

# Board's Report

For the year ended March 31, 2021

## To the Members,

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

## 1. FINANCIAL HIGHLIGHTS

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

In ₹ Million

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

## 2. DIVIDEND

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

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

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

## 3. RESERVES

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

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

## 4. PERFORMANCE OF THE COMPANY

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

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

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

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

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

### Standalone & Consolidated

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

### Domestic Business

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

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

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

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

### **International Business**

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

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

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

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

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

### **Overseas Operations**

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

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

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

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

## **6. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

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

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

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

## **7. DEPOSITS**

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

## **8. INTERNAL FINANCIAL CONTROLS**

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

## **9. RISK MANAGEMENT**

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

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

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

## **11. SIGNIFICANT AND MATERIAL ORDERS**

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

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

## **12. STATE OF COMPANY'S AFFAIRS**

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

## **13. SHARE CAPITAL**

The paid-up Equity Share Capital of the Company as on March 31, 2021 stood at ₹ 931.18 Million.

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

### **Debt**

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

#### **14. TRANSFER OF UNPAID AND UNCLAIMED AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND ('IEPF')**

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

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

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

The Company has sent notices to respective shareholders who have not claimed dividend for 7 (seven) consecutive years and whose shares were liable to be transferred to IEPF during the financial year 2020-21. The newspaper advertisement stating the same has also been published in Loksatta, Marathi, Pune and Business Standard, All Editions newspapers on June 05, 2020 and December 04, 2020. The list of equity shareholders whose shares are liable to be transferred or which have been transferred to IEPF, as the case may be, can be accessed on the website of the Company at the link: <https://www.bharatforge.com/investors/shareholders-information/unclaimed-dividend>.

#### **15. ANNUAL RETURN**

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

#### **16. DIRECTORS' RESPONSIBILITY STATEMENT**

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

- a. in preparation of the annual accounts for the financial year ended March 31, 2021, the applicable Accounting Standards have been followed and there were no material departures;
- b. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2021 and of the profit of the Company for that period;
- c. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. they have prepared the annual accounts on a going concern basis;
- e. they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f. they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **17. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)**

In terms of provisions of the Act and the Articles of Association of the Company, Mr. K. M. Saletore (DIN:01705850) and Mr. P. C. Bhalerao (DIN 00037754), Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

Based on the recommendation of the Nomination and Remuneration Committee of the Company, the Board of Directors of the Company re-appointed Mr. B. P. Kalyani (DIN: 00267202) and Mr. S. E. Tandale (DIN: 00266833) as the Executive Directors of the Company for a period of 5 (five) years, commencing from May 23, 2021. The appointment is subject to approval of the shareholders. Accordingly, the resolution for re-appointment of Mr. B. P. Kalyani and Mr. S. E. Tandale forms part of Notice convening the 60<sup>th</sup> Annual General Meeting.

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

The disclosures pertaining to Directors being re-appointed as required pursuant to Regulation 36 of the Listing Regulations given in the explanatory statement to the Notice convening the 60<sup>th</sup> Annual General Meeting of the Company for reference of the shareholders.

#### **Independent Directors' Declaration**

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

### **18. NUMBER OF MEETINGS OF THE BOARD**

The Board met 7 (Seven) times during the year. Also a separate meeting of Independent Directors was convened as prescribed under Schedule IV of the Act, was held during the year under review. The details of meetings of Board of Directors are provided in the Report on Corporate Governance that forms part of this Annual Report. The intervening gap between the meetings was within the period prescribed under Act.

### **19. BOARD EVALUATION**

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

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

### **20. FAMILIARISATION PROGRAMME**

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

The details of programmes for 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>

### **21. BUSINESS RESPONSIBILITY REPORT**

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

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

Sr. No.	Information Required	Input
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year	Please refer <b>Annexure B</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 B</b>
3	The percentage increase in the median remuneration of employees in the financial year	<b>7.77%</b>
4	The number of permanent employees on the rolls of company	<b>4,388</b>
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Percentage increase in salaries of managerial personnel at 50 <sup>th</sup> Percentile is: (13.84%) Percentage increase in salaries of non- managerial personnel at 50 <sup>th</sup> Percentile is: 0.025%. The increase in remuneration is not solely based on company performance but also includes various other factors like individual performance, experience, skill sets, academic background, industry trends, economic situation and future growth prospects etc. besides Company performance. There are no exceptional circumstances for increase in the managerial remuneration.
6	Affirmation that the remuneration is as per the remuneration policy of the company.	The remuneration paid to the Directors is as per the Remuneration policy of the company.
7	Statement showing the names of the top ten employees in terms of remuneration drawn and the name of every employee, who- (i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees; (ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month; (iii) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company.	Please refer <b>Annexure C</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 Practising Company Secretary regarding compliance of conditions of Corporate Governance as stipulated under the Listing Regulations forms part of this Annual Report. The Chairman and Managing Director and the Chief Financial Officer of the Company have certified to the Board on financial statements and other matters in accordance with the Regulation 17 (8) of the Listing Regulations pertaining to CEO/CFO certification for the financial year ended March 31, 2021.

### **25. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

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

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

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

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

### **26. AUDIT COMMITTEE**

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

All the recommendations made by the Audit Committee were deliberated and accepted by the Board during the financial year 2020-21.

### **27. AUDITORS**

#### **A. Statutory Auditors and Audit Report**

At the 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 2020-21 does not contain any qualification, reservation or adverse remark. The Auditor's Report is enclosed with the Financial Statements in this Annual Report.



**B. Secretarial Auditor and the Audit**

The Board has appointed M/s. SVD & Associates, Company Secretaries, Pune, to conduct Secretarial Audit for the financial year 2020-21. The Secretarial Audit Report for the financial year ended March 31, 2021 is appended as **Annexure "D"** to this report.

Further, as required under Section 204 of the Act and rules thereunder, the Board has appointed M/s. SVD & Associates, Company Secretaries, Pune, to conduct Secretarial Audit for the financial year 2021-22.

**C. Cost Auditors**

The Board of Directors, on the recommendation of Audit Committee, has appointed M/s. Dhananjay V. Joshi & Associates, Cost Accountants, Pune, (Firm Registration No. : 00030) as Cost Auditors to audit the cost accounts of the Company for the financial year 2021-22. As required under the Act, a resolution seeking Shareholder's approval for the remuneration payable to the Cost Auditors forms part of Notice convening the 60<sup>th</sup> Annual General Meeting.

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

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

**D. Reporting of fraud by auditors**

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

**28. CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES**

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

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

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

The Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act) and the Rules thereunder. All women associates (permanent, temporary, contractual and trainees) as well as any women visiting the Company's office premises or women service providers are covered under this Policy. During the year, the Company reached out to 329 employees through awareness sessions for creating greater awareness with respect to the Company's Policy on Sexual Harassment at workplace.

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

**30. VIGIL MECHANISM**

Pursuant to the provisions of Section 177(9) of the Act, read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of the Listing Regulations and in accordance with the requirements of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Board of Directors had approved the Policy on Vigil Mechanism/Whistle Blower and the same has been hosted on the website of the Company. The mechanism under the Policy has been appropriately communicated within the organisation. This Policy inter-alia provides a direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.

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

### **31. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

### **32. COMPLIANCE WITH SECRETARIAL STANDARDS**

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

### **33. ACKNOWLEDGEMENT**

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

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

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

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

**B.N. KALYANI**

DIN: 00089380

Chairman and Managing Director

Pune: June 04, 2021

**ANNEXURE "A"**

**FORM NO. AOC-2**

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

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

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

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

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

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

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

**B.N. KALYANI**

DIN: 00089380

Chairman and Managing Director

Pune: June 04, 2021

**ANNEXURE “B”**

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

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

\* Mr. D. B. Mane and Mr. M. G. Sivaraman were appointed as Directors w.e.f. June 21, 2019. Since, the remuneration is only for part of the year, the ratio of their remuneration to median remuneration and percentage increase in remuneration is not comparable and hence, not stated.

**ANNEXURE "C"**

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

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

Sr. No.	Name of the employee	Designation	Remuneration received (₹)	Nature of employment	Qualification	Experience in Years	Date of commencement of employment	Age	Last Employment	Percentage of equity shares held
1.	Mr. B. N. Kalyani	Chairman and Managing Director	173,566,458	Permanent Employee	B.E. (Mech.) (Hons.), MS (M.I.T.)	49	01.04.1972	72	-	0.0168
2.	Mr. A. B. Kalyani	Deputy Managing Director	46,605,735	Permanent Employee	B.E.(M)	22	24.10.1999	45	Carpenter Technology	0.1504
3.	Mr. G. K. Agarwal	Deputy Managing Director	46,972,463	Permanent Employee	B.E.(Mech.), M.B.A.	48	01.11.1976	70	Guest Keen Williams Ltd., Howrah	0.0011
4.	Mr. B. P. Kalyani	Executive Director	37,181,226	Permanent Employee	B.E.(P), MBA, MS	39	02.08.1982	58	-	0.0013
5.	Mr. S. E. Tandale	Executive Director	39,033,472	Permanent Employee	B.E.(M)	30	01.08.1991	52	-	-
6.	Mr. K. M. Saletore	Executive Director and CFO	29,277,249	Permanent Employee	B.Com., C.A., PGDM	33	18.11.2011	54	Tata Realty & Infrastructure Ltd.	0.0002
7.	Mr. R.S. Bhatia	President and CEO (I/C Defence Products)	19,730,946	Permanent Employee	B.E.(Civil), PGDBA (Symbiosis), MMS	47	03.05.2010	65	Larsen & Toubro Ltd., Powai, Mumbai	-
8.	Mr. M. U. Takale	Executive Vice President and Director Engineering	15,968,638	Permanent Employee	B.E.(Mech.), MBA, MS	39	02.11.1982	60	-	0.0011
9.	Mr. S. B. Pustake	President CAM - Baramati	14,066,029	Permanent Employee	B.E. (Met)	41	09.04.2009	64	Head Forging Unit, SEFORGE Ltd., Vadodara, Gujarat	-
10.	Mr. V. M. Munje	President-Corporate & Group General Counsel	9,835,769	Permanent Employee	B.Com., LLB., F. C.S., Dip in IPR (WIPO, Geneva)	27	25.07.2011	51	Tata Group, Corporate, Mumbai	0.0002

**Notes:**

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

**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**  
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

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

and

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

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

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

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

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

- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period)**; and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not applicable to the Company during the Audit Period)**.

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

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

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

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards mentioned above.

**We further report that,**

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

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

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

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

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

1. The Board, at its meeting held on July 29, 2020, has passed a resolution to issue upto 5,000 rated, unsecured, listed redeemable, transferable, non-convertible debentures of face value ₹ 1,000,000/- each for an aggregate amount of ₹ 5,000,000,000 (Rupees Five Thousand Million Only) on private placement basis in one or more tranches. The said debentures were allotted in dematerialized form on August 6, 2020.
2. Board at its meeting held on December 4, 2020 approved the Submission of Resolution Plan for acquisition of Sanghvi Forging and Engineering Limited as per the provisions of the Insolvency & Bankruptcy Code;
3. The Board at its meeting held on February 12, 2021 approved to undertake Electric Vehicle (EV) business initiatives including further opportunities (organic as well as inorganic) through a Special Purpose Vehicle (SPV) which would be a wholly owned subsidiary of the Company. As an initial step, to form a wholly owned subsidiary, the Company decided to

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

For **SVD & Associates**  
Company Secretaries

**Sridhar G. Mudaliar**

Partner

FCS No: 6156

CP No:2664

UDIN : F006156C000407458

Place: Pune

Date: June 04, 2021

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



**'Annexure A'**

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

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

**Management's Responsibility**

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

**Auditor's Responsibility**

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

**Disclaimer**

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

For **SVD & Associates**  
Company Secretaries

**Sridhar G. Mudaliar**

Partner  
FCS No: 6156  
CP No:2664

UDIN : F006156C000407458

Place: Pune  
Date: June 04, 2021

**ANNUAL REPORT ON CSR ACTIVITIES**

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

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

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

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

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

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

**2. Composition of CSR Committee:**

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

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

- The composition of CSR committee is available at- <https://www.bharatforge.com/sustainability/csr-committee>
- The CSR Policy of the Company is available at- <https://www.bharatforge.com/assets/pdf/csr/csr-policy02920.pdf>
- The CSR projects undertaken by the Company is available at- <https://www.bharatforge.com/sustainability/csr-programmes>

**4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).**

The Company takes cognizance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 ("CSR Amendment Rules"). The Company has undertaken the impact assessment of its CSR projects for financial year 2020-21 through independent agencies. The summary of the aforesaid impact assessment can be accessed on the Company's website at:

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

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

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

**6. Average net profit of the Company as per Section 135(5).**

₹ 11,262.54 Million

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

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

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

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

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

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

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

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

In ₹ (Million)

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

In ₹ (Million)

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

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

In ₹ (Million)

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

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

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

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

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

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

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

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

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

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

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

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

## ANNEXURE "F"

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

#### A. CONSERVATION OF ENERGY

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

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

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

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

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

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

#### B. TECHNOLOGY ABSORPTION:

##### I. Efforts made towards technology absorption:

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

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

**Technical Papers:**

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

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

**IP Generation:**

- During the year, 6 patents filed.
- During the year, 4 design registrations filed.

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

- Development of Innovative Lightweight products.
- Development of Innovative manufacturing processes.
- Development of products with first time quality and speed to market.
- Cost and cycle time reduction.



- Product life improvement.
- Development of components for Aerospace application.
- Customer satisfaction.
- Business diversification.

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

Details of Technology Imported (product)	Year of import	Has technology been fully absorbed	If not fully absorbed, areas where absorption has not taken place and the reasons thereof
Unmanned Ground Vehicles (UGV's)	2016	Completed	UGV1 (4*4) & UGV 2 (6*6) Successfully developed.
Unmanned Aerial Vehicles (UAV's)	2018	In Progress	Fully autonomous test flights is in progress.
Electromagnetic Railgun	2018	Completed	Design of 1 <sup>st</sup> prototype has been developed successfully.
Payload Carrying VTOL Unmanned Aerial Vehicles (UAV's)	2019	In Progress	Trials at user end are in progress.
Hovercraft	2019	In Progress	Testing of current hovercraft is in progress.
Vibratory Stress Relieving Machine (imported from USA)	2019	Yes	VSR technology established for stress relieving process of forging dies during the die repair cycle. Parallel implementation is being planned for other plants and Kalyani Group companies.
Pulse Plasma Nitriding Machine	2020	Yes	In house facility developed for the plasma nitriding of forging dies. Parallel implementation for different forging products is planned.

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

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

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:****I. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans:**

- i. Due to the massive global spread of COVID 19 starting February, 2020, Financial Year 2020-21 has been a highly volatile year across all geographies and markets. Despite the challenges for operations, logistics etc. the Company has ensured supply chain fulfillment for all the customers in India and the world. All our customers have appreciated our enhanced and proactive connectivity and performance.
- ii. The Company continues to maintain its strong positions with customers across all segments i.e. Commercial Vehicles, Automotive, Industrial etc.
- iii. We have further intensified our business development and new product development activities in spite of the lockdown and associated challenges including reduced mobility due to travel restrictions. We have successfully overcome such challenges by actively implementing Virtual interface and Digital Collaborations across all functions including customer critical actions like plant audits.
- iv. We continue to focus on growth from all our segments with a high emphasis on growing / retaining our market share.

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

- i. Total Foreign Exchange earnings: ₹ 19,751.82 Million
- ii. Total Foreign Exchange outgo: ₹ 3,301.79 Million

# Report on Corporate Governance

## I. CORPORATE GOVERNANCE PHILOSOPHY

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

Our corporate governance practices reflect our value system. Corporate Governance in Bharat Forge establishes procedures and systems to be fully compliant with the statutory requirements. Periodic review of the procedures and systems are done in order to ensure continued relevance, effectiveness and responsiveness to the needs of the Shareholders.

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

## II. BOARD OF DIRECTORS

### Composition of Board

The Company's Board of Directors provides entrepreneurial leadership to the Group and strategic direction to the management. It is collectively responsible for promoting the long-term success of the Group through the creation and delivery of sustainable shareholder value. It is vital to have a well-balanced board with a combination of Executive, Non-executive and Independent Directors. The Board is dedicated to good governance and international best practices. It is committed to ensuring a decisive attitude from the top that requires a commitment from all Directors and employees to the values of integrity, transparency and continuous oversight of the Company's performance. The Company's policy is to maintain an optimum combination of Executive, Non-Executive and independent directors. As on March 31, 2021, Bharat Forge Board comprised of 14 (Fourteen) Directors. The Board consists of 6 (Six) Executive Directors (including Chairman and Managing Director, who is a Promoter Director) and 8 (Eight) Non-Executive Directors, 7 (Seven) of whom are Independent Directors. The composition of Board is in conformity with Regulation 17 of Listing Regulations. Details of the composition of the Board of Directors is given in **Table 1**.

### Confirmation from Directors

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

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

### Number of Board Meetings

In financial year 2020-21, the Board of the Company met 7 (Seven) times on June 29, 2020, July 29, 2020, August 12, 2020, November 11, 2020, December 04, 2020, February 12, 2021 and March 19, 2021. The maximum gap between two Board Meetings was 91 (Ninety- One) and minimum time gap was of 30 (Thirty) days.