

# Board's Report

For the year ended March 31, 2020

## To the Members,

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

## 1. Financial Highlights

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

In ₹ Million

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

## 2. Dividend

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

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

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

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

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

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

## 3. Reserves

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

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

## 4. Performance of the Company

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

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

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

### Standalone & Consolidated

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

### Domestic Business

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

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

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

### International Business

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

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

### Overseas Operations

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

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

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

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

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

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

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

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

## 7. Deposits

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

## 8. Internal Financial Controls

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

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

## **9. Risk Management**

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

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

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

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

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

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

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

## **13. Share Capital**

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

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

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

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

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

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

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

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

## 15. Extract of Annual Return

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

## 16. Directors’ Responsibility Statement

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

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

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

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

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

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

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

## 18. Number of Meetings of the Board

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

## 19. Board Evaluation

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

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

## 20. Familiarisation Programme

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

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

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

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

## 21. Business Responsibility Report

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

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

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

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

### 23. Nomination and Remuneration Policy

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

## 24. Corporate Governance

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

## 25. Subsidiaries, Joint Ventures and Associate Companies

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

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

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

## 26. Audit Committee

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

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

## 27. Auditors

### A. Statutory Auditors and Audit Report

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

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

### B. Secretarial Auditor and the Audit

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

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

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



**C. Cost Auditors**

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

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

**D. Reporting of fraud by auditors**

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

**28. Corporate Social Responsibility Activities**

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

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

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

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

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

**30. Vigil Mechanism**

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

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

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

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

### **32. Green Initiatives**

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

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

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

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

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

### **34. Acknowledgement**

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

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

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

**B.N. KALYANI**

Chairman and Managing Director  
DIN: 00089380

Pune: June 29, 2020

## DIVIDEND DISTRIBUTION POLICY

### 1. Introduction

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

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

### 2. Purpose and Applicability

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

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

This Policy shall not apply to:

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

### 3. Dividend

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

### 4. Statutory/other Requirements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **6.1 Final Dividend :**

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

## 6.2 Interim Dividend :

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

## 7. Manner of Utilisation of Retained Earnings

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

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

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

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

## 9. Disclosures

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

## 10. Scope and Limitation

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

## 11. Amendments and Updatons

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

## 12. Review of Policy

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

## 13. Disclaimer

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

**Form No. AOC-2**

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

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

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

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

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

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

**For Bharat Forge Limited**

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

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

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

### I. Registration and Other Details

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

### II. Principal Business Activities of the Company

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

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

\* On the basis of Gross Turnover.

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

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

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



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

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

(2) Subsidiary of Bharat Forge America Inc.

(3) Subsidiary of Bharat Forge CDP GmbH.

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

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

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

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

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

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

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

## ii) Shareholding of Promoters:

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

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

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

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

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

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

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

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

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

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

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

## V. Indebtedness

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

In ₹ Million

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

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

## VI. Remuneration of Directors and Key Managerial Personnel

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

In ₹ Million

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

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

**B. Remuneration to other Director**

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

\* Non-Executive Director

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

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

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

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



## VII. Penalties/Punishment/Compounding of Offences

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

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

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

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

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

## Annexure "E"

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

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

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

\* Part of the year

## Notes:

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

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

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

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

and

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

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

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

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

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

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

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

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

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

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

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

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

**We further report that,**

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

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

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

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

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

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

Place: Pune  
Date: June 29, 2020

For **SVD & Associates**  
Company Secretaries

**S. V. Deulkar**  
Partner

FCS No. 1321

C P No. 965

UDIN- F001321B00096101

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

**'Annexure A'**

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

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

**Management's Responsibility**

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

**Auditor's Responsibility**

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

**Disclaimer**

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

Place: Pune  
Date: June 29, 2020

For **SVD & Associates**  
Company Secretaries

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

## Annexure "G"

## ANNUAL REPORT ON CSR ACTIVITIES

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

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

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

In ₹ Million

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

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

In ₹ Million

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

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



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

### The Responsibility Statement

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

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

**B. N. KALYANI**

Chairman and Managing Director  
DIN: 00089380

**P. G. PAWAR**

Chairman, CSR Committee  
DIN: 00018985

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

## A. Conservation of Energy

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

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

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

- Increased use of wind and solar energy.

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

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

## B. Technology Absorption:

### I. Efforts made towards technology absorption:

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

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

### Technical Papers:

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

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

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

**IP Generation:**

During the year 11 (Eleven) patents were filed.

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

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

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

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

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

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

In ₹ Million

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

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

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

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

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

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