(12.89)
5) Kalyani Strategic Systems Limited - Group								
Balance as at 31 March, 2021	0.71	385.87	0.07	(0.85)	0.03	1.01	0.01	0.16
Balance as at 31 March, 2020	1.07	564.49	0.04	1.48	0.23	(3.94)	(0.14)	(2.46)
6) Eternus Performance Material Private Limited								
Balance as at 31 March, 2021	(0.00)	(0.84)	0.14	(1.84)	-	-	(0.09)	(1.84)
Balance as at 31 March, 2020	0.01	2.76	(0.05)	(1.84)	-	-	(0.09)	(1.84)
7) Kalyani Powertrain Private Limited								
Balance as at 31 March, 2021	(0.01)	(4.94)	0.39	(4.95)	-	-	(0.25)	(4.95)
Balance as at 31 March, 2020	-	-	-	-	-	-	-	-
Non-controlling interests in all subsidiaries								
Balance as at 31 March, 2021	0.58	316.95	0.46	(5.85)	0.09	2.91	(0.15)	(2.94)
Balance as at 31 March, 2020	0.61	319.89	(0.17)	(5.86)	0.17	(2.93)	(0.50)	(8.79)
Associates								
(accounting as per the equity method)								
Foreign								
1) Tevva Motors (Jersey) Limited (including subsidiaries)								
Balance as at 31 December, 2020		880.85	14.46	(183.59)	(1.25)	(40.30)	(11.46)	(223.89)
Balance as at 31 December, 2019		1,606.87	(10.00)	(349.08)	(1.02)	17.65	(18.79)	(331.42)
Indian								
1) Ferrovia Transrail Solutions Private Limited*								
Balance as at 31 March, 2021		(19.68)	0.76	(9.70)	-	0.03	(0.50)	(9.67)
Balance as at 31 March, 2020		(10.01)	(0.29)	(10.00)	-	-	(0.57)	(10.00)

Notes to Financial Statements

for the year ended March 31, 2021 (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
2) Tork Motors Private Limited (including subsidiaries)								
Balance as at 31 March, 2021		334.51	2.72	(34.50)	0.04	1.42	(1.69)	(33.08)
Balance as at 31 March, 2020		401.78	(1.57)	(54.78)	0.03	(0.45)	(3.13)	(55.23)
3) Aeron Systems Private Limited								
Balance as at 31 March, 2021		254.53	0.91	(11.54)	-	0.13	(0.58)	(11.41)
Balance as at 31 March, 2020		278.42	(0.26)	(8.93)	0.01	(0.20)	(0.52)	(9.13)
Joint Ventures								
(accounting as per the equity method)								
Foreign								
1) REFU Drive GmbH (including subsidiaries)								
Balance as at 31 December, 2020		919.41	4.76	(60.39)	(0.01)	(0.32)	(3.11)	(60.71)
Balance as at 31 December, 2019		933.21	(0.18)	(6.22)	-	(0.04)	(0.35)	(6.26)
Indian								
1) BF Premier Energy Systems Private Limited*								
Balance as at 31 March, 2021		(0.06)	-	(0.02)	-	-	(0.00)	(0.02)
Balance as at 31 March, 2020		(0.02)	(0.00)	(0.02)	-	-	(0.00)	(0.02)
Adjustments arising out of consolidation								
March 31, 2021	(21.69)	(11,814.57)	0.46	(5.84)	24.57	791.94	40.25	786.10
March 31, 2020	(38.29)	(9,777.08)	54.14	175.51	(11.46)	249.19	118.46	424.70
March 31, 2021 - Group	**100.00**	**54,468.14**	**100.00**	**(1,269.66)**	**100.00**	**3,222.90**	**100.00**	**1,953.24**
March 31, 2020 - Group	**100.00**	**52,517.29**	**100.00**	**3,492.46**	**100.00**	**(1,729.07)**	**100.00**	**1,763.39**

Notes to Financial Statements

for the year ended March 31, 2021 (Contd.):

56. EFFECT OF GLOBAL HEALTH PANDEMIC RELATING TO COVID-19

The Group has considered the possible effects that may result from COVID-19 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of COVID-19, the Group has, at the date of approval of the financial statements, used internal and external sources of information and expects that the carrying amount of the assets will be recovered. The management believes that it has assessed and taken all the possible impacts known from these events wherever possible outcome is known. However, given the effect of these on the overall economic activity and in particular in the industry in which Group operates, the impact assessment of COVID-19 is a continuous process, given the significant estimation and uncertainties associated with its nature, duration and outcome of any negotiations. The impact of global health pandemic might be different from that estimated as at the date of approval of these financial statements. The Group will continue to closely monitor any material changes to future economic conditions and its consequential impact on its financial statements.

57. ACQUISITION OF SANGHVI FORGING & ENGINEERING LIMITED

Hon'ble National Company Law Tribunal Ahmedabad Bench (NCLT), has orally pronounced its order of approval on the Resolution Plan submitted by the Holding Company for acquisition of Sanghvi Forging & Engineering Limited, on April 26, 2021.

For better strategic alignment, it was considered to acquire the company within the Group named Nouveau Power and Infrastructure Private Limited (NPIPL) as a special purpose vehicle (SPV) to undertake the acquisition of Sanghvi Forging & Engineering Limited (SFEL) in terms of the provision of Insolvency & Bankruptcy Code, 2016 ("IBC"), as per Resolution plan approved by National Company Law Tribunal, Ahmedabad Bench (NCLT).

The Group has acquired 100% stake of Nouveau Power & Infrastructure Private limited on May 5, 2021 by subscribing ₹ 0.10 million towards acquiring 10,000 equity shares of ₹ 10/- each. The acquisition has been completed on May 5, 2021. The name of the said company has been changed from Nouveau Power & Infrastructure Private limited to BF Industrial Solutions Private Limited, in view of the strategic alignment of the business to be carried out in this company.

As per our report of even date

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

per **Huzefa Ginwala**
Partner
Membership Number: 111757

Place: Pune
Date: June 4, 2021

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 4, 2021

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

(in ₹ million)

Sr. No.	Name of the Subsidiary	Reporting Period	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Details of Investments	Turnover	Profit Before Taxation	Provision for taxation	Profit after taxation	% of Holding
1	Bharat Forge Global Holding GmbH	Jan 20 to Dec 20	EUR	89.79	448.97	2,417.62	8,943.82	6,077.23	6,887.09	484.93	(4,210.92)	(3.60)	(4,207.32)	100%
2	Bharat Forge CDP GmbH	Jan 20 to Dec 20	EUR	89.79	44.90	3,741.54	10,396.14	6,609.70	139.18	11,769.88	(2,056.57)	-	(2,056.57)	100%
3	Bharat Forge Holding GmbH	Jan 20 to Dec 20	EUR	89.79	2.24	1,151.62	2,116.67	962.80	1,531.09	-	(4.45)	-	(4.45)	100%
4	Bharat Forge Aluminiumtechnik Gmbh	Jan 20 to Dec 20	EUR	89.79	745.28	1,462.77	10,688.10	8,480.05	-	5,043.29	(1,705.91)	-	(1,705.91)	100%
5	Bharat Forge Kilsta AB	Jan 20 to Dec 20	SEK	8.94	178.80	66.23	4,545.11	4,300.09	-	5,925.32	(238.40)	-	(238.40)	100%
6	Bharat Forge Daun GmbH	Jan 20 to Dec 20	EUR	89.79	4.49	317.62	1,114.91	792.80	-	1,313.34	66.62	-	66.62	100%
7	Mecanique Generale Langroise	Jan 20 to Dec 20	EUR	89.79	53.88	196.55	359.20	108.78	-	387.95	(10.71)	-	(10.71)	100%
8	Bharat Forge America Inc.	Jan 20 to Dec 20	USD	73.05	-	17.54	2,938.08	2,920.55	1,547.02	63.28	(281.41)	0.14	(281.56)	100%
9	Bharat Forge PMT Technologie LLC	Jan 20 to Dec 20	USD	73.05	7.12	1,185.94	1,643.43	450.37	-	1,895.40	(133.76)	-	(133.76)	100%
10	Bharat Forge Tennessee Inc.	Jan 20 to Dec 20	USD	73.05	-	497.97	546.13	48.17	259.35	26.30	(18.67)	(10.09)	(8.58)	100%
11	Bharat Forge Aluminium USA, Inc.	Jan 20 to Dec 20	USD	73.05	0.01	477.57	3,294.68	2,817.10	-	-	(206.59)	-	(206.59)	100%
12	Kalyani Precision Machining, Inc.	Jan 20 to Dec 20	USD	73.05	-	(0.01)	0.01	0.01	-	-	(0.01)	-	(0.01)	100%
13	Bharat Forge International Limited	Apr 20 to Mar 21	USD	73.50	7.70	1,222.85	12,418.57	11,188.02	-	15,306.04	41.14	12.51	28.64	100%
14	BF Infrastructure Limited	Apr 20 to Mar 21	INR	1.00	2,239.67	(1,947.68)	430.46	138.47	0.05	39.26	(44.82)	-	(44.82)	100%
15	Kalyani Strategic Systems Limited	Apr 20 to Mar 21	INR	1.00	421.33	(40.60)	423.52	42.79	237.12	50.07	(31.70)	0.09	(31.79)	51%
16	Kalyani Rafeal Advanced Systems Private Limited	Apr 20 to Mar 21	INR	1.00	398.03	(33.90)	724.46	360.33	-	798.92	6.76	(1.46)	8.22	50%
17	BF Elbit Advanced Systems Private Limited	Apr 20 to Mar 21	INR	1.00	19.80	(132.61)	32.52	145.33	-	-	(15.08)	-	(15.08)	51%
18	Analogic Controls India Limited	Apr 20 to Mar 21	INR	1.00	184.90	(115.36)	90.30	20.76	-	42.99	(2.48)	0.40	(2.88)	100%
19	BFIL-CEC JV	Apr 20 to Mar 21	INR	1.00	-	(1.67)	10.07	11.74	-	-	(0.73)	-	(0.73)	100%
20	Kalyani Centre for Precision Technology Limited	Apr 20 to Mar 21	INR	1.00	690.88	(20.34)	821.64	151.10	-	68.64	(11.73)	(4.08)	(7.65)	100%
21	Eternus Performance Material Private Limited	Apr 20 to Mar 21	INR	1.00	1.63	(2.47)	35.20	36.04	-	4.90	(3.76)	(0.16)	(3.60)	51%
22	Kalyani Powertrain Private Limited	Apr 20 to Mar 21	INR	1.00	0.01	(4.95)	0.01	4.95	-	-	(4.95)	-	(4.95)	

Part “B”: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

In ₹ Million

Sr. No.	Name of Associates/Joint Ventures	Ferrovia Transrail Solutions Private Limited	BF Premier Energy Systems Private Limited	Aeron Systems Private Limited	Tevva Motors (Jersey) Limited	Tork Motors Private Limited	Refu Drive GmbH
1	**Latest audited Balance Sheet Date**	March 31, 2021	March 31, 2021	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
2	**Shares of Associate/Joint Ventures held by the company on the year end**						
i	Nos.	4,900	100,000	136,500	794,217	14,208	12,500
ii	Amount of Investment in Associates/Joint Venture	0.05	1.00	140.00	892.93	300.37	919.14
ii	Extend of Holding %	49%	50%	37.14%	36.51%	48.86%	50.00%
3	**Description of how there is significant influence**	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
5	**Networth attributable to Shareholding as per latest audited Balance Sheet**	(9.64)	(0.03)	66.18	321.60	163.44	459.71
6	**Profit / Loss for the year**						
i	Considered in Consolidation	(9.67)	(0.02)	(11.54)	(183.59)	(34.50)	(60.39)
ii	Not Considered in Consolidation	-	(0.02)	(32.85)	(319.26)	(36.11)	(60.40)

Note:

A. There is significant influence due to percentage (%) of Share Capital.

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

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

G. K. Agarwal
Deputy Managing Director
DIN : 00037678

Kishore Saletore
Executive Director & CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: June 4, 2021

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BHARAT FORGE | KALYANI

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