

# Independent Auditor's Report

## To the Members of Bharat Forge Limited Report on the audit of the consolidated Ind AS financial statements

### OPINION

We have audited the accompanying consolidated Ind AS financial statements of Bharat Forge Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and joint ventures comprising of the consolidated Balance sheet as at March 31 2021, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint ventures, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint ventures as at March 31, 2021, their consolidated loss including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

### BASIS FOR OPINION

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group, associates, joint ventures in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

### EMPHASIS OF MATTER

We draw attention to note 56 of the Consolidated Ind AS financial statement which describes the management's evaluation of impact of uncertainties related to COVID-19 and its consequential effects on the carrying value of its assets as at March 31, 2021 and the operations of the Group.

Our opinion is not modified in respect of this matter.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as

## Independent Auditor's Report (Contd.):

reported by them, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters	How our audit addressed the key audit matter
<p><b>Completeness of revenue</b> (as described in Note 2.3(f) (Summary of significant accounting policies) and note 24 of notes forming part of the consolidated Ind AS financial statements)</p> <p>The Group has revenue from sale of products which includes finished goods and tooling income and sale of services in the form of job work charges. The Group manufactures highly specialized forged and machined finished goods as per specification provided by the customers and based on the schedules from the customers.</p> <p>The Group recognizes revenue from sale of finished goods at a point in time based on the terms of the contract with customers which varies for each customer. Determination of point in time includes assessment of timing of transfer of significant risk and rewards of ownership, establishing the present right to receive payment for the products, delivery specifications including inco terms, timing of transfer of legal title of the asset and determination of the point of acceptance of goods by customer. Further, the pricing of the products is dependent on metal indices and foreign exchange fluctuation making the price volatile including variable considerations.</p> <p>Due to judgments relating to determination of point in time in satisfaction of performance obligations with respect to sale of products, this matter has been considered as key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"><li>• We and other auditors focused on our understanding of the Group's sales process, including design and implementation of controls and tested the operating effectiveness of these controls.</li><li>• We and other auditors read the Group's accounting policies pertaining to revenue recognition and assessed compliance with Ind AS 115 - Revenue from Contracts with Customers.</li><li>• We and other auditors obtained and read the terms of customer contracts on sample basis to assess various performance obligations in the contract, the point in time of transfer of control and pricing terms.</li><li>• We and other auditors tested on a sample basis sales invoices for identification of point in time for transfer of control and terms of contract with customers. Further, we and other auditors performed procedures to test on a sample basis whether revenue was recognised in the appropriate period by testing shipping records, good inwards receipt of customer, sales invoice, etc. and testing the management assessment involved in the process, wherever applicable.</li><li>• We assessed the disclosure of revenue in the Consolidated Ind AS financial statements of the Group.</li><li>• We and other auditors also performed various analytical procedures to identify any unusual sales trends for further testing.</li></ul>

## Independent Auditor's Report (Contd.):

### Key audit matters

### How our audit addressed the key audit matter

**Hedge accounting including valuations thereof** (as described in Note 2.3(s) (Summary of significant accounting policies) and note 9 and 33 of notes forming part of the consolidated Ind AS financial statements)

The Holding Company enters into derivative financial instruments which are mainly plain vanilla forward contracts and range forward contracts to manage its exposure of foreign currency risk of highly probable forecasted transactions which arise during the normal course of its business. These contracts are measured at fair values leading to derivative financial assets of INR 2,790.04 million as at March 31, 2021 and the net movement of cashflow hedge reserve for the year is INR 2,598.77 million net of taxes which is recorded in other comprehensive income. The gain / loss on maturity of such derivative instruments is recorded in the statement of profit and loss along with the relevant hedged item.

Due to the changes in risks and estimates during the lifecycle of the customer contracts, in order to apply hedge accounting, management is required to demonstrate that the underlying contract is considered to be a highly probable transaction, that the hedges are highly effective and maintain hedge documentation. A degree of subjectivity is also required to determine when hedge accounting is to be considered as ineffective. Fair value movements of the forward contracts are driven by movements in financial markets.

Due to the outbreak of COVID 19, there are uncertainties involved in estimating the highly probable forecasted sales, estimating future foreign exchange rates and accordingly have an impact on hedge effectiveness and impact to statement of profit and loss.

These transactions may have a significant financial effect and have extensive accounting and reporting obligations and accordingly, this is considered as a key audit matter.

Our audit procedures included the following:

- We obtained understanding of the Holding Company's overall hedge accounting strategy, forward contract valuation and hedge accounting process from initiation to settlement of derivative financial instruments including assessment of the design and implementation of controls and tested the operating effectiveness of these controls.
- We assessed the Holding Company's accounting policy for hedge accounting in accordance with relevant accounting standards.
- We tested the existence of hedging contracts by tracing to the independent balance confirmations obtained from respective banks.
- We tested management's hedge documentation and contracts, on a sample basis.
- We tested on a sample basis the fair values of derivative financial instruments recorded by the Holding Company with the independent balance confirmations obtained from banks.
- We involved our valuation specialists in re-performing the year-end fair valuations including evaluation of hedge effectiveness of derivative financial instruments on a sample basis and compared these valuations with those recorded by the Holding Company including assessing the valuation methodology and key assumptions used therein.
- We have evaluated the revised estimates obtained from management with respect to highly probable forecasted sales due to COVID 19.
- We assessed the disclosure of hedge transactions in the Consolidated Ind AS financial statements of the Group.

## Independent Auditor's Report (Contd.):

Key audit matters	How our audit addressed the key audit matter
<p><b>Impairment assessment of investments in associates and joint ventures</b> (as described in Note 2.3(o) (Summary of significant accounting policies) and note 6 of notes forming part of the standalone Ind AS financial statements)</p> <p>The Holding Company has major investments in joint ventures and associates as at March 31, 2021. The management assesses at least annually the existence of impairment indicators of each shareholdings in such associates and joint ventures.</p> <p>The processes and methodologies for assessing and determining the recoverable amount of each investments are based on complex assumptions, that by their nature imply the use of the management's judgment, in particular with reference to identification of impairment indicators, forecast of future cash flows relating to the period covered by the Holding Company's strategic business plan, normalized cash flows assumed as a basis for terminal value, as well as the long-term growth rates and discount rates applied to such forecasted cash flows.</p> <p>Further considering the outbreak of COVID 19 and uncertainties involved regarding forecast of future cash flows the management performed detailed analysis to evaluate impairment for specific cases where there are impairment indicators and material investments.</p> <p>Considering the judgment required for estimating the cash flows and the complexity of the assumptions used, this is considered as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"><li>• We obtained understanding of the Holding Company's policy on assessment of impairment of investment in associates and joint ventures and assumptions used by the management including design and implementation of controls. We have tested the operating effectiveness of these controls.</li><li>• We assessed the methodology used by Holding Company's management to estimate the recoverable value of each investment and consistency with accounting standards.</li><li>• We compared the carrying values of the Holding Company's investment in these associates and joint ventures with their respective net worth as per audited financial statements</li><li>• We have seen valuation model prepared by the Holding Company's management on investments where investment amount is material and there are indicators of impairment.</li><li>• We involved our valuation specialists to evaluate methodology, assumptions and estimates used in the calculations. We discussed potential changes in key drivers as compared to previous year / actual performance with Holding Company's management to evaluate whether the inputs and assumptions used in the cash flow forecasts were suitable. We also evaluated the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates used.</li><li>• We also assessed the recoverable value by performing sensitivity testing of key assumptions used.</li><li>• Analysed and examined the business plans approved along with assumptions and estimates used by management.</li><li>• We evaluated the accounting and disclosure of impairment of investment in the Consolidated Ind AS financial statements of the Group.</li><li>• We tested the arithmetical accuracy of these models.</li></ul>

## Independent Auditor's Report (Contd.):

Key audit matters	How our audit addressed the key audit matter
<p><b>Impairment assessment of Property, Plant and Equipment (PPE) in relation to wholly owned step down subsidiaries in Germany and Sweden</b> as described in Note 2.3(O) (Summary of significant accounting policies) and Note 35</p> <p>As at March 31, 2021, the carrying value of Property, Plant and Equipment ("PPE") of the Group is INR 53,137.96 million out of which INR 12,849.94 million relates to certain specific wholly owned step-down subsidiaries ("subsidiaries") in Germany and Sweden.</p> <p>Considering the outbreak of COVID 19 and uncertainties involved regarding forecast of future cash flows the management performed detailed analysis considering impairment indicators.</p> <p>The processes and methodologies for assessing and determining the recoverable amount of the concerned PPE balances are based on complex assumptions, that by their nature imply the use of the management's judgment, in particular with reference to identification of impairment indicators, forecast of future cash flows relating to the period covered by the Company's strategic business plan, as well as the growth rates and discount rates applied to such forecasted cash flows.</p> <p>Considering the judgment required for estimating the cash flows and the complexity of the assumptions used, this is considered as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• We and other auditors obtained understanding of the Group's policy on assessment of impairment of PPE and assumptions used by the management including design and implementation of controls. We have tested the operating effectiveness of these controls.</li> <li>• We instructed and supervised the work of the other auditors related to the impairment assessment.</li> <li>• The other auditors assessed the methodology used by management to calculate discounted future cashflows and assess the recoverable value of PPE and consistency with relevant accounting standards.</li> <li>• The other auditors have obtained valuation models prepared by the management to evaluate the assumptions and estimates used in the calculations including sensitivity analysis of key assumptions used.</li> <li>• We and other auditors involved valuation specialists to evaluate methodology, assumptions and estimates used in the calculations.</li> <li>• We and other auditors tested the arithmetical accuracy of these models.</li> <li>• We assessed the disclosure of impairment of PPE in the Consolidated Ind AS financial statements of the Group.</li> </ul>

### OTHER INFORMATION

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

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

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

## **Independent Auditor's Report (Contd.):**

### **RESPONSIBILITIES OF THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates and joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associates and joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the Group and of its associates and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are also responsible for overseeing the financial reporting process of the Group and of its associates and joint ventures.

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS**

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

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

## Independent Auditor's Report (Contd.):

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and joint ventures of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### OTHER MATTER

- (a) We did not audit the Ind AS financial statements and other financial information, in respect of twenty one subsidiaries, whose Ind AS financial statements include total assets of INR 43,349.99 million as at March 31, 2021, and total revenues of INR 39,938.36 million and net cash (inflows) of INR 921.85 million for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net loss after tax of INR 299.74 million for the year ended March 31, 2021, as considered in the consolidated Ind AS financial statements, in respect of six associates and three joint ventures, whose Ind AS financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures

## Independent Auditor's Report (Contd.):

and associates, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint ventures and associates, is based solely on the reports of such other auditors.

- (b) The accompanying consolidated Ind AS financial statements include unaudited Ind AS financial statements and other unaudited financial information in respect of three subsidiaries, whose Ind AS financial statements and other financial information reflect total assets of INR 35.20 million as at March 31, 2021, and total revenues of INR 4.90 million and net cash outflows of INR 1.72 million for the year ended on that date. These unaudited Ind AS financial statements and other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited Ind AS financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these Ind AS financial statements and other financial information are not material to the Group.

Our opinion above on the consolidated Ind AS financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the Ind AS financial statements and other financial information certified by the Management.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate Ind AS financial statements and the other financial information of subsidiaries, associates and joint ventures, as noted in the 'Other matter' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the Ind AS financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) The matter described in emphasis of matter paragraph above, in our opinion, may not have an adverse effect on the functioning of the Group;
- (f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, associate companies and joint ventures, none of the directors of the Group's companies, its associates and joint ventures, incorporated in India, is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

## Independent Auditor's Report (Contd.):

- (g) With respect to the adequacy and the operating effectiveness of the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, associate companies and joint ventures, incorporated in India, refer to our separate Report in "Annexure 1" to this report;
- (h) In our opinion the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Holding Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate Ind AS financial statements as also the other financial information of the subsidiaries, associates and joint ventures, as noted in the 'Other matter' paragraph:
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates and joint ventures in its consolidated Ind AS financial statements – Refer note 38, 39 and note 41 to the consolidated Ind AS financial statements;
  - ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts. Refer note 9 and note 19(a) to the consolidated Ind AS financial statements;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, associates and joint ventures, incorporated in India during the year ended March 31, 2021.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Huzefa Ginwala**

Partner

Membership Number: 111757

UDIN : 21111757AAAADB326I

Place: Pune

Date: June 4, 2021

## **Independent Auditor's Report (Contd.):**

### **ANNEXURE 1 REFERRED TO IN PARAGRAPH (G) UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE**

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated Ind AS financial statements of Bharat Forge Limited (hereinafter referred to as the "Holding Company") as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and joint ventures, which are companies incorporated in India, as of that date.

#### **MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The respective Board of Directors of the companies included in the Group, its associates and joint ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on the Holding Company's internal financial controls with reference to consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated Ind AS financial statements included obtaining an understanding of internal financial controls with reference to consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated Ind AS financial statements.

#### **MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED IND AS FINANCIAL STATEMENTS**

A company's internal financial control with reference to consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the

## Independent Auditor's Report (Contd.):

assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED IND AS FINANCIAL STATEMENTS**

Because of the inherent limitations of internal financial controls with reference to consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **OPINION**

In our opinion, the Group, its associates and joint ventures, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to consolidated Ind AS financial statements and such internal financial controls with reference to consolidated Ind AS financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

### **OTHER MATTERS**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company, in so far as it relates to these seven subsidiaries and two associates, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries, associates and joint ventures incorporated in India.

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Huzefa Ginwala**

Partner

Membership Number: 111757

UDIN : 21111757AAAADB326I

Place: Pune

Date: June 4, 2021

# Balance Sheet

as at March 31, 2021

	Notes	As at March 31, 2021	In ₹ Million As at March 31, 2020
<b>ASSETS</b>			
<b>I. Non-current assets</b>			
Property, plant and equipment	3	44,136.82	38,057.36
Capital work-in-progress		9,001.14	11,426.75
Investment property	4	2.89	2.89
Goodwill	5	323.33	369.71
Other intangible assets	5	175.50	252.73
Right-of-use asset	43	2,861.11	1,337.29
Investment in associates and joint ventures	6	1,308.72	1,219.06
<b>Financial assets</b>			
(i) Investments	7	3,987.08	4,300.32
(ii) Loans	8	252.77	505.64
(iii) Trade receivables	12	101.36	-
(iv) Derivative instruments	9	1,501.46	145.50
(v) Other financial assets	10	1,147.40	1,292.47
Deferred tax assets (net)	21	900.66	804.19
Income tax assets (net)		536.68	474.85
Other assets	14	3,397.10	2,729.11
		<b>69,634.02</b>	<b>62,917.87</b>
<b>II. Current assets</b>			
Inventories	11	17,939.38	17,347.00
<b>Financial assets</b>			
(i) Investments	7	20,771.79	10,660.83
(ii) Loans	8	28.38	51.67
(iii) Trade receivables	12	14,095.75	14,938.45
(iv) Derivative instruments	9	1,288.58	-
(v) Cash and cash equivalents	13	4,473.15	3,126.20
(vi) Other bank balances	13	255.47	2,624.91
(vii) Other financial assets	10	936.82	1,416.41
Income tax assets		-	94.14
Other assets	14	2,355.04	2,450.89
		<b>62,144.36</b>	<b>52,710.50</b>
<b>Total assets</b>		<b>131,778.38</b>	<b>115,628.37</b>
<b>EQUITY AND LIABILITIES</b>			
<b>I. Equity</b>			
Equity share capital	15	931.27	931.27
Other equity	16	53,219.92	51,266.13
<b>Equity attributable to equity holders of the parent</b>		<b>54,151.19</b>	<b>52,197.40</b>
Non-controlling interests		316.95	319.89
<b>Total equity</b>		<b>54,468.14</b>	<b>52,517.29</b>
<b>II. LIABILITIES</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	18	22,171.65	18,747.34
(ii) Lease liabilities	43	2,246.84	941.02
(iii) Derivative instruments	19a	2.88	157.19
(iv) Other financial liabilities	19	1.28	2.09
Provisions	20	1,923.06	1,721.83
Deferred tax liabilities (net)	21	2,345.76	1,310.78
Other liabilities	23	3,441.51	556.89
		<b>32,132.98</b>	<b>23,437.14</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	18	23,625.88	20,036.25
(ii) Trade payables	22		
Dues to micro enterprises and small enterprises		53.95	30.24
Dues to other than micro enterprises and small enterprises		12,014.41	10,279.07
(iii) Lease liabilities	43	506.01	271.67
(iv) Derivative instruments	19a	1.23	581.60
(v) Other financial liabilities	19	5,431.95	5,572.20
Provisions	20	1,082.84	985.11
Other liabilities	23	1,954.22	1,351.27
Current tax liabilities (net)		506.77	566.53
		<b>45,177.26</b>	<b>39,673.94</b>
<b>Total liabilities</b>		<b>77,310.24</b>	<b>63,111.08</b>
<b>Total equity and liabilities</b>		<b>131,778.38</b>	<b>115,628.37</b>

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

As per our report of even date

 For and on behalf of the Board of Directors of **Bharat Forge Limited**

 For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

 per **Huzefa Ginwala**

Partner

Membership Number: 111757

**B. N. Kalyani**

Chairman and Managing Director

DIN : 00089380

**Kishore Saletore**

Executive Director &amp; CFO

DIN : 01705850

**G. K. Agarwal**

Deputy Managing Director

DIN : 00037678

**Tejaswini Chaudhari**

Company Secretary

Membership Number: 18907

Place: Pune

Date: June 4, 2021

Place: Pune

Date: June 4, 2021

# Statement of Profit and Loss

for the year ended March 31, 2021

In ₹ Million

	Notes	Year ended March 31, 2021	Year ended March 31, 2020
<b>INCOME</b>			
Revenue from operations	24	63,362.61	80,558.44
Other income	25	1,688.98	1,878.63
<b>Total income [i]</b>		<b>65,051.59</b>	<b>82,437.07</b>
<b>EXPENSES</b>			
Cost of raw materials and components consumed	26	24,800.94	31,186.55
Purchase of traded goods		1,737.16	4,055.33
Decrease/(Increase) in inventories of finished goods, work-in-progress, traded goods, dies and scrap	27	(196.54)	523.44
Employee benefits expense	28	10,710.60	11,954.57
Depreciation, amortisation and impairment expense	29	6,121.59	5,477.15
Finance costs	30	1,077.29	1,713.29
Other expenses	31	17,693.07	21,691.46
<b>Total expenses [ii]</b>		<b>61,944.11</b>	<b>76,601.79</b>
Profit before share of (loss) of associates and joint ventures, exceptional items and tax [i - ii]		<b>3,107.48</b>	<b>5,835.28</b>
Share of (loss) of associates and joint ventures		(304.09)	(427.79)
Income tax (credit)/expense		(4.35)	1.24
<b>Share of (loss) of associates and joint ventures</b>		<b>(299.74)</b>	<b>(429.03)</b>
<b>Profit before exceptional items and tax</b>		<b>2,807.74</b>	<b>5,406.25</b>
Exceptional items (loss)	32	(3,062.28)	(789.16)
<b>(LOSS)/PROFIT BEFORE TAX</b>		<b>(254.54)</b>	<b>4,617.09</b>
<b>INCOME TAX EXPENSE</b>			
Current tax		906.56	1,833.61
Deferred tax		108.56	(708.98)
<b>Income tax expense</b>		<b>1,015.12</b>	<b>1,124.63</b>
<b>(LOSS)/PROFIT FOR THE YEAR</b>		<b>(1,269.66)</b>	<b>3,492.46</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income /(loss) to be reclassified to profit and loss in subsequent periods (net of tax)</b>			
- Re-measurement income/(loss) on defined benefit plans	33	9.51	(348.12)
- Net gain/(loss) on FVTOCI equity securities	33	152.75	(0.33)
- Share of other comprehensive income in associates and joint ventures	33	(39.04)	16.96
		<b>123.22</b>	<b>(331.49)</b>
Income tax effect		4.54	95.41
	<b>(A)</b>	<b>127.76</b>	<b>(236.08)</b>
<b>Other comprehensive income/(loss) to be reclassified to profit and loss in subsequent periods (net of tax)</b>			
- Net movement on cash flow hedges	33	3,478.22	(2,430.32)
- Foreign Currency Monetary Items Translation Difference Account	33	18.08	5.82
- Foreign Currency Translation reserve	33	474.38	181.20
		<b>3,970.68</b>	<b>(2,243.30)</b>
<b>Income tax effect</b>		<b>(875.54)</b>	<b>750.31</b>
	<b>(B)</b>	<b>3,095.14</b>	<b>(1,492.99)</b>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR (NET OF TAX) [A+B]</b>		<b>3,222.90</b>	<b>(1,729.07)</b>
<b>Total comprehensive income for the year (net of tax)</b>		<b>1,953.24</b>	<b>1,763.39</b>

## Statement of Profit and Loss

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

	Notes	Year ended March 31, 2021	Year ended March 31, 2020
In ₹ Million			
<b>Of the total comprehensive income above,</b>			
Attributable to:			
Equityholders of the parent		1,956.18	1,772.18
Non-controlling interests		(2.94)	(8.79)
<b>Of the total comprehensive income above,</b>			
<b>(Loss)/profit for the year</b>			
Attributable to:			
Equityholders of the parent		(1,263.81)	3,498.32
Non-controlling interests		(5.85)	(5.86)
<b>Of the total comprehensive loss above,</b>			
<b>Other comprehensive income/(loss) for the year</b>			
Attributable to:			
Equityholders of the parent		3,219.99	(1,726.14)
Non-controlling interests		2.91	(2.93)
<b>Earnings per equity share [nominal value per share ₹ 2/- (March 31, 2020: ₹ 2/-)]</b>	34		
Basic (in ₹)		(2.71)	7.51
Diluted (in ₹)		(2.71)	7.51

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

As per our report of even date

For and on behalf of the Board of Directors of **Bharat Forge Limited**

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Huzefa Ginwala**

Partner

Membership Number: 111757

**B. N. Kalyani**

Chairman and Managing Director  
DIN : 00089380

**Kishore Saletore**

Executive Director & CFO  
DIN : 01705850

**G. K. Agarwal**

Deputy Managing Director  
DIN : 00037678

**Tejaswini Chaudhari**

Company Secretary  
Membership Number: 18907

Place: Pune

Date: June 4, 2021

Place: Pune

Date: June 4, 2021

# Statement of changes in equity

as at March 31, 2021

## A. EQUITY SHARE CAPITAL:

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

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

## B. OTHER EQUITY

Particulars	Reserves and Surplus (Refer note 16)						Items of OCI (Refer note 16)				Non Controlling interests	Total
	Security premium	Capital reserves	General reserve	Retained Earnings	Foreign currency translation reserve (FCTR)	Equity instruments through other comprehensive income	Cash flow hedge reserve	Foreign Currency Monetary Item Translation Difference Account (FCMITDA)	Controlling interests			
<b>Balance as at April 1, 2019</b>	<b>6,930.89</b>	<b>15.50</b>	<b>3,230.48</b>	<b>40,756.32</b>	<b>573.30</b>	<b>217.04</b>	<b>1,129.66</b>	<b>(23.90)</b>	<b>298.36</b>	<b>53,127.65</b>		
- Profit for the year	-	-	-	3,498.32	-	-	-	-	(5.86)	3,492.46		
- Other Comprehensive Income / (loss)	-	-	-	(253.37)	181.20	17.32	(1,677.11)	5.82	(2.93)	(1,729.07)		
<b>Investment in/acquisition of partly owned subsidiaries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,244.95</b>	<b>181.20</b>	<b>17.32</b>	<b>(1,677.11)</b>	<b>5.82</b>	<b>(8.79)</b>	<b>1,763.39</b>		
<b>Transaction with owners in their capacity as owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30.32</b>	<b>30.32</b>		
- Equity dividend	-	-	-	(1,163.97)	-	-	-	-	-	(1,163.97)		
- Tax on equity dividend	-	-	-	(224.60)	-	-	-	-	-	(224.60)		
- Interim equity dividend	-	-	-	(1,629.56)	-	-	-	-	-	(1,629.56)		
- Tax on interim equity dividend	-	-	-	(317.21)	-	-	-	-	-	(317.21)		
<b>Balance as at March 31, 2020</b>	<b>6,930.89</b>	<b>15.50</b>	<b>3,230.48</b>	<b>40,665.93</b>	<b>754.50</b>	<b>234.36</b>	<b>(547.45)</b>	<b>(18.08)</b>	<b>319.89</b>	<b>51,586.02</b>		

# Statement of changes in equity

as at March 31, 2021 (Contd.):

## B. OTHER EQUITY (Contd.):

In ₹ Million

Particulars	Reserves and Surplus (Refer note 16)			Items of OCI (Refer note 16)				Non Controlling interests	Total	
	Security premium	Capital reserves	General reserve	Retained Earnings	Foreign currency translation reserve (FCTR)	Equity instruments through other comprehensive income	Cash flow hedge reserve			Foreign Currency Monetary Item Translation Difference Account (FCMITDA)
<b>Balance as at April 1, 2020</b>	<b>6,930.89</b>	<b>15.50</b>	<b>3,230.48</b>	<b>40,665.93</b>	<b>754.50</b>	<b>234.36</b>	<b>(547.45)</b>	<b>(18.08)</b>	<b>319.89</b>	<b>51,586.02</b>
- (Loss) for the year (Refer note 31)	-	-	-	(1,261.42)	(2.39)	-	-	-	(5.85)	(1,269.66)
- Other Comprehensive Income	-	-	-	15.30	474.38	112.46	2,599.77	18.08	2.91	3,222.90
<b>Balance as at March 31, 2021</b>	<b>6,930.89</b>	<b>15.50</b>	<b>3,230.48</b>	<b>39,419.81</b>	<b>1,226.49</b>	<b>346.82</b>	<b>2,052.32</b>	<b>-</b>	<b>316.95</b>	<b>53,539.26</b>

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

As per our report of even date

For and on behalf of the Board of Directors of **Bharat Forge Limited**

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Huzefa Ginwala**

Partner  
Membership Number: 111757

**B. N. Kalyani**

Chairman and Managing Director  
DIN : 00089380

**G. K. Agarwal**

Deputy Managing Director  
DIN : 00037678

**Kishore Saleore**

Executive Director & CFO  
DIN : 01705850

**Tejaswini Chaudhari**

Company Secretary  
Membership Number: 18907

Place: Pune

Date: June 4, 2021

Place: Pune

Date: June 4, 2021

# Cash flow statement

for the year ended March 31, 2021

In ₹ Million

Particulars	March 31, 2021	March 31, 2020
<b>OPERATING ACTIVITIES</b>		
<b>(Loss) / profit after exceptional items &amp; before tax</b>	<b>(254.54)</b>	<b>4,617.09</b>
Add/(Less): Share of (loss)/profit of associates and joint ventures (net of tax)	<b>(299.74)</b>	<b>(429.03)</b>
	<b>45.20</b>	<b>5,046.12</b>
<b>Adjustment to reconcile profit before tax to net cash flows</b>		
Depreciation and amortisation expense	6,121.60	5,477.15
Unrealised foreign exchange loss/(gain)/MTM (net), etc.	(517.03)	1,205.85
Interest income	(275.27)	(172.28)
Liabilities/provision no longer required written back	(138.60)	(171.16)
Provision for doubtful debts and advances written back	-	(6.84)
Provision for doubtful debts and advances (net) including expected credit loss	91.15	96.26
Bad debts/advances written off	0.14	29.83
Finance cost	1,077.29	1,713.29
(Gain) on sale of property, plant and equipment (net)	(3.36)	(4.23)
Dividend income from investment	(1.23)	(2.64)
Net (gain) on sale of financial investments	(589.87)	(380.69)
Net (gain) on fair valuation of financial instruments (FVTPL)	(336.59)	(576.33)
Non-cash exceptional items	2,970.45	769.18
Effects of consolidation	(1,146.25)	(80.55)
<b>Operating profit before working capital changes</b>	<b>7,297.63</b>	<b>12,942.96</b>
<b>Working capital adjustments</b>		
Decrease/(Increase) in trade receivables	750.80	6,982.04
(Increase)/decrease in inventories	(592.39)	1,099.66
Decrease/(Increase) in other financial assets	523.75	(209.18)
(Increase)/decrease in other assets	294.83	1,242.57
Increase/(decrease) in provisions	42.95	(24.22)
Increase/(decrease) in trade payables	1,916.82	(4,600.41)
Increase/(decrease) in other financial liabilities	52.72	132.13
Increase/(decrease) in other liabilities	847.11	(15.17)
<b>Cash generated from operations</b>	<b>11,134.22</b>	<b>17,550.38</b>
Income taxes paid (net of refunds)	(934.02)	(2,330.88)
<b>Net cash flow from operating activities (I)</b>	<b>10,200.20</b>	<b>15,219.50</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress, capital creditors and capital advances)	(9,142.62)	(9,617.61)
Proceeds from sale of property, plant and equipment and intangible assets	237.13	46.16
Investments in joint venture/associates	(60.00)	(1,049.99)
Acquisition of a subsidiary, net of cash acquired	-	(3.20)
Loan given to joint venture/associates	(78.43)	(335.80)
Proceeds from loan given to joint venture/associates	2.00	-
Loan given to employees/others	(115.64)	(67.66)
Proceeds from loan given to employees/others	130.73	53.86
Investments in financial instruments including fixed deposits	(56,860.68)	(54,147.25)

## Cash flow statement

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

Particulars	In ₹ Million	
	March 31, 2021	March 31, 2020
Proceeds from sale of financial instruments including fixed deposits	50,501.55	53,602.05
Interest received	274.15	194.42
Dividend received	1.23	2.64
<b>Net cash flows (used in) investing activities (II)</b>	<b>(15,110.58)</b>	<b>(11,322.38)</b>
<b>FINANCING ACTIVITIES</b>		
Dividend paid on equity shares	-	(2,793.54)
Tax on equity dividend paid	-	(541.81)
Interest paid	(759.95)	(1,380.00)
Payment of principal portion of lease liabilities	(440.12)	(297.74)
Proceeds from borrowings including bill discounting	49,295.42	63,025.28
Repayment of borrowings including bill discounting	(42,264.59)	(61,856.74)
Debenture issue expenses	(47.81)	-
Equity infused by minority shareholders	-	30.32
<b>Net cash flows from/(used in) financing activities (III)</b>	<b>5,782.95</b>	<b>(3,814.23)</b>
<b>Net increase / (decrease) in cash and cash equivalents (I + II + III)</b>	<b>872.57</b>	<b>82.89</b>
<b>Cash and cash equivalents at the beginning of the year/period*</b>	<b>3,126.20</b>	<b>2,862.11</b>
<b>Cash and cash equivalents at the end of the year/period*</b>	<b>3,998.77</b>	<b>2,945.00</b>
<b>Foreign currency translation reserve movement</b>	<b>474.38</b>	<b>181.20</b>
<b>Cash and cash equivalents at the end of the year/period*</b>	<b>4,473.15</b>	<b>3,126.20</b>

\* Excluding earmarked balances (on unclaimed dividend accounts).

### CASH AND CASH EQUIVALENTS FOR THE PURPOSE OF CASH FLOW STATEMENT

Particulars	In ₹ Million	
	March 31, 2021	March 31, 2020
Bank Balances		
In cash credit and current accounts	4,433.72	2,425.36
Deposits with original maturity of less than three months	37.03	699.00
Cash on hand	2.40	1.84
<b>Total cash and cash equivalents</b>	<b>4,473.15</b>	<b>3,126.20</b>

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

As per our report of even date

For and on behalf of the Board of Directors of **Bharat Forge Limited**

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Huzefa Ginwala**

Partner

Membership Number: 111757

**B. N. Kalyani**

Chairman and Managing Director  
DIN : 00089380

**Kishore Saletore**

Executive Director & CFO  
DIN : 01705850

**G. K. Agarwal**

Deputy Managing Director  
DIN : 00037678

**Tejaswini Chaudhari**

Company Secretary  
Membership Number: 18907

Place: Pune

Date: June 4, 2021

Place: Pune

Date: June 4, 2021

# Notes to Financial Statements

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

## 1. CORPORATE INFORMATION

The consolidated financial statements comprise financial statements of Bharat Forge Limited (“the Holding Company”) and its subsidiaries (collectively, the Group) for the year ended March 31, 2021. Bharat Forge Limited (“the Company”) is a public Company domiciled in India. Its shares are listed on two stock exchanges in India. The Group is engaged in the manufacturing and selling of forged and machined components including aluminum castings for auto and industrial sector and also in manufacturing and assembly of electric vehicle related components. The Group caters to both domestic and international markets. The registered office of the Company is located at Mundhwa, Pune. The Holding Company’s CIN is L25209PN1961PLC012046. The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of directors on June 4, 2021.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

These consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments;
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

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

### 2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Holding Company and its subsidiaries as at March 31, 2021 and March 31, 2020, respectively. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group’s voting rights and potential voting rights
- The size of the Group’s holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

# Notes to Financial Statements

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

## 2.2 Basis of consolidation (Contd.):

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The consolidated financial statements in respect of overseas subsidiaries (other than Bharat Forge International Limited), associate and joint venture including their respective subsidiaries/associates are drawn for the year ended December 31, 2020 and December 31, 2019, whereas the financial statements of the Holding Company are drawn for the year ended March 31, 2021 and March 31, 2020. As per the statutory requirements of the Country of incorporation the overseas components with non-coterminous periods, the year-end has been considered as of December 31, 2020 and December 31, 2019. The effect of significant transactions and other events that occur between January 1, 2021 and March 31, 2021 and January 1, 2020 to March 31, 2020 are considered in the consolidated financial statements if it is material in nature. The financial statements of Bharat Forge International Limited have been prepared for the year ended March 31, 2021 and March 31, 2020. The financial statements of Indian subsidiaries/associates/joint controlled entities have been drawn for the year ended March 31, 2021 and March 31, 2020.

### Consolidation procedure:

- a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date.
- b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- c) Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognized in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

# Notes to Financial Statements

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

## 2.2 Basis of consolidation (Contd.):

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in the statement of profit and loss
- Reclassifies the parent's share of components previously recognized in OCI to the statement of profit and loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

## 2.3 Summary of significant accounting policies

### A. *Business combinations*

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

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

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in the statement of profit and loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired

## Notes to Financial Statements

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

### 2.3 Summary of significant accounting policies (Contd.):

over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

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

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

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

### **B. Investment in associates and joint ventures**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

# Notes to Financial Statements

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

## 2.3 Summary of significant accounting policies (Contd.):

The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group except those mentioned in the basis of preparation section. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group recognises share of profit/(loss) of associates and joint ventures in the statement of profit and loss and then calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the statement of profit and loss.

### C. *Current versus non-current classification*

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

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

All other assets are classified as non-current.

# Notes to Financial Statements

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

## 2.3 Summary of significant accounting policies (Contd.):

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

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

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

For the components with non-coterminous periods, current/non-current classification has been considered based on year ending date of the Holding Company.

## D. Foreign currencies

The Group's consolidated financial statements are presented in INR, which is also the parent's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the indirect method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to the statement of profit and loss reflects the amount that arises from using this method.

### Transactions and Balance

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

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange difference that arise on settlement of monetary items or on reporting at each balance sheet date of the Group's monetary items at the closing rate are recognized as income or expenses in the period in which they arise except for differences pertaining to Long Term Foreign Currency Monetary Items as mentioned subsequently.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or the statement of profit and loss are also recognised in OCI or the statement of profit and loss, respectively).

# Notes to Financial Statements

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

## 2.3 Summary of significant accounting policies (Contd.):

### Exchange Differences

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

- a) Exchange differences arising on long-term foreign currency monetary items related to acquisition of property, plant and equipment are capitalized and depreciated over the remaining useful life of the asset.
- b) Exchange differences arising on other long-term foreign currency monetary items are accumulated in the FCMITDA through Other Comprehensive Income (OCI). The amortisation of the balance of FCMITDA is transferred to the statement of profit and loss over the remaining life of the respective monetary item.
- c) All other exchange differences are recognised as income or as expense in the period in which they arise.

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

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

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the statement of profit and loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation on or after April 1, 2015 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Any goodwill or fair value adjustments arising in business combinations/ acquisitions, which occurred before the date of transition to Ind AS (April 1, 2015), are treated as assets and liabilities of the entity rather than as assets and liabilities of the foreign operation. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, viz. April 1, 2015. Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

## Notes to Financial Statements

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

### 2.3 Summary of significant accounting policies (Contd.):

#### E. Fair value measurement

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

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

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

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

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

# Notes to Financial Statements

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

## 2.3 Summary of significant accounting policies (Contd.):

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

- Disclosures for valuation methods, significant estimates and assumptions (note 35)
- Quantitative disclosures of fair value measurement hierarchy (note 51)
- Investment in unquoted equity shares (note 7)
- Investment properties (note 4)
- Financial instruments (including those carried at amortized cost) (note 52)

## F. Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Holding Company expects to be entitled in exchange for those goods or services. The Holding Company has concluded that it is principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The policy of recognizing the revenue is determined by the five stage model proposed by Ind AS 115 "Revenue from contract with customers".

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 35.

### Sale of goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on date of bill of lading for export sales and generally on delivery for domestic sales. In case of certain subsidiaries, revenue recognition is based on ex-factory/ex-works incoterms wherein the goods are made available at subsidiary company's factory location to be picked up by the customers. The performance obligation is met at the time of goods being made available for pick up by customers. The normal credit term is 30 to 240 days upon delivery.

In case of bill and hold arrangements, revenue is recognized when the Group completes its performance obligation to transfer the control of the goods to the customer in accordance with the agreed upon specifications in the contract for which customer has accepted the control. Such goods are identified and kept ready for delivery based on which revenue is recognized.

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

### Export incentives

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

### Tooling income

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

# Notes to Financial Statements

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

## 2.3 Summary of significant accounting policies (Contd.):

### Sale of services

Revenue from sale of services is in nature of job work on customer product which normally takes 1 – 4 days maximum and hence, revenue is recognized when products are sent to customer on which job work is completed. The normal credit period is 60 days.

### Interest income

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in “other income” in the statement of profit and loss.

### Dividends

Dividend income is recognized when the Group’s right to receive the payment is established, which is generally when shareholders approve the dividend.

### Trade receivables

A receivable represents the Group’s right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 2.2-S Financial instruments – initial recognition and subsequent measurement.

### Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration in the form of advance from customer (or an amount of consideration is due). If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs the obligation as per the contract.

## G. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant or subsidy relates to revenue, it is recognized as income/netted off with expenses on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and is allocated to statement of profit and loss over the periods and in the proportions in which depreciation on those assets is charged. Investment grants and subsidies received or claimable are entered as liabilities in a special reserve for investment grants and written back according to the depreciation of the subsidised assets.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities. For further details of such loans, refer note 18 (a)(i).

# Notes to Financial Statements

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

## 2.3 Summary of significant accounting policies (Contd.):

### H. Taxes

#### Current income tax

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

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

#### Deferred tax

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

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

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

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

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

## **Notes to Financial Statements**

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

### **2.3 Summary of significant accounting policies (Contd.):**

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### **Indirect taxes paid on acquisition of assets or on incurring expenses**

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

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

#### ***I. Property, plant and equipment***

Property, plant and equipment, are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss (if any). Internally manufactured, plant and equipment are capitalized at cost, including non-creditable indirect taxes, wherever applicable. All significant costs relating to the acquisition and installation of property, plant and equipment/ investment property are capitalized. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for decommissioning are met.

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

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

# Notes to Financial Statements

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

## 2.3 Summary of significant accounting policies (Contd.):

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

Type of assets	Useful life estimated by management (years)
Building - Factory	8 – 50
Buildings – Others	5 – 60
Plant and machinery (including dies)	1 – 23
Plant and machinery – Windmill	19
Plant and machinery – continuous processing plant	18
Plant and Machinery - computer	3
Office equipment	3 – 11
Railway sidings	10
Power Line	6
Electrical installation	10
Factory equipments	2 – 10
Furniture and fixtures	10
Vehicles	3 – 9
Aircraft	6 – 18

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

### Freehold land is carried at cost

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

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

### J. Investment Properties

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

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

## Notes to Financial Statements

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

### 2.3 Summary of significant accounting policies (Contd.):

Investment properties are derecognized either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of profit and loss in the period of derecognition.

#### K. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the net carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Group amortizes intangible assets on Straight line basis over the useful life of the asset as mentioned below:

Type of Asset	Useful life estimated by management (years)
Software	3 – 5
Development costs	10
Patents	10
Technology license	5
Customer Contracts	2
Technical Know-how	3

#### Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

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

# Notes to Financial Statements

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

## 2.3 Summary of significant accounting policies (Contd.):

- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

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

During the period of development, the asset is tested for impairment annually.

### L. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs w.r.t. borrowing taken on or after April 1, 2016.

### M. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities representing obligations to make lease payments and right-of-use assets representing the right-to-use the underlying assets.

#### i) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e. the date the Underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated Depreciation and impairment losses, and adjusted for any measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Type of Asset	Useful life estimated by management (years)
Buildings	2 - 16
Plant and machinery	3 -15
Motor vehicles and other equipment	3 -5
Leasehold Land	99

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

# Notes to Financial Statements

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

## 2.3 Summary of significant accounting policies (Contd.):

### ii) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. For details of lease liabilities please See Note 43 Borrowings.

### iii) Short-term leases and leases of low-value assets

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

### Group as a lessor

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

## N. Inventories

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

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

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

# Notes to Financial Statements

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

## 2.3 Summary of significant accounting policies (Contd.):

Traded goods are valued at lower of Costs are determined on weighted average basis and net realizable value.

Dies are valued at cost or net realizable value. Cost includes direct material and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of dies are determined on a weighted average basis.

Scrap is valued at net realizable value.

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

### 0. *Impairment of non-financial assets*

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

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

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

Intangible assets under development are tested for impairment annually.

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

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

# Notes to Financial Statements

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

## 2.3 Summary of significant accounting policies (Contd.):

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

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

### **P. Provisions and contingent liabilities**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements. A disclosure for a contingent liability is made where there is a possible obligation arising out of past event, the existence of which will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation arising out of past event where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### **Q. Post-employment and other employee benefits** **Provident fund**

The Holding Company operates a defined benefit plan for the eligible employees to provide employee benefit in the nature of provident fund. For the employees of the Group which are not covered under the above plan, a separate plan is operated which is a defined contribution plan.

The eligible employees of the Holding Company receive benefits from a provident fund, which is a defined benefit plan. Both the employee and the Holding Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Holding Company contributes a part of the contributions to the "Bharat Forge Group Limited Staff Provident Fund Trust". The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the Government. The Holding Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The cost of providing benefits under above mentioned defined benefit plan is determined using the projected unit credit method with actuarial valuations being carried out at each balance sheet date, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

# Notes to Financial Statements

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

## 2.3 Summary of significant accounting policies (Contd.):

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

With respect of the employees of the Group who are not covered under the above scheme, portion of provident fund is contributed to the Government administered pension fund which is a defined contribution scheme.

The Holding Company and its Indian subsidiaries have no obligation, other than the contribution payable to the provident fund. The Holding Company and its Indian subsidiaries recognises contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

### Gratuity

The Holding Company and some of its Indian subsidiaries operate two defined benefits plan for its employees viz. gratuity and special gratuity scheme, whereas, the overseas subsidiaries operate only one defined benefit plan for gratuity payable to its employees. Payment for present liability of future payment of gratuity is being made to approved gratuity funds. The special gratuity scheme is unfunded. The cost of providing benefits under these plans is determined on the basis of actuarial valuation at each year end. Separate actuarial valuation is carried out for each plan using the project unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in the statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment
- The date that the Group recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

## **Notes to Financial Statements**

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

### **2.3 Summary of significant accounting policies (Contd.):**

#### **Superannuation**

Retirement benefit in the form of superannuation plan is a defined contribution plan. Defined contributions to Life Insurance Corporation for employees covered under Superannuation scheme are accounted at the rate of 15% of such employees' basic salary. The Group recognizes expense toward the contribution paid/ payable to the defined contribution plan as and when an employee renders the relevant service. If the contribution already paid exceeds the contribution due for service before the balance sheet date, the Group recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or cash refund. If the contribution already paid is lower than the contribution due for service before the balance sheet date, the Group recognises that difference excess as a liability. The Group has no obligation, other than the contribution payable to the superannuation fund.

#### **Privilege leave benefits**

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

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Group presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

#### **Termination benefits**

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of these benefits; and (b) when the entity recognizes cost for a restructuring that is within the scope of Ind AS 37 and involves payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

#### **Other long-term employee benefits**

In case of certain overseas subsidiaries, there are long term employee benefits in the nature of pension plans, jubilee scheme and early retirement scheme. Long-term employee benefits are defined benefit obligations and are provided for on the basis of an actuarial valuation. Separate actuarial valuation is carried out for each plan using the project unit credit method.

Actuarial gains and losses for all defined benefit plans are recognized in full in the period in which they occur in the consolidated statement of profit and loss.

# Notes to Financial Statements

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

## 2.3 Summary of significant accounting policies (Contd.):

### R. *Financial instruments*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **Financial assets**

##### ***Initial recognition and measurement***

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit and loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

#### **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in three categories:

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

#### **Debt instruments at amortized cost**

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

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in other income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss. This category generally applies to trade and other receivables.

#### **Debt instrument at FVTOCI**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On DE recognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

# Notes to Financial Statements

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

## 2.3 Summary of significant accounting policies (Contd.):

### Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

### Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. For all equity instruments not held for trading, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - (a) the Group has transferred substantially all the risks and rewards of the asset, or
  - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

# Notes to Financial Statements

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

## 2.3 Summary of significant accounting policies (Contd.):

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balance
- b) Lease receivables under Ind AS 116
- c) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
- d) Financial assets that are measured at FVTOCI

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

## Notes to Financial Statements

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

### 2.3 Summary of significant accounting policies (Contd.):

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss.

The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortized cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.
- Debt instruments measured at FVTOCI:  
Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Group does not have any purchased or originated credit-impaired (POCI) financial assets, i.e. financial assets which are credit impaired on purchase/ origination.

#### **Financial liabilities**

##### ***Initial recognition and measurement***

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit and loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

##### ***Subsequent measurement***

The measurement of financial liabilities depends on their classification, as described below:

##### ***Financial liabilities at fair value through profit and loss***

Financial liabilities at fair value through profit and loss include financial liabilities designated upon initial recognition as at fair value through profit and loss. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

# Notes to Financial Statements

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

## 2.3 Summary of significant accounting policies (Contd.):

### *Loans and borrowings*

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the statement of profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer Note 18.

### *Financial guarantee contracts*

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

### *Derecognition*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the DE recognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognized in the statement of profit and loss.

### **Embedded derivatives**

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a re-classification of a financial asset out of the fair value through profit and loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the statement of profit and loss, unless designated as effective hedging instruments.

# Notes to Financial Statements

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

## 2.3 Summary of significant accounting policies (Contd.):

### Offsetting of financial instruments

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

## S. Derivative financial instruments and hedge accounting

### Initial recognition and subsequent measurement

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

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

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

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

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving off-setting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

### Fair value hedges

The change in the fair value of a hedging instrument is recognized in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the statement of profit and loss as a charge.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through the statement of profit and loss over the remaining term of the hedge using the EIR method. EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

# Notes to Financial Statements

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

## 2.3 Summary of significant accounting policies (Contd.):

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

### Cash flow hedges

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

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of profit and loss.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognized in the statement of profit and loss. Refer to note 50 for more details.

Amounts recognized as OCI are transferred to the statement of profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognized in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

### T. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

### U. Dividend to equity holders of the Group

The Group recognizes a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorized and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

### V. Segment reporting

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

# Notes to Financial Statements

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

## 2.3 Summary of significant accounting policies (Contd.):

### **W. Earnings per share**

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## 2.4 Changes in accounting policies and disclosures

### **Amendments to IND AS 116: Covid-19 related rent concessions**

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification.

A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification.

The amendments to AS 116 states that the lessee shall apply Covid-19-Related Rent Concessions retrospectively, recognizing the cumulative effect of initially applying that amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the lessee first applies the amendment.

In the reporting period in which a lessee first applies Covid-19-Related Rent Concessions, the lessee is not required to disclose the information required by paragraph 28(f) of Ind AS 8.

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

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

The amendments provide a new definition of material that states, "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of the Group.

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

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

# Notes to Financial Statements

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

## 3. PROPERTY, PLANT AND EQUIPMENT

Particulars	Freehold land	Leasehold land	Buildings (Notes a, b)	Plant and machinery (Notes d)	Plant and machinery on Finance Lease	Railway sidings	Office equipments	In ₹ Million	
								Sub Total (A)	
<b>Cost</b>									
As at April 1, 2019	767.58	150.40	7,675.99	39,794.13	382.84	0.02	130.39	48,901.35	
Reclassified on account of adoption of IND AS 116	-	(150.71)	-	-	(382.84)	-	-	(533.55)	
Foreign Currency Translation Reserve	2.62	0.31	63.89	50.65	-	-	3.51	120.98	
Additions	3.78	-	1,761.13	4,465.78	-	-	16.74	6,247.43	
Additions on acquisition of subsidiary	-	-	7.38	0.57	-	-	-	7.95	
Disposals	-	-	-	(220.42)	-	-	(0.03)	(220.45)	
Other adjustments	-	-	-	-	-	-	-	-	
- Borrowing cost (Refer note c)	-	-	11.80	51.57	-	-	-	63.37	
- Exchange differences	-	-	17.23	113.11	-	-	-	130.34	
- Others (Refer note e)	-	-	37.76	(63.88)	-	-	(1.51)	(27.63)	
<b>As at March 31, 2020</b>	<b>773.98</b>	<b>-</b>	<b>9,575.18</b>	<b>44,191.51</b>	<b>-</b>	<b>0.02</b>	<b>149.10</b>	<b>54,689.79</b>	
Foreign Currency Translation Reserve	40.36	-	410.54	1,472.41	-	-	(1.06)	1,922.25	
Additions	-	-	1,303.49	8,712.75	-	-	31.81	10,048.05	
Disposals	-	-	(4.33)	(1,795.84)	-	-	(0.31)	(1,800.48)	
Other adjustments	-	-	-	-	-	-	-	-	
- Borrowing cost (Refer note c)	-	-	1.24	203.14	-	-	-	204.38	
- Exchange differences	-	-	(4.00)	(7.05)	-	-	-	(11.05)	
<b>As at March 31, 2021</b>	<b>814.34</b>	<b>-</b>	<b>11,282.12</b>	<b>52,776.92</b>	<b>-</b>	<b>0.02</b>	<b>179.54</b>	<b>65,052.94</b>	
<b>Depreciation and impairment</b>									
As at April 1, 2019	-	4.27	1,278.06	15,015.97	268.45	-	47.47	16,614.22	
Reclassified on account of adoption of IND AS 116	-	(4.30)	-	-	(268.45)	-	-	(272.75)	
Foreign Currency Translation Reserve	-	0.03	11.00	22.98	-	-	1.35	35.36	
Additions on acquisition of subsidiary	-	-	1.00	0.13	-	-	-	1.13	
Charge for the year	-	-	346.39	4,043.19	-	-	21.62	4,411.20	
Impairment (Refer note 29)	-	-	-	-	-	-	-	-	
Disposals	-	-	-	(173.98)	-	-	(0.03)	(174.01)	
Other adjustments	-	-	-	-	-	-	-	-	
- Others (Refer note e)	-	-	3.99	(8.27)	-	-	(1.44)	(5.72)	
<b>As at March 31, 2020</b>	<b>-</b>	<b>-</b>	<b>1,640.44</b>	<b>18,900.02</b>	<b>-</b>	<b>-</b>	<b>68.97</b>	<b>20,609.43</b>	
Foreign Currency Translation Reserve	-	-	110.81	788.82	-	-	(0.48)	899.15	
Charge for the year	-	-	431.40	4,399.60	-	-	24.94	4,855.94	
Disposals	-	-	(1.08)	(1,601.75)	-	-	(0.24)	(1,603.07)	
<b>As at March 31, 2021</b>	<b>-</b>	<b>-</b>	<b>2,181.57</b>	<b>22,486.69</b>	<b>-</b>	<b>-</b>	<b>93.19</b>	<b>24,761.45</b>	
<b>Net block</b>									
<b>As at March 31, 2020</b>	<b>773.98</b>	<b>-</b>	<b>7,934.74</b>	<b>25,291.49</b>	<b>-</b>	<b>0.02</b>	<b>80.13</b>	<b>34,080.36</b>	
<b>As at March 31, 2021</b>	<b>814.34</b>	<b>-</b>	<b>9,100.55</b>	<b>30,290.23</b>	<b>-</b>	<b>0.02</b>	<b>86.35</b>	<b>40,291.49</b>	

# Notes to Financial Statements

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

## 3. PROPERTY, PLANT AND EQUIPMENT (Contd.):

Particulars	In ₹ Million									
	Electrical installations	Factory equipments	Furniture and fixtures	Vehicles and aircraft	Power line	Sub Total (B)	Grand Total (A+B)	Capital work-in-progress		
<b>Cost</b>										
As at April 1, 2019	180.51	2,472.51	189.47	2,597.72	6.17	5,446.38	54,347.73	8,306.79		
Reclassified on account of adoption of IND AS 116	-	-	-	-	-	-	(533.55)	-		
Foreign Currency Translation Reserve	-	8.54	-	1.42	-	9.96	130.94	23.13		
Additions	-	667.70	90.12	536.65	-	1,294.47	7,541.90	10,366.02		
Additions on acquisition of subsidiary	0.40	-	0.23	-	-	0.63	8.58	-		
Disposals	-	(59.60)	(0.24)	(49.08)	-	(108.92)	(329.37)	-		
Transferred to asset block	-	-	-	-	-	-	-	(7,541.90)		
Other adjustments	-	-	-	-	-	-	-	-		
- Borrowing cost (Refer note c)	-	0.07	-	-	-	0.07	63.44	242.34		
- Exchange differences	-	1.87	-	-	-	1.87	132.21	42.60		
- Others (Refer note e)	-	-	(0.53)	2.72	-	2.19	(25.44)	-		
<b>As at March 31, 2020</b>	<b>180.91</b>	<b>3,091.09</b>	<b>279.05</b>	<b>3,089.43</b>	<b>6.17</b>	<b>6,646.65</b>	<b>61,336.44</b>	<b>11,438.98</b>		
Foreign Currency Translation Reserve	-	293.92	-	0.62	-	294.54	2,216.79	269.28		
Additions	77.15	325.97	32.93	26.00	10.00	472.05	10,520.10	7,666.56		
Disposals	-	(48.63)	(0.61)	(7.30)	-	(56.54)	(1,857.02)	-		
Transferred to asset block	-	-	-	-	-	-	-	(10,520.10)		
Other adjustments	-	-	-	-	-	-	-	-		
- Borrowing cost (Refer note c)	-	0.98	-	-	-	0.98	205.36	135.28		
- Exchange differences	-	(0.46)	-	-	-	(0.46)	(11.51)	23.37		
- Others (Refer note e)	-	-	-	-	-	-	-	-		
<b>As at March 31, 2021</b>	<b>258.06</b>	<b>3,662.87</b>	<b>311.37</b>	<b>3,108.75</b>	<b>16.17</b>	<b>7,357.22</b>	<b>72,410.16</b>	<b>9,013.37</b>		
<b>Depreciation and impairment</b>										
As at April 1, 2019	110.25	1,189.44	55.92	762.69	6.17	2,124.47	18,738.69	-		
Reclassified on account of adoption of IND AS 116	-	-	-	-	-	-	(272.75)	-		
Foreign Currency Translation Reserve	-	3.93	-	0.41	-	4.34	39.70	-		
Additions on acquisition of subsidiary	0.16	-	0.08	-	-	0.24	1.37	-		
Charge for the year	19.37	344.79	21.51	236.75	-	622.42	5,033.62	-		
Impairment (refer note 29)	-	-	-	-	-	-	-	12.23		
Disposals	-	(57.39)	(0.13)	(21.13)	-	(78.65)	(252.66)	-		
Other adjustments	-	-	-	-	-	-	-	-		
- Others (Refer note e)	-	(2.64)	(0.45)	(0.08)	-	(3.17)	(8.89)	-		
<b>As at March 31, 2020</b>	<b>129.78</b>	<b>1,478.13</b>	<b>76.93</b>	<b>978.64</b>	<b>6.17</b>	<b>2,669.65</b>	<b>23,279.08</b>	<b>12.23</b>		
Foreign Currency Translation Reserve	-	169.71	-	0.47	-	170.18	1,069.33	-		
Charge for the year	19.90	407.96	29.71	269.81	0.47	727.85	5,583.79	-		
Disposals	-	(48.38)	(0.36)	(7.05)	-	(55.79)	(1,658.86)	-		
<b>As at March 31, 2021</b>	<b>149.68</b>	<b>2,007.42</b>	<b>106.28</b>	<b>1,241.87</b>	<b>6.64</b>	<b>3,511.89</b>	<b>28,273.34</b>	<b>12.23</b>		
<b>Net block</b>										
As at March 31, 2020	51.13	1,612.96	202.12	2,110.79	-	3,977.00	38,057.36	11,426.75		
As at March 31, 2021	108.38	1,655.45	205.09	1,866.88	9.53	3,845.33	44,136.82	9,001.14		

# Notes to Financial Statements

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

### 3. PROPERTY, PLANT AND EQUIPMENT (Contd.)

- (a) Buildings include cost of hangar jointly owned with other companies ₹ 0.12 million (March 31, 2020: ₹ 0.12 million).
- (b) Documents for the ownership of Hangar at Lohegaon; Pune and flat at Lullanagar, Pune are not available with the Group.
- (c) Capitalised borrowing costs :

The Group capitalises these borrowing costs in the capital work-in-progress (CWIP) first. The amount of borrowing costs capitalised as other adjustments in the above note reflects the amount of borrowing cost transferred from Capital work-in-progress (CWIP) balances. The borrowing costs capitalised during the year ended March 31, 2021 was ₹ 125.79 million (March 31, 2020: ₹ 282.54 million).

- (d) Assets include assets lying with third parties amounting to ₹ 115.75 million (March 31, 2020: ₹ 275.83 million).
- (e) Other adjustments are related to reclassification within block of assets.

### 4. INVESTMENT PROPERTY

In ₹ Million

Particulars	Total
<b>Cost</b>	
As at April 1, 2019	2.89
Additions	-
Disposals	-
<b>As at March 31, 2020</b>	<b>2.89</b>
Additions	-
Disposals	-
<b>As at March 31, 2021</b>	<b>2.89</b>
<b>Depreciation and impairment</b>	
As at April 1, 2019	-
Depreciation for the year	-
<b>As at March 31, 2020</b>	<b>-</b>
Depreciation for the year	-
<b>As at March 31, 2021</b>	<b>-</b>
<b>Net block</b>	
As at March 31, 2020	2.89
As at March 31, 2021	2.89

## Notes to Financial Statements

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

### 4. INVESTMENT PROPERTY (Contd.):

Information regarding income and expenditure of investment property

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

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

As at March 31, 2021 and March 31, 2020, the fair values of the properties are ₹ 2,432.95 million, ₹ 2,426.11 million, respectively. The Group obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties, where such information is not available, the Group considers ready reckoner rates. The main input used is the ready reckoner rate. All resulting fair value estimates for investment properties are included in Level 2.

The Group has no restrictions (other than the land for which matter is being subjudice and for which no income has been considered) on the realisability of its investment properties and has no contractual obligations to either construct or develop investment properties or for repairs, maintenance and enhancements. The Group's investment properties consist of three parcels of land situated at Pune, Satara and Chakan. Freehold land parcel includes 25 acres of land situated at Pune and 24.13 acres of land situated at Satara and 8.40 acres of land situated at Chakan, which have been given on lease. Due to certain matters being sub- judice, the Group has not executed lease deed with related party for one of the said land.

### Reconciliation of fair value

Particulars	In ₹ Million	
	Investment properties Free hold land	
<b>Opening balance as at April 1, 2019</b>	<b>2,445.00</b>	
Fair value difference	(18.89)	
Purchases	-	
<b>Opening balance as at March 31, 2020</b>	<b>2,426.11</b>	
Fair value difference	6.84	
Purchases	-	
<b>Closing balance as at March 31, 2021</b>	<b>2,432.95</b>	

# Notes to Financial Statements

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

## 5. INTANGIBLE ASSETS AND GOODWILL

In ₹ Million

Particulars	Goodwill	Computer and Software	Customer contracts	Technical know-how	Development cost	Patents	Technology License	Total
<b>Cost</b>								
<b>As at April 1, 2019</b>	472.53	396.41	-	-	140.94	2.64	157.53	<b>1,170.05</b>
Foreign Currency Translation Reserve	0.61	0.66	-	-	0.18	-	-	<b>1.45</b>
Additions	-	37.78	-	-	-	-	36.20	<b>73.98</b>
Business combination (Refer note 5(a))	51.90	-	7.84	8.65	-	-	-	<b>68.39</b>
Disposals	-	-	-	-	-	-	-	<b>-</b>
Other adjustments								
- Exchange differences	-	0.12	-	-	-	-	-	<b>0.12</b>
- Other adjustments (Refer note 5(b))	-	29.07	-	-	-	-	-	<b>29.07</b>
<b>As at March 31, 2020</b>	<b>525.04</b>	<b>464.04</b>	<b>7.84</b>	<b>8.65</b>	<b>141.12</b>	<b>2.64</b>	<b>193.73</b>	<b>1,343.06</b>
Foreign Currency Translation Reserve	58.69	15.99	-	-	17.51	0.37	-	<b>92.56</b>
Additions	-	46.11	-	-	-	-	-	<b>46.11</b>
Disposals	-	(0.02)	-	-	-	-	-	<b>(0.02)</b>
<b>As at March 31, 2021</b>	<b>583.73</b>	<b>526.12</b>	<b>7.84</b>	<b>8.65</b>	<b>158.63</b>	<b>3.01</b>	<b>193.73</b>	<b>1,481.71</b>
<b>Amortisation/Impairment</b>								
<b>As at April 1, 2019</b>	123.66	247.64	-	-	140.94	2.14	21.59	<b>535.97</b>
Foreign Currency Translation Reserve	0.13	1.07	-	-	0.18	-	-	<b>1.38</b>
Charge for the year	-	99.81	2.69	1.63	-	0.12	38.41	<b>142.66</b>
Impairment	31.54	-	-	-	-	-	-	<b>31.54</b>
Disposals	-	-	-	-	-	-	-	<b>-</b>
Other adjustments (Refer note 5(b))	-	9.07	-	-	-	-	-	<b>9.07</b>
<b>As at March 31, 2020</b>	<b>155.33</b>	<b>357.59</b>	<b>2.69</b>	<b>1.63</b>	<b>141.12</b>	<b>2.26</b>	<b>60.00</b>	<b>720.62</b>
Foreign Currency Translation Reserve	20.58	13.01	-	-	17.51	0.33	-	<b>51.43</b>
Charge for the year	-	79.20	5.15	3.12	-	0.12	38.75	<b>126.34</b>
Impairment	84.49	-	-	-	-	-	-	<b>84.49</b>
Disposals	-	-	-	-	-	-	-	<b>-</b>
<b>As at March 31, 2021</b>	<b>260.40</b>	<b>449.80</b>	<b>7.84</b>	<b>4.75</b>	<b>158.63</b>	<b>2.71</b>	<b>98.75</b>	<b>982.88</b>
<b>Net Block</b>								
<b>As at March 31, 2020</b>	<b>369.71</b>	<b>106.45</b>	<b>5.15</b>	<b>7.02</b>	<b>-</b>	<b>0.38</b>	<b>133.73</b>	<b>622.44</b>
<b>As at March 31, 2021</b>	<b>323.33</b>	<b>76.32</b>	<b>-</b>	<b>3.90</b>	<b>-</b>	<b>0.30</b>	<b>94.98</b>	<b>498.83</b>

# Notes to Financial Statements

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

## 5. INTANGIBLE ASSETS AND GOODWILL (Contd.):

- (a) (i) During the previous year, the group acquired one of the divisions of KPIT Technologies Limited which was engaged in design and development of defense related products. Accordingly, as part of the overall business combination, the group recognised the goodwill amounting to ₹ 51.90 million based on the valuation reports obtained as part of purchase price allocation. The carrying amount of goodwill as at March 31, 2021 is ₹ 51.90 million (March 31, 2020 : ₹ 51.90 million) net of impairment.
- (a) (ii) The Group has identified the Company Mécanique Générale Langroise (MGL) as the CGU, to which goodwill has been allocated. MGL is involved in machining of Oil & Gas and other industrial sector components. The goodwill generated through business combination has been entirely allocated to CGU 'MGL' which pertains to the forging segment. The carrying amount of goodwill as at March 31, 2021 is ₹ 271.43 million (March 31, 2020 : ₹ 317.81 million) net of impairment.
- (b) Other adjustments are related to reclassification within block of assets

### Impairment of Goodwill:

#### 1. KPIT Technologies Limited

The Group performed its annual impairment test for year ended March 31, 2021. The Group considers the discounted cash flows, among other factors, when reviewing for indicators of impairment. The calculations use pre-tax cash flow projections based on financial budgets/forecasts approved by the management.

#### Key assumptions used for value in use calculations

Weighted Average Cost of Capital % (WACC) before tax (discount rate) : 24.52%

Terminal growth rate : 5.00%

The discount rate is calculated as follows :  $WACC = \text{Cost of equity} \times (1 - \text{gearing}) + \text{Cost of debt} \times (1 - \text{tax rate}) \times \text{gearing}$ . The terminal growth rate used is in line with long term inflation rate.

The Group has performed sensitivity analysis around the base assumptions and have concluded that no reasonable changes in key assumptions would cause the recoverable amount of the CGU to be less than the carrying value.

Based on the above assessment, there is no need for impairment of goodwill.

#### 2. Mécanique Générale Langroise (MGL)

The Group performed its annual impairment test for year ended December 31, 2020 and December 31, 2019 in May 2021 and May 2020, respectively. The Group considers the discounted cash flows, among other factors, when reviewing for indicators of impairment. Considering the continuing impact of COVID 19, management has performed additional stress test to test the recoverable amount of the goodwill, indicating a potential impairment of goodwill, the management has provided for additional impairment of ₹ 84.49 million for the year ended March 31, 2021 (March 31, 2020: ₹ 31.54 million).

#### Key assumptions used for value in use calculations

Weighted Average Cost of Capital % (WACC) before tax (discount rate) : 11.1% (March 31, 2020 : 11.3%)

Terminal growth rate : 1.43% (March 31, 2020 : 1.5%)

The discount rate is calculated as follows :  $WACC = \text{Cost of equity} \times (1 - \text{gearing}) + \text{Cost of debt} \times (1 - \text{tax rate}) \times \text{gearing}$ . The terminal growth rate used is in line with long term inflation rate.

The Group has performed sensitivity analysis around the base assumptions and have concluded that no reasonable changes in key assumptions would cause the recoverable amount of the CGU to be less than the carrying value after impairment.

# Notes to Financial Statements

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

## 6. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
<b>At cost</b>		
<b>Unquoted equity instruments (fully paid)</b>		
<b>- Investment in associates</b>		
Talbahn GmbH ( note 6 (a))	0.30	0.30
Less: Provision for diminution	(0.30)	(0.30)
49,000 (March 31, 2020: 49,000) equity shares of ₹ 10/- each fully paid up in Ferrovia Transrail Solutions Private Limited (Refer note 39)	-	-
3,500 (March 31, 2020: 3,500) equity shares of ₹ 10/- each fully paid up in Hospet Bellary Highways Private Limited (Refer note 6(a)(f))	-	0.05
14,208 (March 31, 2020: 14,208) equity shares of ₹ 10/- each fully paid up in Tork Motors Private Limited (Refer note 6 (b) and note 39)	199.25	232.33
794,217 (March 31, 2020 : 794,217) ordinary shares of £ 0.00001 each in Tevva Motors (Jersey) Limited	478.80	478.80
[GBP 10,094,948 (March 31, 2020 : GBP 10,094,948)] (Refer note 6 (c)) and note 39)		
Add: Conversion of Loan note of GBP 3.50 million along with Interest accrued	134.91	-
Less : Provision for impairment in value of investments (refer note 32(d))	(475.87)	(475.87)
	137.84	2.93
136,500 (March 31, 2020: 78,000) equity shares of ₹ 10/- each fully paid up in Aeron Systems Private Limited (Refer note 6 (d) and note 39)	119.46	70.87
<b>- Investments in joint ventures</b>		
7,128,219 (March 31, 2020: 7,128,219) equity shares of ₹ 10/- each fully paid up in BF NTPC Energy Systems Ltd. (BFNTPCESL) (Refer note 6(a)(g))	-	-
100,000 (March 31, 2020: 100,000) equity shares of ₹ 10/- each fully paid up in BF Premier Energy Systems Pvt. Ltd. (BFPEESPL) (Refer note 38)	-	-
12,500 (March 31, 2020 : 12,500) ordinary shares of Eur 1.00 each in Refu Drive GmbH	852.17	912.88
[Euro 11,350,000 (March 31, 2020 : Euro 11,350,000)] (Refer note 6 (e) and note 38)		
<b>Total</b>	<b>1,308.72</b>	<b>1,219.06</b>

## Notes to Financial Statements

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

### 6. INVESTMENT IN ASSOCIATES AND JOINT VENTURES (Contd.):

- a. Not included in the consolidation based on materiality
- b. During the previous year, the Group had made further investment in Tork Motors Private Limited of ₹ 39.99 million by acquiring 1,895 equity shares of ₹ 10/- each.
- c. During the year, the Group has further extended the tenure of the convertible loan note amounting to GBP 3.50 million to December 31, 2021. The management intends to convert the said loan into equity at GBP 13.38 per share. On the revised due date, the outstanding loan amount including interest accrued thereon till the date of conversion will be converted into equivalent equity shares of Tevva Motors (Jersey) Limited as per the terms of agreement. Accordingly, such loan and interest accrued thereon till March 31, 2021 have been disclosed as investment in associates.
- d. During the current year, the Group has made further investment in Aeron Systems Private Limited of ₹ 60.00 million (March 31, 2020: ₹ 80.00 million) by acquiring 58,500 (March 31, 2020: 78,000) equity shares of ₹ 10/- each.
- e. During the previous year, the Group had entered into a Joint Venture Agreement with Refu Elektronik GmbH, Germany and its affiliates / Promoters (REFU) for incorporating a Joint Venture Company i.e. Refu Drive GmbH (JV), under the laws of Germany. During the previous year, the Holding Company has made an investment of ₹ 892.34 million by acquiring 12,500 equity shares of Eur 1 each and balance portion pertains transactions costs that are directly attributable to the investment.
- f. During the current year, the associate has been dissolved on January 12, 2021.
- g. During the earlier year, the shareholders of BFNTPCESL at their EGM held on October 9, 2018 decided to voluntarily liquidate the Company and engaged liquidator to liquidate the Company under the provisions of Section 59 of Insolvency and Bankruptcy Code, 2016.

### 7. INVESTMENTS

Particulars	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
<b>Non-current investment</b>		
<b>(a) Investments designated at fair value through OCI (FVTOCI) (Refer note 7 (a))</b>		
- Equity instruments (unquoted)		
- Investments in others (Group holds 5% or more of the share capital) fully paid		
38,384,202 (March 31, 2020: 38,384,202) equity shares of ₹ 10/- each fully paid up in Khed Economic Infrastructure Private Limited	589.58	641.78
- Investments in others (Group holds 5% or more of the share capital) fully paid		
14,245,000 (March 31, 2020 : 1,089) equity shares of ₹ 10/- each fully paid in Avaada SataraMH Private Limited [Refer note 7(e)]	142.45	0.01
carried forward	732.03	641.79

# Notes to Financial Statements

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

## 7. INVESTMENTS (Contd.):

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
brought forward	732.03	641.79
<b>- Equity instruments (quoted)</b>		
<b>Investment in others</b>		
613,000 (March 31, 2020: 613,000) equity shares of ₹ 10/- each fully paid up in KPIT Technologies Limited	108.84	21.61
613,000 (March 31, 2020: 613,000) equity shares of ₹ 2/- each fully paid up in Birlasoft Limited	155.12	37.39
<b>Total FVTOCI Investments (a)</b>	<b>995.99</b>	<b>700.79</b>
<b>(b) Investments at fair value through profit or loss (FVTPL)</b>		
<b>Equity instruments (unquoted)</b>		
<b>Investments in others (Group holds 5% or more of the share capital)</b>		
504,432 (March 31, 2020: 504,432) equity shares of ₹ 10/- each fully paid up in Gupta Energy Private Limited (Refer note 7(b))	-	-
<b>Bonds (quoted)</b>		
Nil (March 31, 2020 : 250) Secured redeemable non-convertible debentures of ₹ 1,000,000/- each in Series 237 (Option I) issued by Bajaj Finance Limited	-	318.87
<b>Investments in private equity fund (unquoted funds)</b>		
1,776,969.68 (March 31, 2020 : 1,179,546.87) Units of ₹ 100/- each of Paragon Partners Growth Fund - I	242.20	211.46
<b>Investments in mutual funds (quoted funds) (Refer standalone financial statements note 7 for details)</b>	812.15	1,044.83
<b>Investments in mutual funds (unquoted funds) (Refer standalone financial statements note 7 for details)</b>	1,936.74	2,024.37
<b>Total FVTPL Investments (b)</b>	<b>2,991.09</b>	<b>3,599.53</b>
<b>Total (a) + (b)</b>	<b>3,987.08</b>	<b>4,300.32</b>
<b>Current investments</b>		
Investments at fair value through profit or loss (fully paid)		
Investments in mutual funds (quoted funds) (Refer standalone financial statements note 7 for details and refer note 7(f))	4,262.81	569.98
Investments in mutual funds (unquoted funds) (Refer standalone financial statements note 7 for details)	16,508.98	10,090.85
<b>Total</b>	<b>20,771.79</b>	<b>10,660.83</b>
<b>Aggregate book value of quoted investments</b>	<b>4,600.44</b>	<b>1,709.53</b>
<b>Aggregate market value of quoted investments</b>	<b>5,338.92</b>	<b>1,992.68</b>
<b>Aggregate value of unquoted investments</b>	<b>19,419.95</b>	<b>12,968.47</b>

## Notes to Financial Statements

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

### 7. INVESTMENTS (Contd.):

- (a) These equity shares are designated as FVTOCI as they are not held for trading purpose and are not in similar line of business as the Group.
- (b) **Gupta Energy Private Limited\***  
Shares of Gupta Energy Private Limited have been pledged against the facility obtained by Gupta Global Resources Private Limited. This investment is carried at fair value of ₹ Nil.
- (c) Investments at fair value through OCI (fully paid) reflect investment in quoted and unquoted equity securities. Refer note 51 for determination of their fair values.
- (d) Investments at fair value through statement of profit and loss (fully paid) reflect investment in quoted and unquoted equity securities. Refer note 51 for determination of their fair values.
- (e) During the current year, the Holding Company has made further investment in Avaada SataraMH Private Limited (ASPL) of ₹ 142.44 million (March 31, 2020: ₹ 0.01 million) by acquiring 14,243,911 (March 31, 2020: 1,089) equity shares of ₹ 10/- each, as a pre-condition for seeking approval from MSEDCL for Open Access permission by ASPL. Hence, the said investment is made subject to, amongst other conditions, obtaining permission by ASPL from relevant government authorities for consumption of renewable energy by the Holding Company under open access for solar plant of ASPL.
- (f) Includes investment in 9,172.597 (March 31, 2020: 9,172,597) Units of HDFC Liquid Fund - Direct Plan - Growth Option amounting to ₹ 37.11 million (March 31, 2020 : ₹ 35.83 million) with respect to one of the subsidiaries.

### 8. LOANS

Particulars	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
<b>Non-current (Unsecured, considered good unless stated otherwise)</b>		
<b>Other loans</b>		
Loan to employees	41.05	49.17
Loan to related parties (Refer note 6(c), 45, 47)	211.72	456.47
<b>Total</b>	<b>252.77</b>	<b>505.64</b>
<b>Current (Unsecured, considered good)</b>		
<b>Loan to Others</b>		
Loan to employees	20.38	27.36
Loan to related parties (Refer note 6(c), 45, 47)	8.00	24.31
<b>Total</b>	<b>28.38</b>	<b>51.67</b>

No loans are due from directors or other officers of the Group, firms in which a director is a partner or private companies in which director is a director or a member either severally or jointly with any other person.

Loans are non-derivative financial assets which generate fixed interest income for the Group. The carrying value may be affected by changes in the credit risk of the counter parties.

During the year, the Group has provided loan to Tork Motors Private Limited amounting to ₹ 40 million. For details refer note 45, 47.

# Notes to Financial Statements

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

## 9. DERIVATIVE INSTRUMENTS

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non-current</b>		
<b>Cash flow hedges (FVTOCI)</b>		
Foreign exchange forward contracts	1,501.46	-
<b>Fair value hedges (FVTPL)</b>		
Cross currency swap	-	145.50
<b>Total</b>	<b>1,501.46</b>	<b>145.50</b>
<b>Current</b>		
<b>Cash flow hedges (FVTOCI)</b>		
Foreign exchange forward contracts	1,288.58	-
<b>Total</b>	<b>1,288.58</b>	<b>-</b>

Derivative instruments at fair value through profit and loss and fair value through OCI reflect the positive change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable forecast sales in US Dollars (USD) and Euro (EUR).

Derivative instruments at fair value through profit or loss reflect the positive change in fair value of cross currency swaps, designated as fair value hedge through which the Holding Company has converted one of its USD loans into a Euro loan to avail the benefit of the negative EURIBOR interest rates.

## 10. OTHER FINANCIAL ASSETS

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non current</b>		
Government grants*	735.41	907.46
Security deposits	356.12	366.18
Deposits with original maturity for more than twelve months**	55.87	0.03
Interest accrued on loan to associate	-	18.80
<b>Total</b>	<b>1,147.40</b>	<b>1,292.47</b>
<b>Current</b>		
Government grants*	884.11	1,267.98
Energy credit receivable - windmills	8.37	8.28
Interest accrued on fixed deposits and others	35.14	70.48
Security deposits	2.24	5.57
Receivable for sale of property, plant and equipment	-	34.78
Other receivables***	6.96	29.32
<b>Total</b>	<b>936.82</b>	<b>1,416.41</b>

## Notes to Financial Statements

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

### 10. OTHER FINANCIAL ASSETS (Contd.):

- \* Includes receivable against various schemes of export incentives and Industrial Promotion Subsidy (IPS) under Package Scheme of Incentives (PSI), 2007, Energy Tax refund, compensation for short time work (Kurzarbeit) and subsidy for capital expansion with respect to some of the subsidiaries. There are no unfulfilled conditions or other contingencies attached to the these Government grants.
- \*\* ₹ Nil (March 31, 2020: ₹ 0.03 million) pledged with the sales tax department and ₹ 49.71 million (March 31, 2020: Nil) under bank lien for bank guarantees issued.
- \*\*\* Other receivables includes sundry balances receivables.

### 11. INVENTORIES

Particulars	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
Raw materials and components [includes items lying with third parties and items in transit]	3,111.38	2,837.06
Work-in-progress [includes items lying with third parties]	5,947.02	5,915.72
Finished goods [includes items lying with third parties and items in transit]	5,940.34	6,064.73
Stock of traded goods [includes items lying with third parties and items in transit]	526.67	405.72
Stores, spares and loose tools	1,945.16	1,823.64
Dies and dies under fabrication	438.45	241.58
Scrap	30.36	58.55
<b>Total</b>	<b>17,939.38</b>	<b>17,347.00</b>

During the year ended March 31, 2021 ₹ 76.26 million (March 31, 2020: ₹ 118.93 million) was recognised as an expense for inventories carried at net realisable value.

### 12. TRADE RECEIVABLES

Particulars	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
<b>Non current</b>		
<b>Unsecured</b>		
Considered good	101.36	-
Significant increase in credit risk	3.68	-
<b>Total</b>	<b>105.04</b>	<b>-</b>
<b>Less :</b>		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Significant increase in credit risk	3.68	-
	<b>3.68</b>	<b>-</b>
	<b>101.36</b>	<b>-</b>

# Notes to Financial Statements

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

## 12. TRADE RECEIVABLES (Contd.):

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Current</b>		
<b>Secured</b>		
Considered good	82.44	50.55
	<b>82.44</b>	<b>50.55</b>
<b>Unsecured</b>		
Considered good (including related parties receivable)	14,198.82	15,056.26
Significant increase in credit risk	-	-
Credit impaired	121.32	122.74
	<b>14,320.14</b>	<b>15,179.00</b>
<b>Less:</b>		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Credit impaired	(121.32)	(122.74)
Unsecured (considered good)	(185.51)	(168.36)
	<b>(306.83)</b>	<b>(291.10)</b>
<b>Total</b>	<b>14,095.75</b>	<b>14,938.45</b>

No trade receivables are due from directors or other officers of the Group either severally or jointly with any other person.

For terms and conditions relating to related party receivables, refer note 48.

Trade receivables are non-interest bearing and are generally on terms of 15 to 240 days.

For details of debts due from firms or private companies in which any director is a partner, a director or a member, refer note 48.

The carrying amount of trade receivables includes receivables which are discounted with banks. The Group has transferred the relevant receivables to the discounting bank in exchange for cash. However, the Group has retained the late payment and credit risk. Accordingly, the Group continues to recognise the transferred assets in entirety in its balance sheet.

The amount repayable under the bill discounting arrangement is presented as borrowing. The relevant carrying amounts are as follows:

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Transferred receivables	2,633.36	1,903.86
Associated borrowing (bank loans - Refer note 18)	2,634.73	1,905.15

## Notes to Financial Statements

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

### 13. CASH AND BANK BALANCES

Particulars	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
<b>Cash and cash equivalent</b>		
Balances with banks:		
In cash credit and current accounts	4,433.72	2,425.36
Deposits with original maturity of less than three months	37.03	699.00
Cash on hand	2.40	1.84
<b>Total</b>	<b>4,473.15</b>	<b>3,126.20</b>
<b>Other bank balances</b>		
Earmarked balances (on unclaimed dividend accounts)	39.17	49.24
Deposits with original maturity of less than twelve months*	216.30	2,575.67
<b>Total</b>	<b>255.47</b>	<b>2,624.91</b>

Bank deposits earn interest at fixed rates. Short-term deposits are generally made for varying periods of between seven days and twelve months, depending on the cash requirements of the Group, and earn interest at the respective deposit rates.

\* Includes deposits of ₹ 32.84 million (March 31, 2020: ₹ 169.05 million) under bank lien for bank guarantees issued.

### 14. OTHER ASSETS

Particulars	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
<b>Non-current (Unsecured, considered good)</b>		
Capital advances	1,711.09	863.34
Balances with government authorities	310.34	429.77
Advances to suppliers#	1,350.00	1,397.43
Others*	25.67	38.57
<b>Total</b>	<b>3,397.10</b>	<b>2,729.11</b>
<b>Current (Unsecured, considered good)</b>		
Balances with government authorities	1,325.36	1,146.24
Advance to suppliers	534.08	867.77
Others*	495.60	436.88
<b>Total</b>	<b>2,355.04</b>	<b>2,450.89</b>

\* Includes prepaid expenses, sundry debit balances etc.

No advances are due from directors or other officers of the Group, firms in which a director is a partner or private companies in which director is a director or a member either severally or jointly with any other person except as disclosed in note 48.

For terms and conditions relating to related party receivables, refer note 48.

# Includes long-term advance given to Saarloha Advanced Materials Private Limited for a period of 4 years at an interest rate of 8.25% p.a. Frequency of interest payment is quarterly.

# Notes to Financial Statements

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

## 14. OTHER ASSETS (Contd.):

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Break up of financial assets carried at amortised cost</b>		
Loans [Refer note 8]	281.15	557.31
Other financial assets [Refer note 10]	2,084.22	2,708.88
Trade receivables [Refer note 12]	14,200.79	14,938.45
Cash and cash equivalents [Refer note 13]	4,473.15	3,126.20
Other bank balances [Refer note 13]	255.47	2,624.91
<b>Total</b>	<b>21,294.78</b>	<b>23,955.75</b>

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Break up of financial assets carried at fair value through OCI</b>		
Investments [Refer note 7]	995.99	700.79
Derivative instruments [Refer note 9]	2,790.04	-
<b>Total</b>	<b>3,786.03</b>	<b>700.79</b>

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Break up of financial assets carried at fair value through profit and loss</b>		
Investments [Refer note 7]	23,762.88	14,260.36
Derivative instruments [Refer note 9]	-	145.50
<b>Total</b>	<b>23,762.88</b>	<b>14,405.86</b>

## 15. EQUITY SHARE CAPITAL

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Authorized shares (No.)</b>		
975,000,000 (March 31, 2020: 975,000,000) equity shares of ₹ 2/- each	1,950.00	1,950.00
43,000,000 (March 31, 2020: 43,000,000) cumulative non convertible preference shares of ₹ 10/- each	430.00	430.00
2,000,000 (March 31, 2020: 2,000,000) unclassified shares of ₹ 10/- each	20.00	20.00
<b>Issued (No.)</b>		
465,768,492 (March 31, 2020: 465,768,492) equity shares of ₹ 2/- each	931.54	931.54

## Notes to Financial Statements

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

### 15. EQUITY SHARE CAPITAL (Contd.):

Particulars	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
<b>Subscribed and fully paid-up (No.)</b>		
465,588,632 (March 31, 2020: 465,588,632) equity shares of ₹ 2/- each	931.18	931.18
Add:		
172,840 (March 31, 2020: 172,840) forfeited equity shares comprising of 15,010 equity shares	0.09	0.09
(March 31, 2020: 15,010) of ₹ 2/- each (amount partly paid ₹ 1/- each) and 157,830 equity shares		
(March 31, 2020: 157,830) of ₹ 2/- each (amount partly paid ₹ 0.50 each)		
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>931.27</b>	<b>931.27</b>

#### (a) Terms / rights attached to equity shares

The Holding Company has only one class of issued equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. The Holding Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Holding Company, the holders of equity shares will be entitled to receive remaining assets of the Holding Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### (b) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting year

Equity shares	As at March 31, 2021		As at March 31, 2020	
	No	In ₹ Million	No	In ₹ Million
At the beginning of the year	465,588,632	931.18	465,588,632	931.18
Issued during the year	-	-	-	-
Outstanding at the end of the year	465,588,632	931.18	465,588,632	931.18

#### (c) Shares held by holding/ ultimate holding company and /or their subsidiaries/ associates

The Company being ultimate holding company, there are no shares held by any other holding, ultimate holding company and their subsidiaries/ associates.

# Notes to Financial Statements

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

## 15. EQUITY SHARE CAPITAL (Contd.):

(d) Aggregate number of bonus shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

Particulars	As at	As at
	March 31, 2021	March 31, 2020
	No.	No.
Equity shares allotted as fully paid bonus shares by capitalisation of capital redemption reserve and securities premium account during the year ended March 31, 2018	232,794,316	232,794,316

## (e) Details of shareholders holding more than 5% shares in the Company

Name of shareholder*	As at March 31, 2021		As at March 31, 2020	
	No	% of Holding	No	% of Holding
<b>Equity Shares of Rs. 2/- each fully paid</b>				
Kalyani Investment Company Limited	63,312,190	13.60	63,312,190	13.60
Sundaram Trading and Investment Private Limited	55,240,174	11.87	55,240,174	11.87
KSL Holding Private Limited	46,285,740	9.94	46,285,740	9.94

\* The shareholding information has been extracted from the records of the Company including register of shareholders/members and is based on legal ownership of shares.

## (f) Shares reserved for issue under option

Particulars	As at	As at
	March 31, 2021	March 31, 2020
4,680 (March 31, 2020: 4,680) equity shares of ₹ 2/- each out of the previous issue of equity shares on a right basis together with 234 (March 31, 2020: 234) detachable warrants entitled to subscription of 2,340 (March 31, 2020: 2,340) equity shares of ₹ 2/- each, have been kept in abeyance and reserve for issue pending adjudication of title to the pre-right holding.	7,020	7,020

## (g) Global depository receipts

The holding company had issued 3,636,500 equity shares of ₹ 10/- each (later sub-divided into 18,182,500 equity shares of ₹ 2/- each) in April 2005 represented by 3,636,500 Global Depository Receipts (GDR) (on sub division 18,182,500 GDRs) evidencing "Master GDR Certificates" at a price of USD 27.50 per GDR (including premium). GDRs outstanding as at year end are 18,400 (March 31, 2020: 18,400). The funds raised had been utilized towards the object of the issue.

Holders of GDRs will have no voting rights or other direct rights of a shareholder with respect to the shares underlying the GDRs.

## Notes to Financial Statements

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

### 16. OTHER EQUITY

Particulars	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
<b>Capital reserves</b>		
<b>Special capital incentive</b> [Refer note 16(a)]		
Balance as per the last financial statements	2.50	2.50
<b>Closing balance</b>	<b>2.50</b>	<b>2.50</b>
<b>Warrants subscription money</b> [Refer note 16(b)]		
Balance as per the last financial statements	13.00	13.00
<b>Closing balance</b>	<b>13.00</b>	<b>13.00</b>
<b>Closing balance</b>	<b>15.50</b>	<b>15.50</b>
<b>Securities premium</b> [Refer note 16(c)]		
Balance as per the last financial statements	6,930.89	6,930.89
<b>Closing balance</b>	<b>6,930.89</b>	<b>6,930.89</b>
<b>Foreign Currency Monetary Item Translation Difference Account (FCMITDA)</b> [Refer note 2.3 (d)]		
Balance as per the last financial statements	(18.08)	(23.90)
Add: Arising during the year (loss)	8.43	(36.27)
Less: Adjusted during the year	(9.65)	(42.09)
<b>Closing balance</b>	<b>-</b>	<b>(18.08)</b>
<b>Hedge reserve</b> [Refer note 2.3 (s)]		
Balance as per the last financial statements	(547.45)	1,129.66
Add: Arising during the year	2,207.11	(1,194.52)
Less: Adjusted during the year	(392.66)	482.59
<b>Closing balance</b>	<b>2,052.32</b>	<b>(547.45)</b>
<b>General reserve</b>		
Balance as per the last financial statements	3,230.48	3,230.48
Add: Amount transferred from surplus balance in the statement of profit and loss	-	-
<b>Closing balance</b>	<b>3,230.48</b>	<b>3,230.48</b>
<b>Foreign currency translation reserve (FCTR)</b> [Refer note 2.3 (d)]		
Balance as per the last financial statements	754.50	573.30
Add: Arising during the year	474.38	181.20
Less: Adjusted during the year	2.39	-
<b>Closing balance</b>	<b>1,226.49</b>	<b>754.50</b>
<b>Surplus in the statement of profit and loss</b>		
<b>Balance as per the last financial statements</b>	<b>40,900.29</b>	<b>40,973.36</b>
Add:		
- Net profit for the year	(1,263.81)	3,498.32
- Items of other comprehensive income :		
(1) Re-measurement of defined benefit obligations	15.30	(253.37)
(2) Equity Instruments through other comprehensive income	112.46	17.32
	<b>(1,136.05)</b>	<b>3,262.27</b>
carried forward	39,764.24	44,235.63

# Notes to Financial Statements

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

## 16. OTHER EQUITY (Contd.):

Particulars	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
brought forward	39,764.24	44,235.63
<b>Less:</b>		
- Final equity dividend of previous year	-	1,163.97
- Tax on final equity dividend of previous year	-	224.60
- Interim equity dividend	-	1,629.56
- Tax on interim equity dividend	-	317.21
	-	<b>3,335.34</b>
<b>Closing balance</b>	<b>39,764.24</b>	<b>40,900.29</b>
<b>Total</b>	<b>53,219.92</b>	<b>51,266.13</b>

**(a) Special capital incentive:**

Special capital incentive has been created during the financial year 1999-2000, amounting to ₹ 2.50 million under the 1988 Package Scheme of Incentives

**(b) Warrants subscription money:**

The holding company had issued and allotted to Qualified Institutional Buyers, 10,000,000 equity shares of ₹ 2/- each at a price of ₹ 272/- per share aggregating to ₹ 2,720 million on April 28, 2010, simultaneous with the issue of 1,760, 10.75% Non Convertible Debentures (NCD) of a face value of ₹ 1,000,000/- at par, together with 6,500,000 warrants at a price of ₹ 2/- each entitling the holder of each warrant to subscribe for 1 equity share of ₹ 2/- each at a price of ₹ 272/- at any time within 3 years from the date of allotment. Following completion of three years term, the subscription money received on issue of warrants was credited to capital reserve as the same is not refundable / adjustable. Further, the warrants had lapsed and ceased to be valid from April 28, 2013.

**(c) Securities premium account:**

Securities premium is used to record the premium on issue of shares. The reserve can be utilised in accordance with the provisions of the Act.

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## Notes to Financial Statements

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

### 17. DISTRIBUTION MADE AND PROPOSED TO BE MADE

Particulars	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
<b>Cash dividends on equity shares declared and paid :</b>		
<b>Final dividend</b>		
For the year ended on March 31, 2020 : nil (March 31, 2019 : ₹ 2.50 per share)	-	1,163.97
DDT on final dividend*	-	224.60
<b>Interim dividend</b>		
For the year ended on March 31, 2021: nil (March 31, 2020: ₹ 3.50 per share)	-	1,629.56
DDT on interim dividend*	-	317.21
<b>Proposed dividend on equity shares</b>		
<b>Final cash dividend</b>		
For the year ended on March 31, 2021: ₹ 2/- per share (March 31, 2020 : nil)	<b>931.18</b>	-

Proposed dividends on equity shares (including DDT thereon) are subject to approval at the annual general meeting and are not recognised as a liability as at March 31.

\* DDT for FY 2019-20 paid after deduction of applicable tax credit.

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# Notes to Financial Statements

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

## 18. BORROWINGS

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Non-current borrowings</b>		
- Term loans from banks		
<b>Foreign currency term loans (other than Rupee loans) (secured)</b>		
On bilateral basis [Refer note 18 a]	4,532.16	3,021.24
<b>Foreign currency term loans (other than Rupee loans) (unsecured)</b>		
On syndication basis [Refer note 18 a]	1,535.41	2,272.80
On bilateral basis [Refer note 18 a]	11,135.39	13,446.60
<b>Rupee term loans (secured)</b>		
On bilateral basis [Refer note 18 (b)]	3.22	-
- 5.97% Rated unsecured non-convertible debentures [Refer note 18 (c)]	4,958.77	-
- Other loans (secured)		
GITA R&D project loan (Refer note 18 (d))	6.70	6.70
<b>Total</b>	<b>22,171.65</b>	<b>18,747.34</b>
<b>Current borrowings</b>		
- Current maturity of term loans from banks		
<b>Foreign currency term loans (other than Rupee loans) (secured)</b>		
On bilateral basis [Refer note 18 a]	1,017.52	1,934.91
<b>Foreign currency term loans (other than Rupee loans) (unsecured)</b>		
On syndication basis [Refer note 18 a]	658.05	1,515.20
On bilateral basis [Refer note 18 a]	2,480.07	1,247.12
<b>Rupee term loans (secured)</b>		
On bilateral basis [Refer note 18 (b)]	0.57	-
- From banks		
- Foreign currency loans		
Preshipment packing credit (secured) [Refer note 18 e(i)]	3,184.64	3,075.11
Preshipment packing credit (unsecured) [Refer note 18 e(i)]	1,798.20	345.78
Bill discounting with banks (secured) [Refer note 18 e(ii)]	10,165.45	8,691.13
Bill discounting with banks (unsecured) [Refer note 18 e(ii)]	-	1,281.55
Overdraft facilities (secured) [Refer note 18 e(iii)]	8,038.57	5,938.20
- Rupee loans		
Cash credit (secured) [Refer note 18 e(iv)]	10.05	0.99
Bill discounting with banks (secured) [Refer note 18 e(ii)]	305.08	645.05
Bill discounting with banks (unsecured) [Refer note 18 e(ii)]	106.83	44.89
Loans from companies and directors (unsecured) [Refer note 18 e(vi)]	17.06	13.55
<b>Total</b>	<b>27,782.09</b>	<b>24,733.48</b>
<b>Less: Amount clubbed in other current financial liabilities (Refer note 19)</b>	<b>4,156.21</b>	<b>4,697.23</b>
<b>Net current borrowings</b>	<b>23,625.88</b>	<b>20,036.25</b>
<b>Total secured loans</b>	<b>27,263.96</b>	<b>23,313.33</b>
<b>Total unsecured loans</b>	<b>22,689.78</b>	<b>20,167.49</b>
<b>Total</b>	<b>49,953.74</b>	<b>43,480.82</b>

## Notes to Financial Statements

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

### 18. BORROWINGS (Contd.):

#### Changes in liabilities arising from financing activities

Particulars	In ₹ Million			
	Current borrowings	Non-current borrowings	Finance lease obligation - current	Finance lease obligation - non current
<b>Balance as on April 1, 2019</b>	<b>23,438.59</b>	<b>16,681.24</b>	<b>69.31</b>	<b>103.92</b>
Net cash flows	(4,492.36)	5,458.52	-	-
Foreign exchange management	1,077.15	1,331.55	-	-
Reclassified from non-current to current	4,702.42	(4,702.42)	-	-
Others	7.92	(21.55)	-	-
Transferred to lease liabilities	-	-	(69.31)	(103.92)
<b>Balance as on March 31, 2020</b>	<b>24,733.72</b>	<b>18,747.34</b>	<b>-</b>	<b>-</b>
Net cash flows	(1,821.29)	7,284.31	-	-
Foreign exchange movement	728.06	339.12	-	-
Reclassified from non-current to current	4,178.50	(4,178.50)	-	-
Others	(1.97)	(12.24)	-	-
<b>Balance as on March 31, 2021</b>	<b>27,817.02</b>	<b>22,180.03</b>	<b>-</b>	<b>-</b>

#### (a) Term loans

##### (i) Foreign currency term loans on syndicated and bilateral basis (Secured & unsecured)

Repayable in monthly/quarterly/half yearly/yearly installments from date of start of repayment, alongwith interest ranging from LIBOR + 65 bps to LIBOR + 225 bps and from EURIBOR + 60 bps to EURIBOR + 500 bps.

Repayment Schedule	Outstanding amount			
	As at March 31, 2021		As at March 31, 2020	
	USD in Million	In ₹ Million	USD in Million	In ₹ Million
<b>From</b>				
- March, 2019 (yearly installment over 3 years)	-	-	20.00	1,515.50
- August, 2021 (Yearly installment over 3 years)	30.00	2,193.45	30.00	2,272.80
- October, 2021 (Yearly installment over 3 years)	50.00	3,655.75	50.00	3,788.00
- December, 2022 (18 months installment over 4.5 years)	40.00	2,924.60	40.00	3,030.40
- November, 2018 (Monthly installment for 32 months)	-	-	1.80	135.69
- August, 2019 (Quarterly installment for 8 quarters)	0.63	45.94	3.12	235.20
- November, 2019 (Yearly installment over 3 years)	1.35	98.38	2.67	201.28
- April, 2021 (Yearly installment over 3 years)*	1.63	118.90	-	-

# Notes to Financial Statements

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

## 18. BORROWINGS (Contd.):

Repayment Schedule	Outstanding amount			
	As at March 31, 2021		As at March 31, 2020	
	EUR in Million	In ₹ Million	EUR in Million	In ₹ Million
<b>From</b>				
- August, 2020 (Yearly installment over 3 years)	14.00	1,200.92	20.00	1,646.40
- May, 2022 (Yearly installment over 3 years)	40.00	3,431.20	40.00	3,292.80
- February, 2020 (Yearly installment over 5 years)	26.00	2,230.28	34.00	2,798.88
- December, 2019 (Half yearly installment for 10 half years)	-	-	5.40	431.37
- December, 2019 (Half yearly installment for 10 half years)	-	-	9.00	718.98
- June 21, (Half yearly installment for 8 half years)	9.00	808.14	-	-
- January 23, (Monthly installment for 16 months)	9.90	888.95	-	-
- December, 2014 (Quarterly installment for 28 quarters)	1.08	96.71	1.38	110.24
- September, 2014 (Monthly installment for 60 months)	0.16	14.26	0.50	39.94
- April, 2014 (Monthly installment for 60 months)	0.41	36.60	0.73	58.31
- February, 2016 (Monthly installment for 60 months)	0.19	17.30	0.36	28.76
- September, 2019 (Quarterly installment for 19 quarters)	9.75	875.48	12.75	1,018.51
- March, 2020 (Quarterly installment for 19 quarters)	2.37	212.79	3.00	239.65
- April, 2021 (Quarterly installment for 32 quarters)	28.00	2,514.21	24.70	1,973.11
- December, 2012 (Monthly installment for 72 months)	-	-	0.01	0.80
- August, 2013 (Monthly installment for 84 months)	-	0.23	0.04	3.20
- July, 2014 (Monthly installment for 84 months)	0.03	2.80	0.07	5.43
- September, 2015 (Monthly installment for 50 months)	-	-	-	0.24
- May, 2014 (Monthly installment for 84 months)	-	-	0.01	0.52
- June, 2021 (Single installment)	0.07	6.29	-	-
- July, 2021 (Single installment)	0.08	7.18	-	-
- August, 2021 (Single installment)	0.10	8.98	-	-
- December, 2021 (Single installment)	0.45	40.41	-	-

\* Subsidiaries in USA received loan proceeds amounting to USD 1.63 million under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts upto 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks ("the covered period" as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period.

These subsidiaries companies intend to apply for 100% PPP loan forgiveness with Truist Bank ("Lender"). As of December 31, 2020, the subsidiary companies do not have a reasonable assurance that loan amount will be 100% forgiven and therefore, the subsidiary companies have recognized the entire loan proceeds as a loan liability.

(a) ii) Term loans are secured against general property, plant and equipment and specific property, plant and equipment of the Group

## Notes to Financial Statements

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

### 18. BORROWINGS (Contd.):

#### (b) Rupee term loan on bilateral basis (Secured)

Repayable in 84 monthly installments from date of start of repayment, alongwith interest at base rate + 3.45%. The loan is secured against land and guarantee given by directors of the concerned subsidiary.

#### (c) Unsecured Non-convertible debentures (NCDs) Repayable in yearly instalments alongwith interest of 5.97% p.a.

On August 6, 2020, the Holding Company issued 5,000 5.97% BFL 2025 Listed, rated, unsecured, redeemable, non-convertible debentures having face value of ₹ 1,000,000/- each on private placement basis.

In the event of rating downgrade of the Debenture to A+ or below or suspension / withdrawal of the rating of the Issuer/ Debenture by any rating agency, the Debenture Holders would reserve a right to recall the outstanding principal amount on the Debentures alongwith other monies/accrued interest due in respect thereof.

Repayment schedule	Outstanding amount	
	As at March 31, 2021 In ₹ Million	As at March 31, 2020 In ₹ Million
<b>From</b>		
- August, 2023 (Yearly installment over 3 years)	5,000.00	-

#### (d) GITA R&D project loan (Secured)

The loan is secured by bank guarantee executed by the Holding Company in favour of Global Innovation & Technology Alliance (GITA). Repayable in 5 yearly instalments from March, 2020, alongwith interest @ 12.00% p.a. only on 67% of the principal amount and balance amount is interest free.

GITA has partially released funds (in instalments) for the R&D project. Repayment dates for the loan will be decided by GITA, on completion of review for closure of the project.

#### (e) Working capital loans

##### (i) Preshipment packing credit

The loan is secured against hypothecation of inventories and trade receivables.

Preshipment packing credit - Rupee (secured and unsecured) is repayable within 30 days to 180 days and carries interest @ 7.50% p.a. to 8.50% p.a.

Preshipment packing credit - foreign currency (secured and unsecured) is repayable within 30 days to 180 days and carries interest @ LIBOR + 60 bps to LIBOR + 125 bps p.a.

##### (ii) Bill discounting with banks

The loan is secured against hypothecation of inventories and trade receivables.

Bill discounting (secured and unsecured) with banks is repayable within 30 days to 210 days.

Rupee and foreign bill discounting (secured and unsecured) with banks carries interest rate @ 7.50% p.a. to 8.50% p.a. and LIBOR + 60 bps to LIBOR + 125 bps p.a. and EURIBOR + 45 bps to EURIBOR + 95 bps p.a., respectively.

##### (iii) Overdraft facility (Foreign currency) (secured)

The loan is secured against hypothecation of inventories and trade receivables.

# Notes to Financial Statements

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

## 18. BORROWINGS (Contd.):

Overdraft is repayable on demand and carries interest at Euribor/LIBOR + 2 to 3% per annum.

### (iv) Cash credits (Rupee) (secured)

The loan is secured against hypothecation of inventories and trade receivables.

Cash credit is repayable on demand and carries interest @ 8.05% to 14.00% per annum.

### (v) Letter of credit discounting (secured)

Letter of credit discounting facility covers discounting of inland bills drawn by suppliers of raw material, consumable stores and spares and backed by letters of credit issued by banks. The facility carries interest as informed by bank from time to time.

### (vi) Loans from companies and directors (unsecured)

Loans from companies and directors are repayable on demand carrying interest in the range of 13% to 18% per annum.

### (vii) Working Capital Demand Loan (Secured)

The secured loan is secured against hypothecation of inventories and trade receivables.

Working Capital Demand Loan is repayable within 7 to 30 days and carries interest @ 7.00% to 8.50% p.a.

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## Notes to Financial Statements

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

### 19. OTHER FINANCIAL LIABILITIES

Particulars	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
<b>Other non-current financial liabilities at amortised cost</b>		
Voluntary retirement scheme compensation	1.28	2.09
<b>Total</b>	<b>1.28</b>	<b>2.09</b>
<b>Other current financial liabilities at amortised cost</b>		
Interest accrued but not due on borrowings	257.24	56.26
Payables for capital goods	675.21	516.86
Contract liabilities (Advance from customers)*	39.19	131.33
Security deposits	226.32	84.09
Directors commission	6.80	6.50
Current maturities of long term loans (Refer note 18)	4,156.19	4,697.23
Investor Education and Protection Fund (as and when due) **		
- Unpaid dividend	38.83	48.89
- Unpaid matured deposits	0.04	0.04
Voluntary retirement scheme compensation	30.42	30.34
Others ***	1.71	0.66
<b>Total</b>	<b>5,431.95</b>	<b>5,572.20</b>

\* Advance from customer disclosed under financial liabilities by subsidiary considering the terms of contract with the customer.

\*\* Includes unpaid due to litigation

\*\*\* Other include commission payable and other liabilities.

### 19 (A). DERIVATIVE INSTRUMENTS

Particulars	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
<b>Non-current</b>		
<b>Cash flow hedges (FVTOCI)</b>		
Foreign currency forward contracts	-	157.19
<b>Fair value hedges (FVTPL)</b>		
Cross currency swap	2.88	-
<b>Total</b>	<b>2.88</b>	<b>157.19</b>
<b>Current</b>		
<b>Cash flow hedges (FVTOCI)</b>		
Foreign currency forward contracts	-	577.05
<b>Fair value hedges (FVTPL)</b>		
Cross currency swap	1.23	-
Foreign currency forward contracts	-	4.55
<b>Total</b>	<b>1.23</b>	<b>581.60</b>

# Notes to Financial Statements

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

## 19 (A). DERIVATIVE INSTRUMENTS (Contd.):

Derivative instruments at fair value through OCI reflect the negative change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable forecast sales in US Dollars (USD) and Euro (EUR).

Derivative instruments at fair value through profit or loss reflect the negative change in fair value of cross currency swaps, designated as fair value hedge through which the Holding Company has converted one of its USD loans into a Euro loan to avail the benefit of the negative EURIBOR interest rates.

## 20. PROVISIONS

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Provision for employees benefits</b>		
<b>Non-current</b>		
Provision for gratuity (Refer note 40)	173.59	186.47
Provision for special gratuity (Refer note 40)	174.13	132.79
Provision for pension and similar obligation (Refer note 40)	1,327.28	1,128.89
Provision for jubilee scheme (Refer note 40)	91.65	76.63
Provision for early retirement (Refer note 40)	36.41	28.02
Provision for employee's provident fund (Refer note 40)	120.00	169.03
<b>Total</b>	<b>1,923.06</b>	<b>1,721.83</b>
<b>Current</b>		
Provision for gratuity (Refer note 40)	111.30	100.63
Provision for special gratuity (Refer note 40)	11.24	9.23
Provision for leave benefits	609.71	555.56
Provision for pension and similar obligation (Refer note 40)	32.76	26.61
Provision for early retirement (Refer note 40)	25.92	25.47
Provision for manpower cost optimization (Refer note 32(b))	291.91	267.61
<b>Total</b>	<b>1,082.84</b>	<b>985.11</b>

### Provision for manpower cost optimization

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	267.61	-
Add: Created during the year	169.04	267.61
Less: Utilised during the year	(177.94)	-
Less: Foreign currency transaction reserve	33.20	-
<b>Closing balance</b>	<b>291.91</b>	<b>267.61</b>

## Notes to Financial Statements

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

### 21. INCOME AND DEFERRED TAXES

The major components of income tax expense/(income) recognised for the year ended March 31, 2021 and March 31, 2020 are :

**Statement of profit and loss:**

	In ₹ Million	
Profit or loss section	As at March 31, 2021	As at March 31, 2020
<b>Current income tax :</b>		
Current income tax charge	906.56	1,833.61
<b>Deferred tax</b>		
Relating to origination and reversal of temporary differences	108.56	(708.98)
<b>Income tax expense reported in the statement of profit and loss</b>	<b>1,015.12</b>	<b>1,124.63</b>

	In ₹ Million	
OCI section	As at March 31, 2021	As at March 31, 2020
<b>Deferred tax related to items recognised in OCI:</b>		
Net movement on cash flow hedges	875.54	(750.31)
Net loss on re-measurement of defined benefit plans	(4.54)	(95.41)
<b>Tax charged to OCI</b>	<b>871.00</b>	<b>(845.72)</b>

**Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for March 31, 2021 and March 31, 2020**

	In ₹ Million	
Particulars	As at March 31, 2021	As at March 31, 2020
Accounting profit before tax from operations	(254.54)	4,617.09
<b>Accounting profit before income tax</b>		
At India's statutory income tax rate of 25.168% (March 31, 2020: 25.168%)	(64.06)	1,162.03
Exceptional items	278.42	119.77
Tax impact of losses on which deferred tax asset is not recognised	60.11	243.72
Effect of differential rates	(214.06)	(42.44)
Impact of change in applicable statutory tax rate	-	(586.18)
Adjustments in respect of reversal of tax expenses of earlier years	(102.92)	-
Other disallowances (including consolidation adjustments)	1,057.63	227.73
<b>At the effective income tax rate of (398.80%) (March 31, 2020: 24.36%)</b>	<b>1,015.12</b>	<b>1,124.63</b>
<b>Income tax expense reported in the statement of profit and loss</b>	<b>1,015.12</b>	<b>1,124.63</b>

# Notes to Financial Statements

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

## 21. INCOME AND DEFERRED TAXES (Contd.):

Major components of deferred tax as at March 31, 2021 and March 31, 2020:

In ₹ Million

Deferred tax liability (net)	Balance Sheet	
	As at March 31, 2021	As at March 31, 2020
<b>Deferred tax relates to the following:</b>		
Accelerated depreciation for tax purposes	2,012.12	1,923.38
Fair valuation of cash flow hedges	700.76	(173.28)
Other deductible temporary differences	(367.12)	(439.32)
<b>Net deferred tax liability</b>	<b>2,345.76</b>	<b>1,310.78</b>

In ₹ Million

Deferred tax asset (net)	Balance Sheet	
	As at March 31, 2021	As at March 31, 2020
<b>Deferred tax relates to the following:</b>		
Accelerated depreciation for tax purposes	42.47	3.43
Fair valuation of cash flow hedges	-	(1.50)
Other deductible temporary differences	(438.21)	(336.88)
Unrealised profit on inventory	(504.92)	(469.24)
<b>Net deferred tax asset</b>	<b>(900.66)</b>	<b>(804.19)</b>

Major components of deferred tax for the year ended March 31, 2021 and March 31, 2020:

In ₹ Million

Deferred tax expense/(income)	Statement of Profit and Loss	
	Year ended March 31, 2021	Year ended March 31, 2020
<b>Deferred tax relates to the following:</b>		
Accelerated depreciation for tax purposes	127.78	(781.97)
Unrealised profit on inventory	(35.68)	(34.85)
Other deductible temporary differences	16.46	107.84
<b>Deferred tax (income)</b>	<b>108.56</b>	<b>(708.98)</b>

## Notes to Financial Statements

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

### 21. INCOME AND DEFERRED TAXES (Contd.):

	In ₹ Million	
Reflected in the balance sheet as follows	As at March 31, 2021	As at March 31, 2020
Deferred tax assets	(367.12)	(711.73)
Deferred tax liabilities	2,712.88	2,022.51
<b>Deferred tax liabilities (net)</b>	<b>2,345.76</b>	<b>1,310.78</b>
Deferred tax assets	(943.13)	(807.62)
Deferred tax liabilities	42.47	3.43
<b>Deferred tax assets (net)*</b>	<b>(900.66)</b>	<b>(804.19)</b>

\* Relates to temporary differences arising in different tax jurisdiction

	In ₹ Million	
Reconciliation of deferred tax liabilities and assets	As at March 31, 2021	As at March 31, 2020
<b>Reconciliation of deferred tax liabilities (net)</b>		
<b>Opening balance</b>	1,310.78	2,702.05
Tax (expense) during the period recognised in profit or loss	145.77	(588.68)
Deferred tax liabilities on business combination	-	0.29
Tax income during the period recognised in OCI	889.21	(802.88)
<b>Closing balance</b>	<b>2,345.76</b>	<b>1,310.78</b>
<b>Reconciliation of deferred tax assets (net)</b>		
<b>Opening balance</b>	(804.19)	(639.58)
Tax income/(expense) during the period recognised in profit or loss	(37.21)	(120.30)
Tax (expense)/income during the period recognised in OCI	(18.21)	(42.84)
Other adjustments (including FCTR)	(41.05)	(1.47)
<b>Closing balance</b>	<b>(900.66)</b>	<b>(804.19)</b>

- (a) The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.
- (b) During the previous year ended March 31, 2020, the Group has paid dividend to its shareholders. This has resulted in payment of dividend distribution tax (DDT) to the taxation authorities. The Group believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence, DDT paid is charged to equity.
- (c) The Group has tax losses which arose due to carried forward business losses in India ₹ 1,375.31 million (March 31, 2020: ₹ 1,354.68 million) that are available for offsetting for eight years against future taxable profits of the Group under the head income from business. This loss will expire in eight years from the end of the respective year to which it pertains.

# Notes to Financial Statements

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

## 21. INCOME AND DEFERRED TAXES (Contd.):

- (d) The Group has tax losses which arose due to carried forward business losses in the USA of ₹ 2,098.14 million (March 31, 2020: ₹ 2,149.23 million) that are available for offsetting for twenty years and ₹ 371.97 million (March 31, 2020: ₹ 251.39 million) that are available for offsetting indefinitely against future taxable profits under relevant heads of income of the companies in which the losses arose. These losses will expire in various years between tax years 2026 and 2037.
- (e) The Group has tax losses which arose due to carried forward business losses in Sweden of ₹ 2,384.94 million (March 31, 2020: ₹ 1,896.77 million,) that are available for offsetting for an indefinite period against future taxable profits under relevant heads of income of the subsidiary in which the losses arose. Also the Group has tax losses which arose due to carried forward business losses in Germany of ₹ 1,293.02 million (March 31, 2020: ₹ 908.67 million) that are available for offsetting for an indefinite period against future taxable profits under relevant heads of income of the subsidiaries in which the losses arose.
- (f) Deferred tax assets have not been recognised in respect of the above mentioned loss as they may not be used to offset taxable profits, they have arisen on account of carried forward business losses and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Group was able to recognise all unrecognised deferred tax assets, the profit would increase by ₹ 1,800.56 million (March 31, 2020: ₹ 1,481.45 million).

## 22. TRADE PAYABLES

Particulars	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
Dues to micro enterprises and small enterprises	53.95	30.24
Dues to other than micro enterprises and small enterprises (including related parties payables)	12,014.41	10,279.07
<b>Total</b>	<b>12,068.36</b>	<b>10,309.31</b>

### Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are generally settled on 60 to 90 days terms.
- Other payables (under note 19 and 23) are non-interest bearing and have an average term of 90 days.
- For terms and conditions with related parties, refer note 48.

Trade payable includes acceptances given by the Group for invoices of its supplier which were financed by the supplier with their banks.

The above amount of trade payables is net off certain advances given to suppliers amounting to ₹ 720 million (March 31, 2020 : ₹ 720.00 million) for which the Group currently has a legally enforceable right to set off the advance against the respective payables. The Group intends to settle these amounts on a net basis

## Notes to Financial Statements

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

### 23. OTHER LIABILITIES

Particulars	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
<b>Non-current</b>		
Government grant*	657.79	556.75
Settlement for anti-trust proceedings (Refer note 32)	2,783.59	-
Others**	0.13	0.14
<b>Total</b>	<b>3,441.51</b>	<b>556.89</b>
<b>Current</b>		
Contract liabilities (Advance from customers)***	669.74	455.12
Employee contributions and recoveries payable ****	410.69	261.79
Statutory dues payable including tax deducted at source ****	529.22	324.95
Government grant*	89.05	89.75
Settlement for anti-trust proceedings (Refer note 32)	102.31	-
Others **	153.21	219.66
<b>Total</b>	<b>1,954.22</b>	<b>1,351.27</b>

\* Government grants include grants and subsidies for investments in property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

\*\* Others include rent received in advance, rent equalisation reserve and miscellaneous liabilities.

\*\*\* The contract liabilities primarily relate to the advance consideration received on contracts entered with customers for which performance obligations are yet to be performed, therefore, revenue will be recognized when the control of goods is passed on to the customers.

\*\*\*\* Includes payable on account of deferral given in relation to overseas subsidiaries granted on account of COVID support measures.

Government grant - investment subsidies and grants	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
Opening balance	646.50	522.56
Add: Received during the year	102.22	204.96
Less: Released to the statement of profit and loss	(80.45)	(80.64)
Less: Foreign currency transaction reserve	78.57	(0.38)
<b>Closing balance</b>	<b>746.84</b>	<b>646.50</b>

# Notes to Financial Statements

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

## 23. OTHER LIABILITIES (Contd.):

In ₹ Million

Break up of the financial liabilities at amortised cost	As at March 31, 2021	As at March 31, 2020
Borrowings [Refer note 18]	45,797.53	38,783.59
Other financial liabilities [Refer note 19]	5,433.23	5,574.29
Trade payables [Refer note 22]	12,068.36	10,309.31
<b>Total financial liabilities carried at amortised cost</b>	<b>63,299.12</b>	<b>54,667.19</b>

In ₹ Million

Break up of financial liabilities carried at fair value through OCI	As at March 31, 2021	As at March 31, 2020
Derivative instruments [Refer note 19(a)]	-	734.24

In ₹ Million

Break up of the financial liabilities at fair value through profit and loss	As at March 31, 2021	As at March 31, 2020
Derivative instruments [Refer note 19(a)]	4.11	4.55

For Group's credit risk management processes, refer Note 53.

## 24. REVENUE FROM OPERATIONS

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Sale of products</b>		
- Sale of goods	59,664.97	75,654.43
- Tooling income	682.39	446.54
<b>Total sale of products</b>	<b>60,347.36</b>	<b>76,100.97</b>
<b>Sale of services</b>		
- Job work charges	445.36	524.57
<b>Other operating revenues</b>		
- Manufacturing scrap	2,049.87	2,535.61
- Government grants - export incentives (Refer note 10)	490.37	1,321.89
- Sale of electricity / REC - Windmills	29.65	75.40
	<b>2,569.89</b>	<b>3,932.90</b>
<b>Total</b>	<b>63,362.61</b>	<b>80,558.44</b>

## Notes to Financial Statements

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

### 24. REVENUE FROM OPERATIONS (Contd.):

Set out below is the amount of revenue recognised from

Particulars	In ₹ Million	
	Year ended March 31, 2021	Year ended March 31, 2020
Amounts included in contract liabilities at the beginning of the year	238.16	225.21
Performance obligations satisfied in previous years	-	-

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

Particulars	In ₹ Million	
	Year ended March 31, 2021	Year ended March 31, 2020
<b>Revenue from operations</b>	63,362.61	80,558.44
Less: Adjustments		
- Government grants - export incentives	(490.37)	(1,321.89)
	<b>62,872.24</b>	<b>79,236.55</b>
Add: Adjustments		
- Miscellaneous income	64.64	101.65
- Sale of property, plant and equipments	202.35	80.94
	<b>266.99</b>	<b>182.59</b>
<b>Revenue from contract with customers</b>	<b>63,139.23</b>	<b>79,419.14</b>
Less: Adjustments (sales returns, discounts etc.)	813.53	139.25
<b>Revenue as per contracted price</b>	<b>62,325.70</b>	<b>79,279.89</b>

### 25. OTHER INCOME

Particulars	In ₹ Million	
	Year ended March 31, 2021	Year ended March 31, 2020
Dividend income from investments	1.22	2.64
Net gain on fair valuation of financial instruments (FVTPL)	336.62	577.16
Net gain on sale of financial investments	589.87	380.69
Government grants*	86.65	166.06
Provision for doubtful debts and advances written back (net)	-	6.84
Liabilities / provisions no longer required written back	138.60	171.16
Interest income on		
- Fixed deposits and others**	237.15	153.48
- Loan to associates	38.12	18.80
Rent (Refer note 43(b))	8.01	6.85
Gain on sale/discard of property, plant and equipments (net)	3.36	4.23
Miscellaneous income ***	249.38	390.72
<b>Total</b>	<b>1,688.98</b>	<b>1,878.63</b>

# Notes to Financial Statements

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

## 25. OTHER INCOME (Contd.):

\* Includes Government grants received as part of the Packaged Scheme of Incentives for the purpose of capital investment in designated areas, investment grants and subsidies released to the statement of profit and loss with respect to investments in property, plant, equipment for one of the subsidiaries and also includes government grant on pre shipment credit and bill discounting where the Holding Company has availed the benefit of interest equalisation scheme of the Reserve Bank of India. Interest on borrowings is accounted for on gross basis in note 30. There are no unfulfilled conditions or contingencies attached to these grants.

\*\* Includes interest on account of unwinding of security deposits .

\*\*\* Miscellaneous income includes sundry scrap sale, discount received, miscellaneous recoveries etc.

## 26. COST OF RAW MATERIALS AND COMPONENTS CONSUMED

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Inventory at the beginning of the year (Refer note 11)	2,837.06	3,418.46
Add: Purchases	25,075.26	30,605.15
Less: Inventory as at end of the year (Refer note 11)	3,111.38	2,837.06
<b>Total</b>	<b>24,800.94</b>	<b>31,186.55</b>

## 27. DECREASE/(INCREASE) IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS, TRADED GOODS, DIES AND SCRAP

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Inventories at the end of the year (Refer note 11)</b>		
Work-in-progress [includes items lying with third parties]	5,947.02	5,915.72
Finished goods [includes items lying with third parties and items in transit]	5,940.34	6,064.73
Stock of traded goods [includes items lying with third parties and items in transit]	526.67	405.72
Dies and dies under fabrication	438.45	241.58
Scrap	30.36	58.55
	<b>12,882.84</b>	<b>12,686.30</b>
<b>Inventories at the beginning of the year (Refer note 11)</b>		
Work-in-progress [includes items lying with third parties]	5,915.72	6,045.36
Finished goods [includes items lying with third parties and items in transit]	6,064.73	6,112.91
Stock of traded goods [includes items lying with third parties and items in transit]	405.72	817.41
Dies and dies under fabrication	241.58	153.09
Scrap	58.55	79.21
	<b>12,686.30</b>	<b>13,207.98</b>
Add: Inventory on acquisition	-	1.76
<b>Total</b>	<b>(196.54)</b>	<b>523.44</b>

## Notes to Financial Statements

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

### 28. EMPLOYEE BENEFITS EXPENSE

Particulars	In ₹ Million	
	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus (including managing and whole time director's remuneration)*	8,808.12	9,881.60
Contributions to provident and other funds / scheme# *	673.54	680.59
Gratuity expense (Refer note 40 (a,f))	80.80	72.17
Special gratuity expense (Refer note 40 (b))	17.87	12.95
Employee voluntary retirement scheme compensation	1.55	2.76
Staff welfare expenses	1,128.72	1,304.50
<b>Total</b>	<b>10,710.60</b>	<b>11,954.57</b>

# Other funds/scheme includes contribution towards jubilee scheme, early retirement scheme and ESIC scheme.

\* Net of government grant in the nature of short time work (Kurzarbeit) for COVID support with respect to some of the subsidiaries amounting to ₹ 500.98 million (March 31, 2020: nil).

### 29. DEPRECIATION, AMORTISATION AND IMPAIRMENT EXPENSE

Particulars	In ₹ Million	
	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation on property, plant and equipments (Refer note 3)	5,583.79	5,033.62
Amortisation on intangible assets (Refer note 5)	126.34	142.66
Depreciation on right of use asset (Refer note 43)	326.97	257.10
Impairment of capital work in progress	-	12.23
Impairment of goodwill (Refer note 5)	84.49	31.54
<b>Total</b>	<b>6,121.59</b>	<b>5,477.15</b>

### 30. FINANCE COSTS

Particulars	In ₹ Million	
	Year ended March 31, 2021	Year ended March 31, 2020
Interest on bank facilities*	805.01	1,057.21
Exchange differences regarded as an adjustment to borrowing costs **	45.30	527.47
Interest on lease liabilities (Refer note 43)	107.75	53.59
Others***	119.23	75.02
<b>Total</b>	<b>1,077.29</b>	<b>1,713.29</b>

\* Includes unwinding impact of transactions cost on borrowings.

\*\* Represents foreign exchange differences arising from foreign currency borrowings to the extent that these are regarded as an adjustment to interest cost.

\*\*\* Others includes net interest expense on defined benefit plans [Refer note 40].

# Notes to Financial Statements

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

## 31. OTHER EXPENSES

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Consumption of stores, spares and tools	3,194.58	3,536.40
Machining/subcontracting charges	2,531.32	2,831.46
Power, fuel and water*	4,021.07	4,909.58
Less: Credit for energy generated	60.09	95.30
	3,960.98	4,814.28
Repairs and maintenance		
- Building repairs and road maintenance	123.29	208.37
- Plant and machinery	944.56	1,383.36
Rent (Refer note 43 (a))	72.60	98.03
Rates and taxes	118.16	100.21
Insurance	225.16	189.99
CSR Expenditure	225.30	254.50
Legal and professional fees	964.56	724.02
Commission	98.58	147.76
Donations	25.88	112.44
Packing material	683.82	831.34
Freight and forwarding charges	1,691.75	2,465.88
Directors' fees and travelling expenses	4.70	3.96
Commission to directors other than managing and whole time directors	6.80	6.50
Provision for doubtful debts and advances (includes expected credit loss) (net)	91.15	96.26
Bad debts / advances written off/back (net)	0.14	29.83
Exchange difference (net)** \$	16.17	241.95
Payment to Auditors***	91.95	76.19
Loss on closure of subsidiary/associate (includes FCTR ₹ 2.39 million on closure of overseas subsidiary)	2.44	-
Miscellaneous expenses ****	2,619.18	3,538.73
<b>Total</b>	<b>17,693.07</b>	<b>21,691.46</b>

\* Net of government grant in the nature of energy tax refund with respect to some of the subsidiaries amounting to ₹ 150.67 million (March 31, 2020: ₹ 142.75 million)

\*\* Includes MTM (gain)/loss of ₹ 149.61 million (March 31, 2020: ₹ (67.18) million)

\$ Includes foreign exchange (gain) /loss amounting to ₹ 3.21 million (March 31, 2020: ₹ 429.22 million) on account of differential restatement of foreign exchange loan.

\*\*\* Includes ₹ 73.51 million (March 31, 2020: ₹ 57.58 million) paid to subsidiary auditors

\*\*\*\* Miscellaneous expenses includes labour charges, travelling expenses, printing, stationery, postage, telephone, royalties etc.

## Notes to Financial Statements

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

### 31. OTHER EXPENSES (Contd.):

#### Capitalization of expenditure

The Group has capitalised the following expenses of revenue nature to the cost of Property, plant and equipment/capital work in progress(CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Group.

Particulars	In ₹ Million	
	March 31, 2021	March 31, 2020
Interest	125.79	293.80
Salaries, wages and bonus	354.07	102.23
Material consumed	237.84	232.23
Consumption of stores and spares	9.43	205.51
Others	30.28	7.61
<b>Total</b>	<b>757.41</b>	<b>841.38</b>

### 32. EXCEPTIONAL ITEMS

Particulars	In ₹ Million	
	Year ended March 31, 2021	Year ended March 31, 2020
Voluntary retirement scheme compensation (Refer note 32(a))	(91.83)	(49.14)
Provision for manpower cost optimization in Overseas subsidiaries (Refer note 32(b))	(227.77)	(264.15)
Settlement amount and related expenses in overseas subsidiaries (Refer note 32(c))	(2,742.68)	-
Provision for impairment in the value of the investment in Tevva Motors (Jersey) Ltd. (Refer note 32(d))	-	(475.87)
<b>Total</b>	<b>(3,062.28)</b>	<b>(789.16)</b>

#### (a) Voluntary retirement scheme compensation

The Holding Company announced a Voluntary Retirement Scheme (VRS) on March 12, 2020, July 4, 2020 and November 11, 2020 for its eligible employees who have completed 10 years of service with the Holding company. The amount of expenditure under said scheme is disclosed as exceptional item.

#### (b) Provision for manpower cost optimization in Overseas subsidiaries

Certain overseas subsidiaries, as a part of one off cost optimisation initiative, have decided to rationalize the manpower cost in relation to its activities. On account of these actions, cost of redundancy payment to employees is provided for.

(c) During the year , Germany's National Competition regulator (Federal Cartel Office )(FCO) has concluded the settlement with the Group's German subsidiaries. On account of this an amount of ₹ 2,742.68 million has been provided towards such settlement including related expenses. The settlement amount will be paid over the period of next 5 years along with applicable interest thereon.

#### (d) Provision for impairment in the value of the investment in Tevva Motors (Jersey) Ltd.

Considering the business situation as at last reporting date, provision of an amount of ₹ 475.87 million was made towards the impairment in the value of the investment in Tevva Motors (Jersey) Ltd.

# Notes to Financial Statements

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

## 33. COMPONENTS OF OTHER COMPREHENSIVE INCOME (OCI)

The disaggregation of changes to OCI for each type of reserve in equity is shown below :

In ₹ Million

	Cash flow hedge reserve	FVTOCI Reserve	Foreign currency monetary items translation difference account	Retained earnings	Foreign currency translation differences	Income tax / Deferred tax effect	Total
<b>During the year ended March 31, 2021</b>							
Foreign exchange revaluation differences	-	-	18.08	-	-	-	18.08
Currency forward contracts	2,954.82	-	-	-	-	(743.81)	2,211.01
Reclassified to statement of profit and loss	523.40	-	-	-	-	(131.73)	391.67
Gain /(losses) on FVTOCI financial assets (including share of associate, joint ventures)	-	112.46	-	-	-	-	112.46
Re-measurement gains/(losses) on defined benefit plans (including share of associate, joint ventures)	-	-	-	10.76	-	4.54	15.30
Foreign exchange translation difference	-	-	-	-	474.38	-	474.38
<b>Total</b>	<b>3,478.22</b>	<b>112.46</b>	<b>18.08</b>	<b>10.76</b>	<b>474.38</b>	<b>(871.00)</b>	<b>3,222.90</b>

In ₹ Million

	Cash flow hedge reserve	FVTOCI reserve	Foreign currency monetary items translation difference account	Retained earnings	Foreign currency translation differences	Income tax / Deferred tax effect	Total
<b>During the year ended March 31, 2020</b>							
Foreign exchange revaluation differences	-	-	5.82	-	-	-	5.82
Currency forward contracts	(1,785.42)	-	-	-	-	619.25	(1,166.17)
Reclassified to statement of profit and loss	(644.90)	-	-	-	-	162.31	(482.59)
Effect of deferred tax of hedge reserve	-	-	-	-	-	(31.25)	(31.25)
Gain on FVTOCI financial assets	-	17.32	-	-	-	-	17.32
Re-measurement gains/(losses) on defined benefit plans (including share of associate, joint ventures and discontinued operations)	-	-	-	(348.81)	-	95.41	(253.40)
Foreign exchange translation difference	-	-	-	-	181.20	-	181.20
<b>Total</b>	<b>(2,430.32)</b>	<b>17.32</b>	<b>5.82</b>	<b>(348.81)</b>	<b>181.20</b>	<b>845.72</b>	<b>(1,729.07)</b>

## Notes to Financial Statements

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

### 34. EARNINGS PER SHARE

Particulars		Year ended March 31, 2021	Year ended March 31, 2020
<b>Numerator for basic and diluted EPS</b>			
Net (loss)/profit after tax attributable to equity holders of parent (in ₹ million)	(A)	(1,263.81)	3,498.32
<b>Denominator for basic EPS [Refer note 15(b)]</b>			
Weighted average number of equity shares for basic EPS	(B)	465,588,632	465,588,632
<b>Denominator for diluted EPS [Refer note 15(b)]</b>			
Weighted average number of equity shares for diluted EPS	(C)	465,588,632	465,588,632
Basic earnings per share of face value of ₹ 2 each (in ₹)	(A/B)	(2.71)	7.51
Diluted earnings per share of face value of ₹ 2 each (in ₹)	(A/C)	(2.71)	7.51

### 35. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, including the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

#### 1) Leases

##### Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. Accordingly, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group included the renewal period as part of the lease term for leases of plant and machinery with shorter non-cancellable period (i.e. three to five years). The Company typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of plant and machinery with longer non-cancellable periods (i.e. 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Group typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

# Notes to Financial Statements

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

## 35. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Contd.):

Refer to Note 43 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

### **Property lease classification – Group as lessor**

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

### **2) Derivative contracts**

The holding company enters into foreign exchange forward contracts to hedge its exposure of foreign currency risk of highly probable forecasted sales. The outstanding contracts at each reporting date are measured at fair value through OCI and derivative assets / liabilities is recognized accordingly. Due to the changes in risks and estimates during the lifecycle of the customer contracts, in order to apply hedge accounting, management is required to demonstrate that the underlying contract is considered to be a highly probable transaction and that the hedges are highly effective and maintain hedge documentation. Management has exercised judgement to determine that the underlying contracts are highly probable and accordingly the hedge is effective.

### **3) Embedded derivative**

The Group has entered into certain hybrid contracts i.e. where an embedded derivative is a component of a non-derivative host contract, in the nature of financial liability. The Group has exercised judgement to evaluate if the economic characteristics and risks of the embedded derivative are closely related to the economic characteristics and risks of the host. Based on the evaluation, the Group has concluded, that these economic characteristics and risks of the embedded derivatives are closely related to the economic characteristics and risks of the host and thus not separated from the host contract and not accounted for separately.

### **4) Control assessment for Joint ventures / partly owned subsidiaries**

In assessing the power over investee for control evaluation, the Group has exercised judgement in considering certain rights given to the co-venturer in a joint venture arrangement / shareholders' agreement as either substantive rights or protective rights. The Group has evaluated if the rights are designed to protect the interests of their holder without giving that party power over the investee to which those rights relate in which case, it is considered as protective right not considered in the control assessment for joint ventures. Also, in case of all the joint arrangements, the Group has interest in the net assets of the joint arrangements and accordingly, the same is considered as joint ventures. Further, with respect to certain subsidiaries in regulated segments, the Group has evaluated and believes that it exercises control over such subsidiaries in accordance with the terms of the Foreign Direct investment & Foreign Investment Promotion Board Policies.

### **5) Share of profit / loss of associates**

In case of loss making associates and joint ventures, the Group discontinues to absorb its share of losses once the carrying amount of the relevant investment becomes NIL. However, if there are other long term interests that in substance form part of the investor's net investment in an associate or joint venture then group continues to absorb its share of losses against such long term interest. The Group has used judgement to determine if it is legally or constructively obliged to make payments on behalf of the associate or joint venture.

### **6) Revenue from contracts with customers**

The Group applied the following judgments that significantly affect the determination of the amount and timing of revenue from contracts with customers:

# Notes to Financial Statements

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

## 35. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Contd.):

### I. Identifying contract with customers

The Group enters into Master service agreement ('MSA') with its customers which define the key terms of the contract with customers. However, the rates for quantity to be supplied is separately agreed through purchase orders. Management has exercised judgment to determine that contract with customers for the purpose of Ind AS 115 is MSA and customer purchase orders for purpose of identification of performance obligations and other associated terms.

### II. Identifying performance obligation

The Group enters into contract with customers for tooling income and goods. The Group determined that both the tooling income and the goods are capable of being distinct. The fact that the Group regularly sell these goods on a stand-alone basis indicate that the customer can benefit from it on an individual basis. The Group also determined that the promises to transfer these goods are distinct within the context of the contract. These goods are not input to a combined item in the contract. Hence, the tooling income and the sale of goods are separate performance obligations.

### III. Determination of timing of satisfaction of performance obligation for sale of products

The Group concluded that tooling income and goods is to be recognized at a point in time because it does not meet the criteria for recognizing revenue over a period of time. The Group has applied judgment in determining the point in time when the control of the tooling income and goods are transferred based on the criteria mentioned in the standard read alongwith the contract with customers, applicable laws and considering the industry practices which are as follows:

#### 1. Sale of goods

The goods manufactured are "Build to print" as per design specified by the customer for which the tools/dies are approved before commercial production commences. Further, the dispatch of goods is made on the basis of the purchase orders obtained from the customer taking into account the just in time production model with customer. Further, some orders have variable considerations (including LME adjustments) for the review of prices under negotiation which are estimated based on the expected probability method and, where appropriate, they would be limited to the amount that is highly unlikely to be reversed in the future.

#### 2. Tooling income

Tools are manufactured as per the design specified by the customer which is approved on the basis of the customer acceptance of prototypes or sample production. Management has used judgment in identification of the point in time where the tools are deemed to have been accepted by the customer.

#### 3. Determination of revenue in case of Bill-and-hold transaction in relation to one of the Subsidiary

##### i) Bill-and-hold arrangement

The Group completes its performance obligation to transfer the control of the goods to the customer in accordance with the agreed -upon specifications in the contract for which customer has accepts the control and confirms to the Group basis which criteria for bill and hold is met. However, due to the situation of the COVID-19 lock down the physical movement of goods did not happen. Hence, Group recognized the revenue of these goods.

##### ii) The Group identified the goods and stored separately in the factory premises until goods are cleared from the factory premises.

# Notes to Financial Statements

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

## 35. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Contd.):

- iii) The goods are ready for physical transfer to the customer from the factory premises of the Group.
- iv) The Group cannot use the goods for any other purpose and direct it to another customer.
- v) The advance received from customer under the contract is shown under financial liability.

### *Estimates and assumptions*

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### **A. Impairment of non-financial assets including property, plant and equipment, goodwill and other intangible asset**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

#### **B. Defined benefit plans**

The cost of the defined benefit gratuity plans, other defined benefit plans and other post-employment plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, expected return on planned assets and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The mortality rate is based on publicly available mortality tables based on the country where the entity operates. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases, discount rate and return on planned assets are based on expected future inflation rates of the respective country.

Further, details about defined benefit plans are given in Note 40.

#### **C. Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using different valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 51 for further disclosures.

# Notes to Financial Statements

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

## 35. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Contd.):

### D. Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Further, the Group also evaluates risk with respect to expected loss on account of loss in time value of money which is calculated using average cost of capital for relevant financial assets.

The holding company has investments in associates and joint ventures as at the reporting period. The management is required to check, at least annually, the existence of impairment indicators for each investment. The evaluation of assessment for impairment and methodology for assessing and determining the recoverable amount of each investments are based on complex assumptions. It involves management's judgement with respect to identification of impairment indicators for each investment and estimates regarding the projected cash flows, long term growth rate and discounting rate used in valuation models. A sensitivity analysis is also performed to check the impact of changes in key variable on the valuation. The management believes that no impairment is required as at the reporting period end based on the procedures performed.

### E. Income tax and deferred tax

Deferred tax assets are not recognized for unused tax losses as it is not probable that taxable profit will be available against which the losses can be utilized. Significant management judgement/estimate is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits.

Further details on taxes are disclosed in note 21.

### F. Provision for Inventories

Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realizable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete, slow-moving and items where net realizable value is below cost. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

### G. Current / Non-Current Classification

The group evaluates funds requirement on the basis of internal budgets and forecasts and believes that on the basis of current scale of operations and cash realization cycle, it would be able to generate sufficient funds from operations in order to meet such requirement in the foreseeable future of upto one year. Accordingly, the Group has classified major portion of its investment in mutual funds as non-current.

### H. Litigations

The Group has various ongoing litigations, the outcome of which may have a material effect on the financial position, results of operations or cashflows. Legal team regularly analyses current information about these matters and assesses the requirement for provision for probable losses including estimates of legal expense to resolve such matters. In making the decision regarding the need for loss provision, management considers the degree of probability of an unfavorable outcome and the ability to make sufficiently reliable estimate of the amount of loss. The filing of a law suit or formal assertion of a claim against the group or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate. Considering the facts on hand and the current stage of certain ongoing litigations, the Group foresee remote risk of any material claim arising from claims against the Group. Management has exercised significant judgement in assessing the impact, if any, on the disclosures in respect of litigations in relation to Holding Company and its subsidiaries.

# Notes to Financial Statements

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

## 35. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (Contd.):

### J. Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR, therefore, reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

### K. Contingent consideration

The Group has a legal obligation to pay additional consideration upon fulfilment of certain milestones in relation to businesses / joint ventures acquired in the past. Assessment in relation to determination of the fulfilment of such milestones involves estimation. Accordingly, the management has concluded basis such assessment that the prescribed milestones will not be achieved and hence, no impact has been taken in the financial statements.

## 36. GROUP INFORMATION

The consolidated financial statements of the Group includes subsidiaries listed in the table below:

Name	Principal activities	Principal place of business	% equity interest		Financial year ended on
			March 31, 2021	March 31, 2020	
Bharat Forge Global Holding GmbH (BFGH) and its wholly owned subsidiaries	Holding	Germany	100%	100%	December 31
i. Bharat Forge Holding GmbH and its wholly owned subsidiaries	Holding	Germany	100%*	100%*	December 31
Bharat Forge Aluminiumtechnik GmbH (BFAT)	Forging	Germany	100%*	100%*	December 31
ii. Bharat Forge Kilsta AB	Forging	Sweden	100%*	100%*	December 31
iii. Bharat Forge CDP GmbH and its wholly owned subsidiary	Forging	Germany	100%*	100%*	December 31
a) Bharat Forge Daun GmbH	Die Manufacturing	Germany	100%*	100%*	December 31
b) Bharat Forge CDP Trading ****	Others	Russia	NA	100%*	December 31
iv. Mecanique Generale Langroise	Machining	France	100%*	100%*	December 31
v. Bharat Forge Hong Kong Limited*****	Others	Hong Kong	NA	100%*	December 31
Bharat Forge International Limited	Forging	U.K.	100%*	100%	March 31

## Notes to Financial Statements

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

### 36. GROUP INFORMATION (Contd.):

Name	Principal activities	Principal place of business	% equity interest		Financial year ended on
			March 31, 2021	March 31, 2020	
Bharat Forge America Inc. and its wholly owned subsidiaries	Holding	U.S.A	100%*	100%	December 31
i. Bharat Forge PMT Technologie LLC	Forging	U.S.A	100%*	100%*	December 31
ii. Bharat Forge Tennessee Inc.	Others	U.S.A	100%*	100%*	December 31
iii. Bharat Forge Aluminium USA, Inc. (from September 27, 2019)	Forging	U.S.A	100%*	100%*	December 31
iv. Kalyani Precision Machining, Inc. (from September 27, 2019)	Machining	U.S.A	100%*	100%*	December 31
BF Infrastructure Limited and its subsidiary	Others	India	100%	100%	March 31
i. BFIL-CEC JV	Projects	India	74%*	74%*	March 31
Kalyani Strategic Systems Limited and its subsidiary	Others	India	51%	51%	March 31
i. Kalyani Rafael Advanced Systems Private Limited **	Others	India	50%*	50%*	March 31
Analogic Controls India Limited	Others	India	100%	100%	March 31
BF Elbit Advanced Systems Private Limited**	Others	India	51%	51%	March 31
Indigenous IL Limited ***	Others	Israel	NA	NA	December 31
Eternus Performance Materials Private Limited (from April 8, 2019)	Others	India	51%	51%	March 31
Kalyani Centre for Precision Technology Limited (from December 25, 2019)	Machining	India	100%	100%	March 31
Kalyani Powertrain Private Limited (From March 16, 2021)	Others	India	100%	NA	March 31

\* held through subsidiaries

\*\* based on control assessment as per Ind AS 110

\*\*\* not consolidated as the holding Company has not yet invested in Indigenous IL Limited and operations are not yet commenced

\*\*\*\* Deregistered w.e.f. January 14, 2021

\*\*\*\*\* Dissolved w.e.f. July 10, 2020

# Notes to Financial Statements

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

## 36. GROUP INFORMATION (Contd.):

Details of the Group's ownership interest in associates are as follows:

Name	Principal activities	Principal place of business	% equity interest		Financial year ended on
			March 31, 2021	March 31, 2020	
Talbahn GmbH	Others	Germany	35%*	35%*	December 31
Ferrovial Transrail Solutions Private Limited	Projects	India	49%*	49%*	March 31
Hospet Bellary Highways Private Limited**	Projects	India	NA	35%*	March 31
Tork Motors Private Limited	Others	India	48.86%	48.86%	March 31
i) Lycan Electric Private Limited	Others	India	48.86%	48.86%	March 31
ii) Tork Motors (UK) Limited***	Others	UK	NA	48.86%	March 31
Tevva Motors (Jersey) Limited	Others	UK	36.51%	36.51%	December 31
i) Tevva Motors Limited	Others	UK	17.89%	36.51%	December 31
Aeron Systems Private Limited (from May 29, 2019)	Others	India	37.14%	22.42%	March 31

\* held through subsidiaries

\*\* Dissolved w.e.f. January 12, 2021

\*\*\* Dissolved w.e.f. September 22, 2020

### Joint arrangement in which the Group is a joint venturer

Name	Principal activities	Principal place of business	% equity interest		Financial year ended on
			March 31, 2021	March 31, 2020	
BF Premier Energy Systems Private Limited	Others	India	50%*	50%*	March 31
BF NTPC Energy Systems Limited**	Projects	India	51%	51%	March 31
Refu Drive GmbH (from September 19, 2019)	Others	Germany	50%	50%	December 31
i) Refu Drive India Private Limited (from September 19, 2019)	Others	India	50%	50%	December 31

\* held through subsidiaries

\*\* Not consolidated as the shareholders of the Joint Venture Company decided to voluntarily liquidate the joint venture at their EGM held on October 9, 2018.

## Notes to Financial Statements

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

### 37. MATERIAL PARTLY OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests based on IND AS Financial Statement is provided below:

#### Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation	% equity interest	
		March 31, 2021	March 31, 2020
Kalyani Strategic Systems Limited	India	49%	49%
Kalyani Rafael Advanced Systems Private Limited	India	50%	50%
BF Elbit Advanced Systems Limited	India	49%	49%
Eternus Performance Materials Private Limited	India	49%	49%

During the year, the Board of Directors of the Holding Company approved acquisition of balance non-controlling interest of Kalyani Strategic Systems Limited ("KSSL") on March 19, 2021. This is subject to approval from Ministry of Home Affairs authority after which the Holding Company will acquire the balance stake in KSSL and the said partly owned subsidiary Company will become a wholly owned subsidiary of the Group.

#### Information regarding non-controlling interest

Particulars	(In ₹ Million)	
	March 31, 2021	March 31, 2020
<b>Accumulated balances of material non-controlling interest:</b>		
Kalyani Strategic Systems Limited	191.98	191.84
BF Elbit Advanced Systems Limited	(55.28)	(47.89)
Kalyani Rafael Advanced Systems Private Limited	182.07	176.00
Eternus Performance Materials Private Limited	(1.82)	(0.06)
<b>Total Comprehensive income allocated to material non-controlling interest:</b>		
Kalyani Strategic Systems Limited	0.14	(0.86)
BF Elbit Advanced Systems Limited	(7.39)	(6.32)
Kalyani Rafael Advanced Systems Private Limited	6.07	(0.72)
Eternus Performance Materials Private Limited	(1.76)	(0.89)

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

# Notes to Financial Statements

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

## 37. MATERIAL PARTLY OWNED SUBSIDIARIES (Contd.):

Summarised statement of profit and loss for the year ended March 31, 2021:

(In ₹ Million)

Particulars	Kalyani Strategic Systems Limited**	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited
Revenue	50.07	798.92	-	4.90
Other income	10.59	9.51	0.28	0.44
Cost of raw materials and components consumed	0.54	223.18	-	0.87
Purchase of stock in trade	43.18	461.86	-	-
(Increase )/decrease in inventories of finished goods, work-in-progress, traded goods, dies & scrap	-	(0.85)	-	0.23
Employee benefits expense	5.12	26.41	-	5.46
Depreciation and amortisation expense	2.27	35.25	0.81	0.82
Finance costs	10.76	1.53	13.69	0.21
Other expenses	4.47	54.29	0.86	1.51
<b>Profit / (loss) before tax</b>	<b>(5.68)</b>	<b>6.76</b>	<b>(15.08)</b>	<b>(3.76)</b>
Income tax	(0.09)	1.47	-	0.16
<b>Profit /(loss) for the year</b>	<b>(5.77)</b>	<b>8.23</b>	<b>(15.08)</b>	<b>(3.60)</b>
<b>Other Comprehensive Income:</b>				
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)</b>				
Net movement on cash flow hedges	-	3.90	-	-
Re-measurement gain/(losses) on defined benefit plans	0.01	0.02	-	-
<b>Other comprehensive income for the year, net of tax</b>	<b>0.01</b>	<b>3.92</b>	<b>-</b>	<b>-</b>
<b>Share in profit and loss of joint venture</b>	<b>(0.01)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>(5.77)</b>	<b>12.15</b>	<b>(15.08)</b>	<b>(3.60)</b>
Attributable to non-controlling interests**	<b>0.14</b>	<b>6.07</b>	<b>(7.39)</b>	<b>(1.76)</b>
Dividend paid to non-controlling interests	-	-	-	-

\*\* Non-controlling interest is calculated at Kalyani Strategic System Limited consolidated level, however, balance sheet and statement of profit and loss numbers are disclosed at Kalyani Strategic System Limited standalone level.

## Notes to Financial Statements

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

### 37. MATERIAL PARTLY OWNED SUBSIDIARIES (Contd.):

Summarised statement of profit and loss for the year ended March 31, 2020

(In ₹ Million)

Particulars	Kalyani Strategic Systems Limited**	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited
Revenue	3.81	642.88	97.47	9.09
Other Income	8.06	25.69	0.40	-
Cost of raw material and components consumed	-	133.21	-	1.73
Purchase of stock in trade	-	430.11	76.09	-
(Increase )/decrease in inventories of finished goods, work-in-progress, dies and scrap	3.81	-	15.44	(0.69)
Employee benefits expense	1.33	21.79	-	4.73
Depreciation and amortisation expense	1.87	38.15	0.59	0.58
Finance costs	0.88	2.21	12.04	0.10
Other expenses	5.30	40.57	6.60	4.62
<b>Profit/ (loss) before tax</b>	<b>(1.32)</b>	<b>2.53</b>	<b>(12.89)</b>	<b>(1.98)</b>
Income tax	0.34	(0.05)	-	0.14
<b>Profit /(loss) for the year</b>	<b>(0.98)</b>	<b>2.48</b>	<b>(12.89)</b>	<b>(1.84)</b>
<b>Other Comprehensive Income:</b>				
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)</b>				
Net movement on cash flow hedges	-	(3.90)	-	-
Re-measurement gain/(losses) on defined benefit plans	(0.02)	(0.02)	-	-
<b>Other comprehensive income for the year, net of tax</b>	<b>(0.02)</b>	<b>(3.92)</b>	<b>-</b>	<b>-</b>
<b>Share in profit and loss of associate/joint venture</b>	<b>(0.02)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>	<b>(1.00)</b>	<b>(1.44)</b>	<b>(12.89)</b>	<b>(1.84)</b>
Attributable to non-controlling interests**	<b>(0.86)</b>	<b>(0.72)</b>	<b>(6.32)</b>	<b>(0.89)</b>
Dividends paid to non-controlling interests	-	-	-	-

\*\* Non-controlling interest is calculated at Kalyani Strategic System Limited consolidated level, however, balance sheet and statement of profit and loss numbers are disclosed at Kalyani Strategic System Limited standalone level.

# Notes to Financial Statements

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

## 37. MATERIAL PARTLY OWNED SUBSIDIARIES (Contd.):

Summarised balance sheet as at March 31, 2021:

(In ₹ Million)

Particulars	Kalyani Strategic Systems Limited*	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited**
Trade receivables, inventories and cash and bank balances (current)	71.97	589.22	13.40	20.96
Property, plant and equipment and other non-current financial and non-financial assets	351.63	135.24	19.12	14.24
Trade and other payables (current) and (non-current)	(33.71)	(360.34)	(2.13)	(16.82)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	(9.08)	-	(143.20)	(19.22)
<b>Total equity</b>	<b>380.81</b>	<b>364.12</b>	<b>(112.81)</b>	<b>(0.84)</b>
<b>Attributable to:</b>				
Equity holders of parent	188.83	182.06	(57.53)	0.98
Non-controlling interest*	191.98	182.06	(55.28)	(1.82)

\* Non-controlling interest is calculated at Kalyani Strategic System Limited consolidated level, however, balance sheet numbers are disclosed at Kalyani Strategic System Limited standalone level.

\*\* The share of total equity of non-controlling interest in case of Eternus Performance Materials Private Limited includes accumulated losses prior to the period of acquisition.

Summarised balance sheet as at March 31, 2020:

(In ₹ Million)

Particulars	Kalyani Strategic Systems Limited*	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited
Trade receivables, inventories and cash and bank balances (current)	230.19	469.02	77.99	18.21
Property, plant and equipment and other non-current financial and non-financial assets	335.45	191.17	19.92	9.21
Trade and other payables (current)	(3.14)	(308.20)	(64.97)	(12.82)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	(150.00)	-	(130.67)	(11.84)
<b>Total equity</b>	<b>412.50</b>	<b>351.99</b>	<b>(97.73)</b>	<b>2.76</b>
<b>Attributable to:</b>				
Equity holders of parent	220.66	175.99	(49.84)	2.82
Non-controlling interest	191.84	176.00	(47.89)	(0.06)

\* Non-controlling interest is calculated at Kalyani Strategic System Limited consolidated level, however, balance sheet numbers are disclosed at Kalyani Strategic System Limited 'standalone level.

## Notes to Financial Statements

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

### 37. MATERIAL PARTLY OWNED SUBSIDIARIES (Contd.):

Summarised cash flow information for the year ended March 31, 2021:

(In ₹ Million)

Particulars	Kalyani Strategic Systems Limited	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited
Operating	(9.09)	(2.13)	(24.51)	(1.42)
Investing	158.56	(1.46)	(0.03)	(5.84)
Financing	(151.56)	(5.13)	(1.54)	7.19
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(2.09)</b>	<b>(8.72)</b>	<b>(26.08)</b>	<b>(0.07)</b>

Summarised cash flow information for the year ended March 31, 2020:

(In ₹ Million)

Particulars	Kalyani Strategic Systems Limited	Kalyani Rafael Advanced Systems Private Limited	BF Elbit Advanced Systems Limited	Eternus Performance Materials Private Limited
Operating	(3.61)	(9.09)	13.15	(4.39)
Investing	(208.72)	(50.95)	(1.27)	(1.27)
Financing	209.45	(5.30)	3.88	5.24
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(2.88)</b>	<b>(65.34)</b>	<b>15.76</b>	<b>(0.42)</b>

### 38. INTEREST IN JOINT VENTURES

#### 1. BF Premier Energy Systems Private Limited

The Group has 50% interest in BF Premier Energy Systems Private Limited, a joint venture incorporated in India and with objective of manufacturing defence products such as Bi-modular cartridges systems, ammunition of selected types, ready to use defence products such as rockets, missiles, mines, bombs, torpedoes and ammunition, etc. The Joint Venture was engaged in the activities of setting up its business during the period covered by these financial statements. The Group's interest in BF Premier Energy Systems Private Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind AS financial statements:

# Notes to Financial Statements

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

## 38. INTEREST IN JOINT VENTURES (Contd.):

### Summarised balance sheet

(In ₹ Million)

Particulars	March 31, 2021	March 31, 2020
Current assets	0.15	0.15
Non-current assets	-	-
Current liabilities	(0.21)	(0.17)
Non-current liabilities	-	-
<b>Equity</b>	<b>(0.06)</b>	<b>(0.02)</b>
Share of the Group in the capital commitment, contingent liabilities of jointly controlled entity	-	-
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	-	-

### Summarised statement of profit and loss for the year ended

(In ₹ Million)

Particulars	March 31, 2021	March 31, 2020
<b>Income</b>		
Other income	-	-
	-	-
<b>Expenses</b>		
Employee benefits expense	-	-
Depreciation	-	-
Other expenses	0.04	0.04
	0.04	0.04
<b>Loss before tax</b>	<b>(0.04)</b>	<b>(0.04)</b>
Tax expenses	-	-
<b>Loss for the year</b>	<b>(0.04)</b>	<b>(0.04)</b>
<b>Other comprehensive income for the year</b>	-	-
<b>Total comprehensive income for the year</b>	<b>(0.04)</b>	<b>(0.04)</b>
<b>Group's share of loss for the year</b>	<b>(0.02)</b>	<b>(0.02)</b>
<b>Group's share of other comprehensive income for the year</b>	-	-

#### 2. Refu Drive GmbH

The Group has acquired 50% interest in Refu Drive GmbH on September 19, 2019, a joint venture incorporated in Germany, involved in manufacturing and selling on board controllers and components mainly - drives, invertors, convertors (including AC/DC) and all kind of auxiliary applications, related power electronics and battery management (BMS) etc. for all quality of e-mobility vehicles viz; hybrid and electric 2-wheelers, 3-wheelers, cars and commercial vehicles alongwith its wholly owned subsidiary "Refu India Private Limited, India". The Group's interest in Refu Drive GmbH is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its Ind AS financial statements for the period January 1, 2020 to December 31, 2020 are as follows:

## Notes to Financial Statements

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

### 38. INTEREST IN JOINT VENTURES (Contd.):

#### Summarised balance sheet

(In ₹ Million)

Particulars	December 31, 2020	December 31, 2019
Current assets	678.35	752.56
Non-current assets	700.66	666.29
Current liabilities	(374.63)	(481.00)
Non-current liabilities	(84.97)	(4.64)
<b>Equity</b>	<b>919.41</b>	<b>933.21</b>
Share of the Group in the capital commitment, contingent liabilities of jointly controlled entity	-	-
Proportion of the Group's ownership	459.71	466.61
Carrying amount of the investment	852.17	912.88

The Group has invested an amount of nil (March 31, 2020: ₹ 892.34 million) in equity shares. The Group's Share of equity is ₹ 459.71 million. Carrying amount of investment includes resultant goodwill amounting to ₹ 365.02 million (March 31, 2020: ₹ 425.73 million)(net of share of loss for the year/period).

#### Summarised statement of profit and loss for the year/period ended:

(In ₹ Million)

Particulars	December 31, 2020	October 1, 2019 to December 31, 2019
<b>Income</b>		
Revenue	1,457.25	444.75
Other income	22.10	8.37
	1,479.35	453.12
<b>Expenses</b>		
Cost of raw material and components consumed	813.48	261.82
Purchase of stock in trade	6.88	0.53
(Increase)/decrease in inventories of finished goods, work-in-progress, dies and scrap	37.03	33.01
Employee benefits expense	445.95	105.40
Depreciation and Amortisation	140.05	33.46
Finance costs	5.70	1.36
Other expenses	160.27	26.99
	1,609.36	462.57
<b>Loss before tax</b>	<b>(130.01)</b>	<b>(9.45)</b>
Tax expenses/(income)	(9.24)	3.00
<b>Loss for the year</b>	<b>(120.77)</b>	<b>(12.45)</b>
<b>Other comprehensive (loss) for the period</b>	<b>(0.63)</b>	<b>(0.08)</b>
<b>Total comprehensive (loss) for the period</b>	<b>(121.40)</b>	<b>(12.53)</b>
<b>Group's share of loss for the period</b>	<b>(60.39)</b>	<b>(6.22)</b>
<b>Group's share of other comprehensive (loss) for the period</b>	<b>(0.32)</b>	<b>(0.04)</b>

# Notes to Financial Statements

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

## 39. INVESTMENT IN AN ASSOCIATE

### 1. Ferrovia Transrail Solutions Private Limited

The Group has 49% interest in Ferrovia Transrail Solutions Private Limited (FTSPL), investment through wholly owned subsidiary. FTSPL is involved in carrying out the project of design, procurement, construction of railway track and railway track related work. The Group's interest in FTSPL is accounted for using the equity method in the consolidated financial statements. Summarized financial information of the Group's investment in Ferrovia Transrail Solutions Private Limited based on its audited IND AS financial statements:

#### Summarized Balance sheet

(In ₹ Million)

Particulars	March 31, 2021	March 31, 2020
Current assets	176.10	176.35
Non-current assets	6.73	8.88
Current liabilities	(202.31)	(195.04)
Non-current liabilities	(0.20)	(0.20)
<b>Equity</b>	<b>(19.68)</b>	<b>(10.01)</b>
Share of the Group in the capital commitment, contingent liabilities of associates*	4.07	4.07
Proportion of the Group's ownership	49%	49%
<b>Carrying amount of the investment and loan*</b>	<b>181.72</b>	<b>152.60</b>

\* The group has a constructive obligation to make payments on behalf of the associate whenever required. Accordingly, BF Infrastructure its holding Company has absorbed the losses for the year and adjusted the same against loan given to FTSPL being long term interest of the Group in the said associate. Management has used judgement in determining whether such loan constitutes Group's long term interest in Ferrovia.

#### Summarized statement of profit and loss for the year ended

(In ₹ Million)

Particulars	March 31, 2021	March 31, 2020
<b>Income</b>		
Revenue from operations	-	108.67
Other income	0.39	46.51
	0.39	155.18
<b>Expenses</b>		
Project expenses	3.02	0.60
Employee benefits expense	1.10	1.40
Finance costs	0.07	0.71
Other expenses	5.93	152.53
	10.12	155.24
<b>Loss before tax</b>	<b>(9.73)</b>	<b>(0.06)</b>
Tax expenses	0.03	-
<b>Loss for the year</b>	<b>(9.70)</b>	<b>(0.06)</b>
<b>Other comprehensive income</b>	<b>0.03</b>	<b>-</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>(9.67)</b>	<b>(0.06)</b>
<b>Group's share of loss for the year *</b>	<b>(9.67)</b>	<b>(10.00)</b>

## Notes to Financial Statements

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

### 39. INVESTMENT IN AN ASSOCIATE (Contd.):

#### 2. Tork Motors Private Limited

The Group holds 48.86% interest in Tork Motors Private Limited (TMPL) as at March 31, 2021. TMPL has a wholly owned subsidiary viz; Lycan Electric Private Limited. TMPL is involved in research and development and manufacturing of electric two and three wheelers. The Group's interest in TMPL is accounted for using the equity method in the consolidated financial statements. Summarized financial information of the Group's investment in TMPL based on its consolidated Ind AS financial statements:

#### Summarized Balance sheet

(In ₹ Million)

Particulars	March 31, 2021	March 31, 2020
Current assets	21.09	13.58
Non-current assets	415.04	522.14
Current liabilities	(68.61)	(44.05)
Non-current liabilities	(33.01)	(89.89)
<b>Equity</b>	<b>334.51</b>	<b>401.78</b>
Share of the Group in the capital commitment, contingent liabilities of associates	-	-
Proportion of the Group's ownership	48.86%	48.86%
<b>Carrying amount of the investment</b>	<b>199.25</b>	<b>232.33</b>

The Group has invested an amount of ₹ 300.37 million (March 31, 2020: ₹ 300.37 million) in equity shares.

Group's Share of equity is ₹ 163.44 million. Carrying amount of investment includes resultant goodwill amounting to ₹ 2.94 million (March 31, 2020: ₹ 36.02 million)(net of share of loss for current year).

#### Summarized statement of profit and loss for the year ended:

(In ₹ Million)

Particulars	March 31, 2021	March 31, 2020
<b>Income</b>		
Revenue from operations	43.09	-
Other income	0.82	1.94
	43.91	1.94
<b>Expenses</b>		
Cost of raw materials and components consumed	10.53	-
(Increase) in inventories of finished goods, work-in-progress, traded goods, dies and scrap	(0.96)	-
Employee benefit expenses	20.97	27.60
Finance cost	3.25	0.04
Depreciation and amortization	60.56	66.18
Other expenses	20.17	20.24
<b>Loss before tax</b>	<b>(70.61)</b>	<b>(112.12)</b>
Income tax expense		
Current tax	-	-
Deferred tax	-	-
<b>Loss for the year</b>	<b>(70.61)</b>	<b>(112.12)</b>
<b>Other comprehensive income/(loss) for the year</b>	<b>2.90</b>	<b>(0.93)</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>(67.71)</b>	<b>(113.05)</b>
<b>Group's share of loss for the year</b>	<b>(34.50)</b>	<b>(54.78)</b>
<b>Group's share of other comprehensive income/(loss) for the year</b>	<b>1.42</b>	<b>(0.45)</b>

# Notes to Financial Statements

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

## 39. INVESTMENT IN AN ASSOCIATE (Contd.):

### 3. Tevva Motors (Jersey) Limited

The Group holds 36.51% interest in Tevva Motors (Jersey) Limited (TMJL) as at March 31, 2021. Tevva Motors Limited (TML) was a wholly owned subsidiary of TMJL till TML raised additional funds on August 12, 2020 and then it became an associate of TMJL. Pursuant to dilution of stake of TML in TML and accordingly, with a stake of 49% TML is consolidated as an associate in the books TMJL for the period between August 12, 2020 to December 31, 2020. The Group had also extended a convertible loan note that based on management's intentions will be converted into equity on the due date alongwith the relevant interest accrued thereon. Such convertible loan note has been treated as part of entities long term interest in the associate and hence, treated as part of equity. TML is involved in research and development and manufacturing of electric range extended mid-sized trucks. The Group's interest in TMJL is accounted for using the equity method in the consolidated financial statements. Summarized financial information of the Group's investment in TMJL based on its audited consolidated Ind AS financial statements:

#### Summarized Balance sheet

(In ₹ Million)

Particulars	December 31, 2020	December 31, 2019
Current assets	7.15	314.25
Non-current assets	1,474.76	1844.80
Current liabilities	-	(87.70)
Non-current liabilities	(601.06)	(464.48)
<b>Equity</b>	<b>880.85</b>	<b>1,606.87</b>
Share of the Group in the capital commitment, contingent liabilities of associates	-	2.73
Proportion of the Group's ownership	<b>36.51%</b>	<b>36.51%</b>
<b>Carrying amount of the investment (net of impairment provision) (refer note 32 )</b>	<b>137.84</b>	<b>2.93</b>

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## Notes to Financial Statements

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

### 39. INVESTMENT IN AN ASSOCIATE (Contd.):

Summarized statement of profit and loss for the period ended\*

(In ₹ Million)

Particulars	December 31, 2020	December 31, 2019
<b>Income</b>		
Revenue from operations	77.73	145.81
Other income	0.03	1.22
	77.76	147.03
<b>Expenses</b>		
Cost of raw material and components consumed	11.13	150.45
(Increase)/decrease in inventories of finished goods, work-in-progress, dies and scrap	-	(30.57)
Employee benefit expenses	168.11	384.16
Finance cost	71.73	20.34
Depreciation and amortization	216.67	320.97
Other expenses	75.87	257.70
<b>Loss before tax and share of loss of associate</b>	<b>(465.75)</b>	<b>(956.02)</b>
<b>Share of loss of associate</b>	<b>(37.10)</b>	<b>-</b>
<b>Loss before tax</b>	<b>(502.85)</b>	<b>(956.02)</b>
Income tax expense		
Current tax	-	-
<b>Loss for the year</b>	<b>(502.85)</b>	<b>(956.02)</b>
<b>Other comprehensive income/(loss)</b>	<b>(110.34)</b>	<b>48.36</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>(613.19)</b>	<b>(907.66)</b>
<b>Group's share of loss for the year</b>	<b>(183.59)</b>	<b>(349.08)</b>
<b>Group's share of other comprehensive income/(loss) for the year</b>	<b>(40.29)</b>	<b>17.66</b>

#### 4. Aeron Systems Private Limited

The Group owned 22.42% stake in Aeron Systems Private Limited as of March 31, 2020. Further, on August 14, 2020 additional 3.58% stake was acquired to reach 26.00% ownership. Further, on March 9, 2021 additional stake of 11.14% was acquired to reach total ownership of 37.14% as of March 31, 2021. Aeron Systems Private Limited is engaged in the business of manufacturing of technology products such as Inertial Navigation Systems (INS) and IoT devices for industries such as Aerospace and Defense, Automotive, Renewable energy and Industry 4.0. The Group's interest in Aeron Systems Private Limited is accounted for using the equity method in the consolidated financial statements. Summarized financial information for the period ended April 1, 2020 to March 31, 2021 based on its consolidated Ind AS financial statements as follows:

# Notes to Financial Statements

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

## 39. INVESTMENT IN AN ASSOCIATE (Contd.):

### Summarized Balance sheet

(In ₹ Million)

Particulars	March 31, 2021	March 31, 2020
Current assets	82.23	74.68
Non-current assets	256.23	272.49
Current liabilities	(69.14)	(52.58)
Non-current liabilities	(14.79)	(16.17)
<b>Equity</b>	<b>254.53</b>	<b>278.42</b>
Share of the Group in the capital commitment, contingent liabilities of associates	14.28	3.41
Proportion of the Group's ownership	37.14%	22.42%
<b>Carrying amount of the investment</b>	<b>119.46</b>	<b>70.87</b>

The Group has invested an amount of ₹ 140.00 million in equity shares. Group's share of equity is ₹ 89.23 million. Carrying amount of investment includes resultant goodwill amounting to ₹ 24.57 million (March 31, 2020: ₹ 8.45 million)(net of share of loss for the year).

### Summarized statement of profit and loss for the year/period ended:

(In ₹ Million)

Particulars	March 31, 2021	May 29, 2019 to March 31, 2020
<b>Income</b>		
Revenue from operations	113.70	71.24
Other income	0.62	0.65
	114.32	71.89
<b>Expenses</b>		
Cost of Material Consumed	59.30	40.25
Changes in inventories	7.00	(5.76)
Employee benefit expenses	32.20	24.86
Finance cost	5.93	4.86
Depreciation and amortization	39.20	26.59
Other expenses	14.04	22.08
<b>Loss before tax</b>	<b>(43.35)</b>	<b>(40.99)</b>
Income tax expense		
Current tax	-	-
Deferred tax	(1.04)	1.15
<b>Loss for the year</b>	<b>(44.39)</b>	<b>(39.84)</b>
<b>Other comprehensive income/(loss) for the period</b>	<b>0.50</b>	<b>(0.90)</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>(43.89)</b>	<b>(40.74)</b>
<b>Group's share of loss for the period</b>	<b>(11.54)</b>	<b>(8.93)</b>
<b>Group's share of other comprehensive income/(loss) for the period</b>	<b>0.13</b>	<b>(0.20)</b>

# Notes to Financial Statements

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

## 40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

### Holding Company

#### (a) *Gratuity plans*

##### Funded scheme

The Holding Company has a defined benefit gratuity plan for its employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the employee's length of service and salary at retirement age. Employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. In case of certain category of employees who have completed 10 years of service, gratuity is calculated based on 30 days salary (last drawn) for each completed year of service and cap for gratuity is 20 years. The scheme is funded with insurance companies in the form of a qualifying insurance policies.

##### Risk exposure and asset liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as Holding Company takes on uncertain long term obligations to make future benefit payments.

#### 1) Liability risks

##### a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Holding Company is successfully able to neutralize valuation swings caused by interest rate movements.

##### b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

##### c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

#### 2) Asset risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India and other insurance companies. LIC and other insurance companies have a sovereign guarantee and have been providing consistent and competitive returns over the years. The Holding Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Holding Company has no control over the management of funds but this option provides a high level of safety for the total corpus. Same account is maintained for both the investment and claim settlement and hence, 100% liquidity is ensured and also interest rate and inflation risk are taken care of.

The following table summarizes the components of net benefit expense recognized in the Statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plans.

# Notes to Financial Statements

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

## 40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

The principal assumptions used in determining gratuity for the Holding Company's plan is shown below:

Particulars	As at March 31, 2021	As at March 31, 2020
Mortality table	IALM(2012-14) cult	IALM(2012-14) cult
Discount rate	6.90%	6.20%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)	11.37	11.72
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	5.00%	5.00%
Age 31 - 44 years	5.00%	5.00%
Age 45 - 50 years	5.00%	5.00%
Age above 50 years	5.00%	5.00%

Changes in the present value of the defined benefit obligation recognized in balance sheet are as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of obligation as at the beginning of the period	1,151.42	961.00
Interest expense	75.63	72.86
Current service cost	79.90	71.74
Benefits (paid)	(78.33)	(29.60)
Remeasurements on obligation [Actuarial Loss/(Gain)]	(14.49)	75.42
<b>Closing defined benefit obligation</b>	<b>1,214.13</b>	<b>1,151.42</b>

In ₹ Million

Changes in the fair value of plan assets recognized in the balance sheet are as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Opening fair value of plan assets	866.70	746.03
Interest income	57.85	59.83
Contributions	101.43	91.50
Benefits paid	(78.34)	(29.60)
Return on plan assets, excluding amount recognized in Interest Income - Gain	(15.14)	(1.06)
<b>Closing fair value of plan assets</b>	<b>932.50</b>	<b>866.70</b>
Actual return on plan assets	42.71	57.54

In ₹ Million

## Notes to Financial Statements

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

### 40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

#### Net Interest (Income)/Expense

Particulars	In ₹ Million	
	Year ended March 31, 2021	Year ended March 31, 2020
Interest (Income) / Expense – Obligation	75.63	72.86
Interest (Income) / Expense – Plan assets	(57.85)	(59.83)
<b>Net Interest (Income) / Expense for the period</b>	<b>17.78</b>	<b>13.03</b>

#### Premeasurement for the period [Actuarial (Gain)/loss]

Particulars	In ₹ Million	
	Year ended March 31, 2021	Year ended March 31, 2020
Experience (Gain) / Loss on plan liabilities	(4.57)	(3.82)
Demographic (Gain) / Loss on plan liabilities	-	-
Financial (Gain) / Loss on plan liabilities	(9.92)	78.01
Experience (Gain) / Loss on plan assets	7.32	2.29
Financial (Gain) / Loss on plan assets	7.82	-

#### Amount recognized in statement of Other comprehensive Income (OCI)

Particulars	In ₹ Million	
	Year ended March 31, 2021	Year ended March 31, 2020
Remeasurement for the period-Obligation (Gain)/Loss	(14.49)	75.42
Remeasurement for the period-Plan assets (Gain)/Loss	15.14	1.06
<b>Total Remeasurement cost/(credit) for the period recognized in OCI</b>	<b>0.65</b>	<b>76.48</b>

#### The amounts to be recognized in the Balance Sheet

Particulars	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
Present value of obligation as at the end of the period	(1,214.13)	(1,151.42)
Fair value of plan assets as at the end of the period	932.50	866.70
<b>Net asset / (liability) to be recognized in balance sheet</b>	<b>(281.63)</b>	<b>(284.72)</b>

#### Expense recognized in the statement of profit and loss

Particulars	In ₹ Million	
	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost (Refer note 28)	79.90	71.74
Net Interest (Income) / Expense (Refer note 30)	17.78	13.03
<b>Net periodic benefit cost recognized in the statement of profit and loss</b>	<b>97.68</b>	<b>84.77</b>

# Notes to Financial Statements

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

## 40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

### Reconciliation of net asset/(liability) recognized

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Net asset / (liability) recognized at the beginning of the period	(285.94)	(214.97)
Holding Company's contributions	101.43	91.50
Expense recognized for the year	(96.47)	(84.77)
Amount recognized in OCI	(0.65)	(76.48)
<b>Net asset / (liability) recognized at the end of the period</b>	<b>(281.63)</b>	<b>(284.72)</b>

The Holding Company expects to contribute ₹ 110.00 million to gratuity fund in the next year (March 31, 2020: ₹ 100.00 million).

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Funds managed by insurer	100.00%	100.00%

### Sensitivity analysis:-

#### A) Impact of change in discount rate when base assumption is decreased/increased of present value of obligation

In ₹ Million

Discount rate	As at March 31, 2021	As at March 31, 2020
Decrease by 1%	1,317.52	1,248.57
Increase by 1%	1,119.64	1,060.65

#### B) Impact of change in salary increase rate when base assumption is decreased/increased of present value of obligation

In ₹ Million

Salary increment rate	As at March 31, 2021	As at March 31, 2020
Decrease by 1%	1,128.49	1,069.22
Increase by 1%	1,305.13	1,236.62

#### C) Impact of change in withdrawal rate when base assumption is decreased/increased in present value of obligation

In ₹ Million

Withdrawal rate	As at March 31, 2021	As at March 31, 2020
Decrease by 1%	1,218.17	1,154.99
Increase by 1%	1,206.12	1,142.16

## Notes to Financial Statements

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

### 40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The followings are the expected benefit payments to the defined benefit plan in future years :

Particulars	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
Within one year	185.12	177.25
After one year but not more than five years	354.53	320.22
After five years but not more than ten years	644.13	576.74

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 10.93 years. (March 31, 2020: 11.02 years).

#### (b) *Special gratuity*

The Holding Company has a defined benefit special gratuity plan. Under the gratuity plan, every eligible employee who has completed ten years of service gets an additional gratuity on departure which will be salary of five / one months based on last drawn basic salary. The scheme is unfunded.

#### 1) **Liability risks**

##### a) **Asset-liability mismatch risk**

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Holding Company is successfully able to neutralize valuation swings caused by interest rate movements.

##### b) **Discount rate risk**

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

##### c) **Future salary escalation and inflation risk**

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

#### 2) **Unfunded plan risk**

This represents unmanaged risk and a growing liability. There is an inherent risk here that the Holding Company may default on paying the benefits in adverse circumstances. Funding the plan removes volatility in the Holding Company's financials and also benefit risk through return on the funds made available for the plan.

# Notes to Financial Statements

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

## 40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

The principal assumptions used in determining special gratuity for the Holding Company's plan is shown below:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	6.90%	6.90%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)	11.90	12.17
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	5.00%	5.00%
Age 31 - 44 years	5.00%	5.00%
Age 45 - 50 years	5.00%	5.00%
Age above 50 years	5.00%	5.00%

Changes in the present value of the defined benefit obligation recognized in balance sheet are as follows:

Particulars	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
Present value of obligation as at the beginning of the period	142.02	113.45
Interest expense	9.69	8.65
Past service cost	0.72	-
Current service cost	17.87	12.95
Benefits (paid)	(3.15)	(2.33)
Remeasurements on obligation [Actuarial (Gain) / Loss]	18.22	9.30
<b>Closing Defined Benefit Obligation</b>	<b>185.37</b>	<b>142.02</b>

### Net Interest (Income)/Expense

Particulars	In ₹ Million	
	Year ended March 31, 2021	Year ended March 31, 2020
Interest (Income) / Expense – Obligation	9.69	8.65
<b>Net Interest (Income) / Expense for the period</b>	<b>9.69</b>	<b>8.65</b>

### Remeasurement for the period [Actuarial (Gain)/loss]

Particulars	In ₹ Million	
	Year ended March 31, 2021	Year ended March 31, 2020
Experience (Gain) / Loss on plan liabilities	18.22	(1.39)
Demographic (Gain) / Loss on plan liabilities	-	-
Financial (Gain) / Loss on plan liabilities	-	10.69

## Notes to Financial Statements

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

### 40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

Amount recognized in Statement of Other comprehensive Income (OCI)

Particulars	In ₹ Million	
	Year ended March 31, 2021	Year ended March 31, 2020
Remeasurement for the period-Obligation (Gain)/Loss	18.22	9.30
<b>Total Remeasurement cost/(credit) for the period recognized in OCI</b>	<b>18.22</b>	<b>9.30</b>

#### The amounts to be recognized in the Balance Sheet

Particulars	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
Present value of obligation as at the end of the period	(185.37)	(142.02)
<b>Net Asset / (liability) to be recognized in balance sheet</b>	<b>(185.37)</b>	<b>(142.02)</b>

#### Expense recognized in the statement of profit and loss

Particulars	In ₹ Million	
	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost (Refer note 28)	17.87	12.95
Past service cost	0.72	-
Net Interest (Income) / Expense (Refer note 30)	9.69	8.65
<b>Net periodic benefit cost recognized in the statement of profit and loss</b>	<b>28.28</b>	<b>21.60</b>

#### Reconciliation of Net Asset/(Liability) recognized:

Particulars	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
Net asset / (liability) recognized at the beginning of the period	(142.02)	(113.45)
Holding Company's contributions	-	-
Benefits directly paid by Holding Company	3.15	2.33
Expense recognized for the year	(28.28)	(21.60)
Amount recognized in OCI	(18.22)	(9.30)
<b>Net asset / (liability) recognized at the end of the period</b>	<b>(185.37)</b>	<b>(142.02)</b>

#### The followings are the expected benefit payments to the defined benefit plan in future years :

Particulars	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
Within one year	11.24	9.23
After one year but not more than five years	47.53	32.56
After five years but not more than ten years	89.01	66.50

# Notes to Financial Statements

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

## 40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 11.07 years (March 31, 2020: 10.73 years)

### Sensitivity analysis

#### A) Impact of change in discount rate when base assumption is decreased/increased in present value of obligation

In ₹ Million

Discount rate	As at March 31, 2021	As at March 31, 2020
Decrease by 1%	207.42	159.09
Increase by 1%	166.66	127.61

#### B) Impact of change in salary increase rate when base assumption is decreased/increased in present value of obligation

In ₹ Million

Salary increment rate	As at March 31, 2021	As at March 31, 2020
Decrease by 1%	168.08	128.69
Increase by 1%	205.32	157.44

#### C) Impact of change in withdrawal rate when base assumption is decreased/increased in present value of obligation

In ₹ Million

Withdrawal rate	As at March 31, 2021	As at March 31, 2020
Decrease by 1%	185.71	142.54
Increase by 1%	185.06	141.52

### (c) Provident fund

In accordance with the law, all employees of the Holding Company are entitled to receive benefits under the provident fund. The Holding Company operates two plans for its employees to provide employee benefits in the nature of provident fund, viz; defined contribution plan and defined benefit plan.

Under the defined contribution plan, provident fund is contributed to the government administered provident fund. The Holding Company has no obligation, other than the contribution payable to the provident fund.

Under the defined benefit plan, the Holding Company contributes to the "Bharat Forge Holding Company Limited Staff Provident Fund Trust". The Holding Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The details of the defined benefit plan based on actuarial valuation report are as follows:

#### 1) Liability risks:

##### a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Holding Company is successfully able to neutralize valuation swings caused by interest rate movements. Hence, companies are encouraged to adopt asset-liability management.

## Notes to Financial Statements

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

### 40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

**b) Discount rate risk**

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

**c) Future salary escalation and inflation risk**

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

The principal assumptions used in determining provident fund liability/shortfall for the Holding Company's plan is shown below:

Particulars	In ₹ Million	
	Year ended March 31, 2021	Year ended March 31, 2020
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	6.90%	6.80%
Interest rate declared by Employees' Provident Fund Organisation for the year	8.50%	8.55%
Yield spread	0.50%	0.50%
Expected average remaining working lives of employees (in years)	11.61*	12.35*
Withdrawal rate		
Age upto 30 years	5.00%	5.00%
Age 31 - 44 years	5.00%	5.00%
Age 45 - 50 years	5.00%	5.00%
Age above 50 years	5.00%	5.00%

\* It is an actuarially calculated term of the plan using probabilities of death, withdrawal and retirement.

### Table showing changes in present value of expected interest rate shortfall:

Particulars	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
Present value of expected Interest rate shortfall as at the beginning of the period	169.03	52.84
Interest cost	11.49	4.07
Current service cost	18.61	5.66
Actuarial Loss / (Gain) on obligations	(48.17)	106.46
<b>Present value of expected Interest rate shortfall as at the end of the period</b>	<b>150.96</b>	<b>169.03</b>

# Notes to Financial Statements

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

## 40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

Table showing changes in fair value of plan assets (Surplus account):

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Fair value of plan assets as at the beginning of the period (Surplus Account)	-	20.98
Interest Income	-	1.61
Amount transferred to cover shortfall	-	-
Actuarial Gain / (Loss) on plan assets	30.96	(22.59)
<b>Fair value of plan assets as at the end of the period (Surplus Account)</b>	<b>30.96</b>	<b>-</b>

### Net Interest (Income/Expense)

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest (Income) / Expense – Obligation	11.49	4.07
Interest (Income) / Expense – Plan assets	-	(1.61)
<b>Net Interest (Income) / Expense for the period</b>	<b>11.49</b>	<b>2.46</b>

### Actuarial gain / loss recognized

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Actuarial (Gain)/Loss for the period – Obligation	(48.17)	106.46
Actuarial (Gain)/Loss for the period – Plan assets	(30.96)	22.59
<b>Total (Gain)/Loss for the year</b>	<b>(79.13)</b>	<b>129.05</b>
<b>Actuarial (Gain)/Loss recognized in the year</b>	<b>(79.13)</b>	<b>129.05</b>

### The amounts to be recognized in the balance sheet:

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of expected Interest rate shortfall as at the end of the period	150.96	169.03
Fair value of the plan assets as at the end of the period (Surplus Account)	30.96	-
<b>Surplus / (Deficit)</b>	<b>(120.00)</b>	<b>(169.03)</b>
Net asset / (liability) recognized in the balance sheet	(120.00)	(169.03)

### Amount recognized in Statement of Other comprehensive Income (OCI)

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Remeasurement for the period-Obligation (Gain)/Loss	(48.17)	106.46
Remeasurement for the period-Plan assets (Gain)/Loss	(30.96)	22.59
<b>Total Remeasurement cost/(credit) for the period recognized in OCI</b>	<b>(79.13)</b>	<b>129.05</b>

## Notes to Financial Statements

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

### 40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

Expense recognized in the statement of profit and loss

Particulars	In ₹ Million	
	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost (Refer note 28)	18.61	5.66
Net Interest (Income) / Expense (Refer note 25/30)	11.49	2.46
<b>Net periodic benefit cost recognized in the statement of profit and loss</b>	<b>30.10</b>	<b>8.12</b>

#### Sensitivity analysis

##### A) Impact of change in discount rate when base assumption is decreased/increased by 50 basis point

Discount rate	In ₹ Million	
	Year ended March 31, 2021	Year ended March 31, 2020
Decrease by 0.50%	212.38	227.79
Increase by 0.50%	93.06	113.71

##### B) Impact of change in expected future interest rate on PF when base assumption is decreased/increased by 50 basis point

PF interest rate	In ₹ Million	
	Year ended March 31, 2021	Year ended March 31, 2020
Decrease by 0.50%	94.86	116.85
Increase by 0.50%	207.05	221.20

#### Overseas subsidiaries

##### (d) Pension plan

The overseas subsidiaries operate a pension scheme which is a defined benefit plan. The scheme pertains to employees who have left the organization. The present value of defined benefit obligation and the related current service costs are measured using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. An individual's estimated benefit obligation is the present value of the attributed benefit for valuation purposes at the beginning of the plan year, and the service cost is the present value of the benefit attributed to the year of service in the plan year.

The following table summarizes the components of net benefit expense recognized in the Statement of profit and loss and amounts recognized in the balance sheet for the pension plan.

The principal assumptions used in determining pension plan for the Group's overseas subsidiaries is shown below:

Particulars	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
Mortality table	Heubeck 2018 G	Heubeck 2018 G
Discount rate	0.50% to 2.34%	0.80% to 1.54%
Rate of increase in compensation levels	1.00% to 2.00%	1.00% to 2.00%

# Notes to Financial Statements

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

## 40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

Changes in the present value of the defined benefit obligation recognized in consolidated balance sheet are as follows:

Particulars	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
Opening defined benefit obligation	1,176.74	1,032.63
Foreign Currency Translation Reserve (FCTR) Impact on opening balance	151.52	1.62
Interest expense	16.59	21.07
Current service cost	17.49	14.93
Benefits paid	(28.42)	(24.23)
Remeasurements on obligation [Actuarial (Gain) / Loss]	49.76	130.72
<b>Closing defined benefit obligation</b>	<b>1,383.68</b>	<b>1,176.74</b>

Changes in the fair value of plan assets recognized in the consolidated balance sheet are as follows:

Particulars	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
Opening fair value of plan assets	21.24	21.05
Foreign Currency Translation Reserve (FCTR) Impact on opening balance	2.02	0.03
Interest income	0.37	0.39
Benefits paid	(0.22)	(0.41)
Remeasurements-Actuarial gains / (losses)	0.23	0.18
<b>Closing fair value of plan assets</b>	<b>23.64</b>	<b>21.24</b>
Actual return on plan assets	0.60	0.57

## Net Interest (Income/Expense)

Particulars	In ₹ Million	
	Year ended March 31, 2021	Year ended March 31, 2020
Interest (Income) / Expense – Obligation	16.59	21.07
Interest (Income) / Expense – Plan assets	(0.37)	(0.39)
<b>Net Interest (Income) / Expense for the period</b>	<b>16.22</b>	<b>20.68</b>

## Amount recognized in Statement of Other comprehensive Income (OCI)

Particulars	In ₹ Million	
	Year ended March 31, 2021	Year ended March 31, 2020
Remeasurement for the period-Obligation (Gain)/Loss	49.76	130.72
Remeasurement for the period-Plan assets (Gain)/Loss	(0.23)	(0.18)
<b>Total Remeasurement cost/(credit) for the period recognized in OCI</b>	<b>49.53</b>	<b>130.54</b>

## Notes to Financial Statements

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

### 40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

The amounts to be recognized in the Balance Sheet

Particulars	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
Present value of defined benefit obligations	(1,383.68)	(1,176.74)
Fair value of plan assets	23.64	21.24
<b>Net Asset / (liability) to be recognized in balance sheet</b>	<b>(1,360.04)</b>	<b>(1,155.50)</b>

Expense recognized in the statement of profit and loss

Particulars	In ₹ Million	
	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost	17.49	14.93
Net Interest (Income) / Expense	16.22	20.68
<b>Net periodic benefit cost recognized in the statement of profit &amp; loss</b>	<b>33.71</b>	<b>35.61</b>

Reconciliation of Net Asset/(Liability) recognized:

Particulars	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
Net asset / (liability) recognized at the beginning of the period	(1,155.50)	(1,011.58)
Foreign Currency Translation Reserve (FCTR) Impact on Opening Balance	(149.50)	(1.59)
Benefits directly paid by the Group	28.20	23.82
Expense recognized for the year	(33.71)	(35.61)
Amount recognized in OCI	(49.53)	(130.54)
<b>Net asset / (liability) recognized at the end of the period</b>	<b>(1,360.04)</b>	<b>(1,155.50)</b>

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	As at	
	March 31, 2021	March 31, 2020
Funds managed by insurer	100%	100%

# Notes to Financial Statements

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

## 40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

### Sensitivity analysis

Impact of change in discount rate when base assumption is present value of obligation decreased/increased in present value of obligation

Discount rate	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
Decrease by 0.50%	121.22	113.54
Increase by 0.50%	117.85	(99.48)

The pension scheme pertains to employees who have already left the organization. Hence, the impact of change in salary increase rate and withdrawal rate is nil and hence not disclosed.

The followings are the expected contributions to the defined benefit plan in future years :

	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
Within the next 12 months (next annual reporting period)	31.79	28.55
Between 2 and 5 years	145.83	130.27
Beyond 5 and 10 years	228.04	204.12
Beyond 10 years	1,494.65	1,332.60
Total expected payments	<b>1,900.31</b>	<b>1,695.54</b>

### (e) Other long term benefits

Other long term benefits includes early retirement scheme as governed by the local laws amounting to ₹ 62.33 million (March 31, 2020: ₹ 53.49 million) and jubilee scheme as governed by the local laws amounting to ₹ 91.65 million (March 31, 2020: ₹ 76.36 million).

One of the subsidiary has an employees' savings plan which qualifies under Internal Revenue Code as governed by the local laws. The plan allows eligible employees to make voluntary contributions based on a specific percentage of compensation which may not exceed limitations under the said Internal Revenue Code. The Group has a discretionary matching contribution of 50% up to 6% of compensation. The total expense for employee retirement contribution plans for the year ended March 31, 2021 was ₹ 57.95 million (March 31, 2020: ₹ 10.87 million) included in note 28 as part of employee benefits expenses.

### Indian subsidiaries

#### (f) Gratuity plans

The present value of defined benefit obligation and the related current service costs are measured using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. The gratuity benefits are governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. Majority of the schemes are funded with insurance companies in the form of qualifying insurance policy.

## Notes to Financial Statements

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

### 40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

#### Risk exposure and asset liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on uncertain long term obligations to make future benefit payments.

#### 1) Liability risks

##### a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Group is successfully able to neutralize valuation swings caused by interest rate movements.

##### b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

##### c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

#### 2) Asset risks

All plan assets are maintained in a trust fund managed by a public sector insurer viz; LIC of India and other insurance companies. LIC and other insurance companies has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Group has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The respective subsidiary have no control over the management of funds but this option provides a high level of safety for the total corpus. Same account is maintained for both the investment and claim settlement and hence, 100% liquidity is ensured and also interest rate and inflation risk are taken care of.

The following table summarizes the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

The principal assumptions used in determining gratuity for the Indian subsidiary's plan is shown below:

Particulars	As at March 31, 2021	As at March 31, 2020
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	5.90% - 7.00%	6.00% - 7.21%
Rate of increase in compensation levels	6.00% - 10.00%	6.00% - 10.00%
Expected average remaining working lives (in years)	4.10 - 21.39	4.38 - 20.85
Withdrawal rate (based on grade and age of employees)		
Age unto 30 years	1% to 20%	1% to 20%
Age 31 - 44 years	1% to 20%	1% to 20%
Age 45 - 50 years	1% to 20%	1% to 20%
Age above 50 years	1% to 20%	1% to 20%

# Notes to Financial Statements

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

## 40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

Changes in the present value of the defined benefit obligation recognized in consolidated balance sheet are as follows:

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Opening defined benefit obligation	4.70	3.56
Adjustment to defined benefit obligation		
Interest expense	0.31	0.42
Current service cost	0.90	0.43
Benefits paid	(0.20)	(0.03)
Remeasurements on obligation [Actuarial (Gain) / Loss]	(0.28)	0.32
Acquisition (credit)/cost	-	-
<b>Closing defined benefit obligation</b>	<b>5.43</b>	<b>4.70</b>

Changes in the fair value of plan assets recognized in the consolidated balance sheet are as follows:

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Opening fair value of plan assets	2.33	1.98
Adjustment to fair value of plan asset	(0.10)	-
Interest Income	0.17	0.17
Benefits paid	(0.20)	(0.03)
Return on plan assets, excluding amount recognized in Interest Income - Gain / (Loss)	(0.04)	0.21
<b>Closing fair value of plan assets</b>	<b>2.16</b>	<b>2.33</b>
Actual return on plan assets	0.15	0.18

## Net Interest (Income/Expense)

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest (Income) / Expense – Obligation	0.31	0.42
Interest (Income) / Expense – Plan assets	(0.17)	(0.17)
<b>Net Interest (Income) / Expense for the period</b>	<b>0.14</b>	<b>0.25</b>

## Notes to Financial Statements

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

### 40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

#### Remeasurement for the period [Actuarial (Gain)/loss]

Particulars	In ₹ Million	
	Year ended March 31, 2021	Year ended March 31, 2020
Experience (Gain) / Loss on plan liabilities	(0.22)	0.05
Demographic (Gain) / Loss on plan liabilities	0.03	(0.18)
Financial (Gain) / Loss on plan liabilities	(0.10)	0.45
Experience (Gain) / Loss on plan assets	0.02	(0.02)
Financial (Gain) / Loss on plan assets	-	0.01

#### Amount recognized in Statement of Other comprehensive Income (OCI)

Particulars	In ₹ Million	
	Year ended March 31, 2021	Year ended March 31, 2020
Opening amount recognized in OCI outside profit and loss account	0.71	0.60
Remeasurement for the period-Obligation (Gain)/Loss	(0.28)	0.32
Remeasurement for the period-Plan assets (Gain)/Loss	0.02	(0.21)
Total Remeasurement cost/(credit) for the period recognized in OCI	(0.26)	0.11
<b>Closing amount recognized in OCI outside profit and loss account</b>	<b>0.45</b>	<b>0.71</b>

#### The amounts to be recognized in the Balance Sheet

Particulars	In ₹ Million	
	Year ended March 31, 2021	Year ended March 31, 2020
Present value of defined benefit obligations	(5.42)	(4.70)
Fair value of plan assets	2.16	2.33
<b>Net Asset / (liability) to be recognized in balance sheet</b>	<b>(3.26)</b>	<b>(2.37)</b>

#### Expense recognized in the statement of profit and loss

Particulars	In ₹ Million	
	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost	0.90	0.43
Net Interest (Income) / Expense	0.14	0.25
<b>Net periodic benefit cost recognized in the statement of profit &amp; loss</b>	<b>1.04</b>	<b>0.68</b>

# Notes to Financial Statements

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

## 40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

Reconciliation of Net Asset/(Liability) recognized:

Particulars	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
Net asset / (liability) recognized at the beginning of the period	(2.37)	(1.04)
Adjustment to opening balance	-	(0.54)
Expense recognized for the year	(1.04)	(0.68)
Amount recognized in OCI	0.26	(0.11)
Adjustment to fund	(0.11)	-
<b>Net (liability) recognized at the end of the period</b>	<b>(3.26)</b>	<b>(2.37)</b>

The Indian subsidiaries expect to contribute ₹ Nil to gratuity fund in the next year (March 31, 2020: ₹ Nil).

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Funds managed by insurer	100.00%	100.00%

### Sensitivity analysis

#### A) Impact of change in discount rate when base assumption is decreased/increased in Present value of obligation

Discount rate	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
Increase by 1%	5.04	4.26
Decrease by 1%	5.87	5.22

#### B) Impact of change in salary increase rate when base assumption is decreased/increased in Present value of obligation

Salary increment rate	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
Increase by 1%	5.85	5.19
Decrease by 1%	5.05	4.28

## Notes to Financial Statements

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

### 40. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

#### C) Impact of change in withdrawal rate when base assumption is decreased/increased in Present value of obligation

In ₹ Million

Withdrawal rate	As at March 31, 2021	As at March 31, 2020
Increase by 1%	5.42	4.70
Decrease by 1%	5.42	4.70

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following are the expected benefit payments to the defined benefit plan in future years :

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Year ending March 31		
Within one year	1.93	0.10
After one year but not more than five years	0.35	1.42
After five years but not more than ten years	0.92	2.81
<b>Total expected payments</b>	<b>3.20</b>	<b>4.33</b>

Under the defined contribution plan, provident fund is contributed to the government administered provident fund. The Group has no obligation, other than the contribution payable to the provident fund.

### 41. CONTINGENT LIABILITIES

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Claims against the Group not acknowledged as Debts - to the extent ascertained (Refer note a,c,d)	1,131.85	1,029.64
Excise/Service tax demands - matters under dispute (Refer note e)	260.21	260.21
Customs demands - matters under dispute (Refer note f)	50.97	50.97
Sales tax demands - matters under dispute (Refer note g)	37.16	35.75
Income tax demands - matters under dispute (Refer note h)	-	54.92
Others (Refer note b)	9.54	4.53

(a) The Claim against the Group comprise of dues in respect to personnel claims (amount unascertainable), local taxes etc.

# Notes to Financial Statements

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

## 41. CONTINGENT LIABILITIES (Contd.):

(b) Includes:

- contingent liability to employees as per agreed terms.
- One of the subsidiaries has availed exemption from stamp duty amounting to ₹ 3.32 million, in respect of agreement to lease executed during the earlier financial year. The said exemption is availed in accordance with the Package Scheme of Incentive, 2013 of the Government of Maharashtra. As per the conditions attached, the subsidiary is required to start the activities within a period of three years from the date of instrument, which is January 17, 2018. The subsidiary will be liable to pay the whole of the stamp duty and applicable penalty in the event the Subsidiary is unable to fulfil this condition. The Group believes that the Subsidiary will be able to fulfil this condition comfortably and hence, cash outflow on that account is highly unlikely.
- One of the subsidiaries is in the process of setting-up manufacturing facility at Additional Jejuri Industrial Area, MIDC, Jejuri, District Pune. The subsidiary had sought extension of time-line for completion of construction upto 9th March, 2021. The same was granted by MIDC without any additional charge. While the pandemic COVID-19 has significantly affected the civil construction activities all over the country which may cause delay in completion of construction, the Management is confident that it would be in a position to complete the construction before the further extended timeline. As a matter of abundant caution, management has also represented to MIDC its inability to commence construction as of now given the lockdown situation and remains confident that MIDC is expected to take lenient position on penal charges in the event the completion of construction is delayed beyond the extended time limit.

(c) The Group has disputed certain amounts claimed by its suppliers/customers which the Group believes to be not payable as per the underlying contracts. The Group has not provided for the amount, as it believes that there shall not be any probable outflow of resources.

(d) The amount of claim is arbitral award passed by arbitrator against one of the subsidiary on May 10, 2019 in the matter of arbitration proceedings concerning termination of Share purchase agreement dated December 18, 2010 by the subsidiary, directing the subsidiary to pay ₹ 770.00 million to the claimant. In the opinion of the Group and the legal advisor, said award is biased and perverse. The subsidiary has filed an appeal against the said order in Delhi High court. Based on the legal advice, the Management is of the view that the possibility of cash outflow on this account is remote.

(e) Includes amount pertaining to incentive received under Government scheme, etc.

(f) Includes amount pertaining to classification differences of products etc.

(g) Includes amount pertaining to duty demand by authorities on non-taxable services and for non-receipt of various statutory forms, etc.

(h) Includes amount pertaining to matter relating to applicability of TDS.

Note : In cases where the amounts have been accrued, it has not been included above.

### Deferred payment liabilities

Sales tax deferral incentives attached to the erstwhile windmill division, which was demerged to BF Utilities Limited (BFUL) under section 392 and 394 of the erstwhile Companies Act, 1956 sanctioned by the High Court of the Judicature at Mumbai, have been passed on thereafter from year to year by the Group to the latter, under an arrangement, with all liabilities and obligations attached thereto taken over completely by BFUL. The net liability outstanding of BFUL after such pass on amounts to ₹ 45.12 million (March 31, 2020: ₹ 97.41 million).

Refer notes 38 and 39 for contingent liabilities with respect to group's share in joint venture and associates

## Notes to Financial Statements

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

### 42. CAPITAL AND OTHER COMMITMENTS

Particulars	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
(a) Guarantees given by Group's Bankers on behalf of the Group, against sanctioned guarantee limit of ₹7,250 million (March 31, 2020: ₹7,250 million) for contracts undertaken by the Group and other matters are secured by extension of charge by way of joint hypothecation of stock-in-trade, stores and spares etc., book debts, subject to prior charge in their favour	2,984.73	2,307.85
(b) Guarantees given by the Holding Company on behalf of subsidiaries/ related parties	6,128.40	2,307.85
(c) Estimated value of contracts remaining to be executed on capital accounts and not provided for, net of advances	2,633.50	2,127.80
(d) Commitments relating to further investment in private equity fund of Paragon Partners Growth Fund - I	-	5.00
(e) Commitments relating to further investment in Aeron Systems Private Limited	-	20.00

The Group, for its newly set up plant located at Mambattu, Nellore, Andhra Pradesh for Manufacture of Aluminium Casting, has imported capital Goods under the Export Promotion Capital goods Scheme of the Government of India, at concessional rates of Duty on an undertaking to fulfil quantified exports against which remaining future obligation aggregates USD 9.82 Million (₹ 743.93 million), over a period of 6 years (Block year 1st to 4th year - 50% and 5th to 6th year - 50%) from December 14, 2018, while maintaining average export of USD Nil per annum, as specified. Non fulfilment of such future obligations, in the manner required, if any entails options / rights to the Government to levy penalties under the above referred scheme.

### 43. LEASES

#### A. Group as lessee

The Group has lease contracts for various items of buildings, leasehold land, plant and machinery, office equipments, electrical installation, furniture fixtures, vehicles and other equipment used in its operations. Leases of Buildings, leasehold land, plant and machinery generally have lease terms between 2 and 16 years, while motor vehicles and other equipment generally have lease terms between 2 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further mentioned below:

The Group also has certain leases of machinery, flats with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

# Notes to Financial Statements

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

## 43. LEASES (Contd.):

Below are the carrying amounts of right-of-use assets recognised and the movements during the period:

In ₹ Million

Particulars	Buildings	Plant and machinery	Office equipments	Electrical installations	Furniture and fixtures	Vehicles	Leasehold Land	Total
<b>At April 1, 2019</b>	<b>866.65</b>	<b>114.26</b>	<b>31.50</b>	<b>21.85</b>	<b>8.37</b>	<b>129.71</b>	<b>0.02</b>	<b>1,172.36</b>
Transferred from property, plant and equipment (Refer Note 3)	-	114.39	-	-	-	-	146.41	260.80
Additions	164.44	-	-	-	-	-	0.65	165.09
Depreciation	(104.79)	(93.01)	(7.38)	(8.72)	(2.01)	(39.36)	(1.83)	(257.10)
Foreign Currency Translation Reserve	(1.49)	(1.45)	(0.23)	(0.11)	(0.03)	(0.52)	(0.03)	(3.86)
<b>As at March 31, 2020</b>	<b>924.81</b>	<b>134.19</b>	<b>23.89</b>	<b>13.02</b>	<b>6.33</b>	<b>89.83</b>	<b>145.22</b>	<b>1,337.29</b>
Additions	57.31	1,734.86	1.69	-	-	7.86	0.10	1,801.82
Depreciation	(126.09)	(141.35)	(6.44)	(8.62)	(1.75)	(41.02)	(1.70)	(326.97)
Foreign Currency Translation Reserve	27.85	9.90	2.88	1.10	0.68	10.28	(3.73)	48.97
<b>As at March 31, 2021</b>	<b>883.88</b>	<b>1,737.60</b>	<b>22.02</b>	<b>5.50</b>	<b>5.26</b>	<b>66.95</b>	<b>139.89</b>	<b>2,861.11</b>

Below are the carrying amounts of lease liabilities and the movements during the period:

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
<b>Opening balance</b>	<b>1,212.69</b>	<b>1,135.60</b>
Transferred from borrowings*	-	173.23
Additions	1,801.82	148.01
Accretion of Interest	107.75	53.59
Payments	(441.08)	(297.74)
Foreign Currency Translation Reserve	71.67	-
<b>Closing balance</b>	<b>2,752.85</b>	<b>1,212.69</b>
Current	506.01	271.67
Non - Current	2,246.84	941.02

\*includes lease liabilities transferred from borrowings of nil (March 31, 2020: ₹ 173.23 million).

The maturity analysis of lease liabilities are disclosed in Note 53.

The effective interest rate for lease liabilities is between 8.40% to 9.85% for domestic entities and 1.90% to 4.4 % for Overseas entities with maturity between 2021-2029.

## Notes to Financial Statements

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

### 43. LEASES (Contd.):

The following are the amounts recognised in profit or loss:

Particulars	In ₹ Million	
	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation expense of right-of-use assets	326.97	257.10
Interest expense on lease liabilities	107.75	53.59
Expense relating to short-term leases (included in Other expenses)	72.60	98.03
Expense relating to leases of low-value assets (included in Other expenses)	-	0.01
<b>Total amount recognised in profit or loss</b>	<b>507.32</b>	<b>408.73</b>

The Group had total cash outflows for leases of ₹ 441.08 million (March 31, 2020: ₹ 272.74 million). The Group also had non-cash additions to right-of-use assets and lease liabilities of ₹ 1,801.82 million (March 31, 2020: ₹ 1,598.25 million) and ₹ 1,909.57 million (March 31, 2020: ₹ 1,510.43 million), respectively.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. (See note 35).

Below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

Particulars	In ₹ Million		
	Within five years	More than five years	Total
<b>March 31, 2021</b>			
Extension options expected not to be exercised	-	-	-
Termination options expected to be exercised	-	-	-
Obligations under leases not yet commenced	137.87	297.52	435.39
<b>March 31, 2020</b>			
Extension options expected not to be exercised	2.56	-	2.56
Termination options expected to be exercised	-	-	-
Obligations under leases not yet commenced	761.43	1,730.52	2,491.95

#### B. Group as a lessor

The Group has entered into agreements/arrangement in the nature of lease/sub-lease agreement with different lessees for the purpose of land. These are generally in the nature of operating lease. Period of agreements are generally for three years to ten years and cancellable with a notice of thirty days to six months and renewal at the options of the lessee/lessor.

Future minimum rentals receivable under non-cancellable operating leases are as follows:

Particulars	In ₹ Million	
	Year ended March 31, 2021	Year ended March 31, 2020
Within one year	3.12	2.90
After one year but not more than five years	1.44	3.19
<b>Total</b>	<b>4.56</b>	<b>6.09</b>

# Notes to Financial Statements

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

## 44. DEFERRAL/CAPITALISATION OF EXCHANGE DIFFERENCES

On the date of transition to Ind AS, the Group has availed the option under Ind AS 101 para D13AA for borrowings availed before April 1, 2016 to continue the policy adopted for accounting for exchange differences arising from translation of foreign currency monetary items recognised in financial statements.

Particulars	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
Cost of the assets / capital work in progress	30.75	(132.33)
FCMITDA	8.43	(36.27)
Amortised in the current year	9.65	(42.09)

## 45. LOANS AND ADVANCES IN THE NATURE OF LOANS GIVEN TO ASSOCIATES /COMPANIES IN WHICH DIRECTORS ARE INTERESTED

Particulars	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
<b>Ferrovia Transrail Solutions Private Limited</b>		
Balance outstanding as at March 31	181.72	152.60
Maximum amount outstanding during the year	191.74	162.94
<b>Tevva Motors (Jersey) Limited*</b>		
Balance outstanding as at March 31	-	303.87
Maximum amount outstanding during the year	303.87	303.87
<b>Tork Motors Private Limited</b>		
Balance outstanding as at March 31	38.00	-
Maximum amount outstanding during the year	40.00	-
<b>Saarloha Advanced Materials Private Limited**</b>		
Balance outstanding as at March 31	1,350.00	1,350.00
Maximum amount outstanding during the year	1,350.00	1,350.00

\* Refer note 6 for the details of balance outstanding.

\*\* Short term advance converted into a long term advance for a period of 4 years.

## 46. BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS

### Acquisition of Eternus Performance Materials Private Limited

On April 08, 2019 the Group acquired 51% of equity shares of Eternus Performance Materials Private Limited, a non listed company based in Kolhapur, which is in the business of high end research and development oriented manufacturing of Advanced Composite Products and precision machined metallic components. Since the Group is also involved in Defense and Aerospace related business, it enables the Group in achieving mutual business synergies in the defense and aerospace segment.

The Group has elected to measure the non-controlling interest in the acquire at fair value.

## Notes to Financial Statements

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

### 46. BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS (Contd.):

The fair values of the identifiable assets acquired and liabilities assumed of Eternus Performance Material Private Limited as at the date of acquisition were:

(In ₹ Million)	
Particulars	As at April 8, 2019
<b>Assets</b>	
Property, plant and equipment	14.01
Intangibles assets	0.40
Cash and cash equivalents	0.55
Trade receivables	8.37
Inventories	2.09
Financial Assets	2.17
Other Assets	0.34
	<b>27.93</b>
<b>Liabilities</b>	
Trade payables	5.30
Other Financial liabilities	0.10
Other Current liabilities	4.91
Borrowings	10.27
	20.58
<b>Total identifiable net assets at fair value</b>	<b>7.35</b>
Non-controlling interest measured at fair value	3.60
Goodwill arising on acquisition	-
<b>Purchase consideration transferred</b>	<b>3.75</b>

None of the trade receivables is credit impaired and it is expected that the full contractual amounts can be collected.

(In ₹ Million)	
Particulars	Amount
Purchase Consideration	(3.75)
Less: Net Cash acquired in business Combination	0.55
Net Cashflow on acquisition	(3.20)

#### Acquisition of business from M/s. KPIT Technologies Limited & Impact Automotive Solutions Limited

The Company entered into a Business Transfer Agreement with KPIT Technologies Limited and Impact Automotive Solutions Limited on 4th September, 2019. As per the said agreement, the Company acquired the business of designing and developing for Governmental Authorities, products to be used in the defense sector including development of components (electronic subsystems) for anti-tank guided missiles which include gimbal control unit, flight control unit, actuator control unit, laser seeker electronics, warhead control unit and power management unit for unmanned aerial vehicles, from KPIT Technologies Limited and Impact Automotive Solutions Limited. The effective date for the transfer of the said business was agreed to be 24th September, 2019. As part of the Business Transfer Agreement (BTA), the sellers transferred running business and assumed assets and intangibles including the customer list.

# Notes to Financial Statements

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

## 46. BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS (Contd.):

The Consideration paid towards acquisition of "Control units" business are as at the date of acquisition were:

(In ₹ Million)

Particulars	As at September 04, 2019
Assets	
Intangibles assets	16.49
<b>Total identifiable net assets at fair value</b>	<b>16.49</b>
Goodwill arising on acquisition	51.90
Purchase consideration transferred	68.39

The fair value measurements are based on significant inputs that are not observable in the market. The fair value estimate is based on an assumed discount rate of 15.50%.

The total amount of goodwill that is expected to be deductible for tax purposes over a number of years is ₹ 51.90 million.

As a part of the Business Transfer Agreement (BTA), the sellers have transferred running business, assets and intangibles including the customer list. The consideration agreed is ₹ 68.39 million.

(In ₹ Million)

Particulars	Amount
Purchase Consideration	68.39
Less: Net Cash acquired in business Combination	-
Net Cash flow on acquisition	68.39

## 47. DISCLOSURES REQUIRED UNDER SEC. 186(4) OF THE COMPANIES ACT, 2013

(In ₹ Million)

Name of the loanee	Purpose	Rate of Interest (p.a.)	Year ended March 31, 2021	Year ended March 31, 2020
Tevva Motors (Jersey) Limited*	General corporate purpose	12.00%	-	303.87
Tork Motors Private Limited	General corporate purpose	11.00%	38.00	-
Saarloha Advanced Materials Private Limited**	General corporate purpose	8.25%	1,350.00	1,350.00

\* Loan given is unsecured and convertible by December 31, 2021.

\*\* Short term advance converted into a long term advance for a period of 4 years.

**The Company has given guarantees to banks on behalf of the following group companies:**

- Bharat Forge Kilsta AB, step down subsidiary company, of ₹ 1,544.04 million (March 31, 2020: ₹ 1,481.86 million) for working capital requirements which was renewed during the current year.

## Notes to Financial Statements

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

### 47. DISCLOSURES REQUIRED UNDER SEC. 186(4) OF THE COMPANIES ACT, 2013 (Contd.):

- Bharat Forge America Inc., wholly owned subsidiary company, of ₹ 1,389.19 million (March 31, 2020: ₹ 303.04 million) for term loan which was used for acquisition of stepdown subsidiaries and short term loan for expansion of the capacity.
- Bharat Forge Aluminium USA, wholly owned subsidiary company, of ₹ 2,284.84 million (March 31, 2020: nil) for short term loan for expansion of the capacity.
- Kalyani Strategic Systems Limited, subsidiary company, of ₹ 500.00 million (March 31, 2020: nil) for availing non-fund based credit facilities from the banks.

### 48. RELATED PARTY DISCLOSURES

#### (i) Names of the related parties and related party relationship

Related parties with whom transactions have taken place during the period.	
<b>Associates</b>	Ferrovia Transrail Solutions Private Limited, India
	Hospet Bellary Highways Private Limited, India (dissolved on January 12, 2021)
	Tork Motors Private Limited, India
	Talbahn GmbH (Investment through wholly owned subsidiary), Germany
	Tevva Motors (Jersey) Limited, Jersey
	Aeron Systems Private Limited, India (w.e.f. May 21, 2019)
<b>Joint Ventures</b>	BF NTPC Energy Systems Limited, India (under liquidation)
	BF Premier Energy Systems Private Limited, India
	REFU Drive GmbH, Germany (w.e.f. September 19, 2019)
<b>Subsidiaries/associates of associates</b>	Lycan Electric Private Limited, India
	Tork Motors (UK) Limited, UK (dissolved w.e.f. September 22, 2020)
	Tevva Motors Limited, UK*
<b>Subsidiary of Joint Venture</b>	REFU Drive India Private Limited, India (w.e.f. September 19, 2019)
<b>Other related parties</b>	Kalyani Steels Limited, India
	BF Utilities Limited, India
	Automotive Axles Limited, India
	Khed Economic Infrastructure Private Limited, India
	Kalyani Maxion Wheels Private Limited, India
	Kalyani Technologies Limited, India (w.e.f. April 01, 2019)
	Kalyani Technoforge Limited, India (w.e.f. April 01, 2019)
	Institute for Prostate Cancer, India
	United Metachem Private Limited, India
	Harmony Electoral Trust, India
	Tirupati Engineers, India
	M. J. Risbud & Co., India
	H M Risbud & Co., India
	Irbaris LLP, UK (w.e.f. January 01, 2019)
	Baramati Speciality Steels Limited, India (w.e.f. April 01, 2019)

\*During the year, Tevva Motors Limited became associate of Tevva Motors (Jersey) Limited due to dilution of stake held.

# Notes to Financial Statements

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

## 48. RELATED PARTY DISCLOSURES (Contd.):

### (i) Names of the related parties and related party relationship (Contd.):

<b>Other related parties (Contd.):</b>	Nandi Economic Corridor Enterprises Limited, India (w.e.f. April 01, 2019)
	Saarloha Advanced Materials Private Limited, India (w.e.f. April 01, 2019)
	KGEPL Engineering Solutions Private Limited, India (w.e.f. April 01, 2019)
	Kalyani Transmission Technologies Private Limited, India (w.e.f. April 01, 2019)
	Kalyani Technoweld Private Limited, India (w.e.f. April 01, 2019)
	Akutai Kalyani Charitable Trust, India (w.e.f. April 1, 2019)
	Vishalgad Trading Company Private Limited, India (w.e.f. April 1, 2019)
	Rayagad Trading Company Private Limited, India (w.e.f. April 1, 2019)
	Purandhar Trading Company Private Limited, India (w.e.f. April 1, 2019)
	Goalkonda Trading Company Private Limited, India (w.e.f. April 1, 2019)
	KTMS Properties Company Private Limited, India (w.e.f. April 1, 2019)
	Aeternus (w.e.f. April 08, 2019)
	Givia Pty Ltd ATF Yajilaara Trust
	Radium Merchandise Private Limited (w.e.f. April 1, 2019)
	Growth Spurt Consultant LLP, India (w.e.f. May 29, 2019)
	Inmate Technolgy Solutions Pvt. Ltd., India
<b>Minority holders</b>	Elbit Systems Land and C4I Limited, Israel
	Rafael Advanced Defence Systems Limited, Israel
	Mr. Rahul Pangare , India (w.e.f. April 08, 2019)
	Mr. Vyankoji Shinde , India (w.e.f. April 08, 2019)
<b>Joint venture partners</b>	NTPC Limited, India
	Premier Explosives Limited, India
	REFU Elektronik GmbH, Germany (w.e.f. September 19, 2019)
<b>Key management personnel (including subsidiaries/associates/joint ventures and their subsidiaries)</b>	Mr. B. N. Kalyani (Chairman & Managing Director)
	Mr. A. B. Kalyani (Deputy Managing Director)
	Mr. G. K. Agarwal (Deputy Managing Director)
	Mr. B. P. Kalyani (Executive Director)
	Mr. S. E. Tandale (Executive Director)
	Mr. K. M. Saletore (Executive Director & CFO)
	Ms. T. R. Chaudhari (Company Secretary)
	Mr. P. G. Pawar (Independent Director)
	Mr. S. M. Thakore (Independent Director)
<b>Key management personnel (including subsidiaries/associates/joint ventures)</b>	Mrs. L. D. Gupte (Independent Director)
	Mr. P. H. Ravikumar (Independent Director)
	Mr. P. C. Bhalerao (Non-Executive Director)

## Notes to Financial Statements

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

### 48. RELATED PARTY DISCLOSURES (Contd.):

#### (i) Names of the related parties and related party relationship (Contd.):

<b>Key management personnel (including subsidiaries/associates/joint ventures) (Contd.):</b>	Mr. V. R. Bhandari (Independent Director)
	Mr. D. B. Mane (Independent Director) (w.e.f. June 21, 2019)
	Mr. M. Sivaraman (Independent Director) (w.e.f. June 21, 2019)
	Mr. R. Jadeja
	Mr. K. Shelke
	Mr. P. Risbud
	Mr. A. Shukla (w.e.f. May 29, 2019)
	Mr. A. Bokil (w.e.f. May 29, 2019)
	Mr. A. Ghosh (w.e.f. May 29, 2019)
	Mr. H. Riegert (w.e.f. September 19, 2019)
	Mr. Horlacher (w.e.f. September 19, 2019)
	Mr. J. Mishra (w.e.f. September 19, 2019)
	Mr. M. Black
	Mr. Asher Bennett
	Mr. R.J.D. Mackie
	Mr. K. Srinivasan (Upto January 10, 2020)
	<b>Relatives of key management personnel</b>
Mr. G. N. Kalyani	
Mrs. R. G. Kalyani	
Ms. S. G. Kalyani	
Mr. V. G. Kalyani	
Mrs. S. J. Hiremath	
Ms. P. Neeraja	
Ms. A. K. Saletore	
Mrs. A. G. Agarwal	
Ms. V. E. Tandale	
Mrs. S. S. Tandale	
Mr. P. S. Kalyani	
Mrs. V. B. Kalyani	
Mrs. A. P. Kore	
Mrs. M. Shelke	
Mrs. Moira Bennett	
Mr. A. Shinde (w.e.f. April 08, 2019)	
Mrs. T. Pangre (w.e.f. April 08, 2019)	
Mrs. R. Shinde (w.e.f. April 08, 2019)	

# Notes to Financial Statements

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

## 48. RELATED PARTY DISCLOSURES (Contd.):

### (i) Names of the related parties and related party relationship (Contd.):

<b>Post employment benefit trust</b>	Bharat Forge Company Limited Staff Provident Fund
	Bharat Forge Company Limited Employees Group Gratuity Fund
	Bharat Forge Company Limited Officers Group Gratuity Fund
	Bharat Forge Company Limited Officers Superannuation Scheme

Transactions and balances less than 10% of the total transactions and balances disclosed as "Others".

### (ii) Related party transactions

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended	
			March 31, 2021	March 31, 2020
1	Purchase of raw materials, components, stores, spares and traded goods	<b>Associates</b>		
		Tevva Motors Limited	-	9.30
			-	<b>9.30</b>
		<b>Other related parties</b>		
		Kalyani Steels Limited	3,369.57	4,162.65
		Saarloha Advance Material Private Limited	7,608.82	8,058.00
		Kalyani Technoforge Limited	1,415.96	3,833.32
		Others	27.58	149.89
			<b>12,421.93</b>	<b>16,203.86</b>
		<b>Joint ventures Partners</b>		
		REFU Elektronik GmbH	11.25	7.83
	<b>11.25</b>	<b>7.83</b>		
	<b>12,433.18</b>	<b>16,220.99</b>		
2	Staff welfare expenses	<b>Other related parties</b>		
		Institute for Prostate Cancer	-	0.38
			-	<b>0.38</b>
3	Other expenses - Power, fuel and water	<b>Other related parties</b>		
		BF Utilities Limited	134.31	154.51
			<b>134.31</b>	<b>154.51</b>
		<b>Joint ventures Partners</b>		
		REFU Elektronik GmbH	-	7.13
			-	<b>7.13</b>
	<b>134.31</b>	<b>161.64</b>		

# Notes to Financial Statements

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

## 48. RELATED PARTY DISCLOSURES (Contd.):

### (ii) Related party transactions (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended	
			March 31, 2021	March 31, 2020
	<b>- Machining / subcontracting charges</b>	<b>Other related parties</b>		
		Kalyani Technoforge Limited	152.74	124.01
		Automotive Axles Limited	31.00	-
		Kalyani Transmission Technologies Private Limited	27.16	1.28
		Others	3.09	1.83
			<b>213.99</b>	<b>127.12</b>
	<b>- Rent</b>	<b>Other related parties</b>		
		United Metachem Private Limited	8.24	6.42
		KTMS Properties Company Private Limited	15.46	16.59
		Others	3.79	3.57
			<b>27.49</b>	<b>26.58</b>
		<b>Associates</b>		
		Tirupati Engineers	2.03	2.03
			<b>2.03</b>	<b>2.03</b>
		<b>Relatives of key management personnel</b>		
		Mrs. S. S. Tandale	0.18	0.18
			<b>0.18</b>	<b>0.18</b>
	<b>- Donations</b>	<b>Other related parties</b>		
		Harmony Electoral Trust	-	100.00
		Akutai Kalyani Charitable Trust	6.50	4.50
			<b>6.50</b>	<b>104.50</b>
	<b>-Directors' fees and travelling expenses</b>	<b>Key management personnel</b>		
		Mr. P. G. Pawar	0.88	0.65
		Mr. S. M. Thakore	0.78	0.83
		Mrs. Lalita D. Gupte	0.38	0.44
		Mr. P. H. Ravikumar	0.70	0.68
		Mr. P. C. Bhalerao	0.85	0.60
		Mr. Vimal Bhandari	0.43	0.42
		Mr. Dipak Mane	0.35	0.16
		Mr. Murali Sivaraman	0.35	0.18
			<b>4.72</b>	<b>3.96</b>

# Notes to Financial Statements

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

## 48. RELATED PARTY DISCLOSURES (Contd.):

### (ii) Related party transactions (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended	
			March 31, 2021	March 31, 2020
	<b>-Commission to directors other than managing and whole time directors</b>	<b>Key management personnel</b>		
		Mr. P. G. Pawar	1.22	1.30
		Mr. S. M. Thakore	1.12	1.30
		Mrs. Lalita D. Gupte	0.55	0.55
		Mr. P. H. Ravikumar	1.05	1.00
		Mr. P. C. Bhalerao	1.20	1.20
		Mr. Vimal Bhandari	0.60	0.55
		Mr. Dipak Mane	0.53	0.30
		Mr. Murali Sivaraman	0.53	0.30
		<b>6.80</b>	<b>6.50</b>	
	<b>- Legal and professional fees</b>	<b>Other related parties</b>		
		Kalyani Technologies Limited	80.00	80.00
		M. J. Risbud & Co.	0.16	0.09
		H. M. Risbud & Co.	0.10	0.21
		Tirupati Engineers	-	-
		<b>80.26</b>	<b>80.30</b>	
	<b>- Repairs and maintenance</b>	<b>Other related parties</b>		
		Kalyani Technoforge Limited	17.74	16.27
		KTMS Properties Company Private Limited	7.82	-
		<b>25.56</b>	<b>16.27</b>	
	<b>- Miscellaneous expenses</b>	<b>Other related parties</b>		
		Tirupati Engineers	-	1.48
		Rafael Advanced Defence Systems Limited	11.78	-
		Kalyani Technologies Limited	51.61	64.08
		Automotive Axles Limited	3.18	-
		<b>66.57</b>	<b>65.56</b>	
		<b>568.41</b>	<b>594.64</b>	
4	<b>Sale of goods, raw materials, stores and spares, manufacturing scrap and tooling income (net of returns, rebate etc.)</b>	<b>Associates</b>		
		Tork Motors Private Limited	0.48	1.50
			<b>0.48</b>	<b>1.50</b>
		<b>Other related parties</b>		
		Saarloha Advanced Materials Private Limited	1,410.34	1,645.67
		Automotive Axles Limited	202.33	158.73
	Others	17.52	29.07	
		<b>1,630.19</b>	<b>1,833.47</b>	

## Notes to Financial Statements

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

### 48. RELATED PARTY DISCLOSURES (Contd.):

#### (ii) Related party transactions (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended	
			March 31, 2021	March 31, 2020
		<b>Joint ventures Partners</b>		
		REFU Elektronik GmbH	64.97	84.13
			<b>64.97</b>	<b>84.13</b>
		<b>Minority holders</b>		
		Rafael Advanced Defence Systems Limited	762.22	634.28
		Elbit Systems Land and C4I Limited	-	10.32
			<b>762.22</b>	<b>644.60</b>
			<b>2,457.86</b>	<b>2,563.70</b>
5	Sale of services	<b>Other related parties</b>		
		Automotive Axles Limited	97.28	89.32
		Saarloha Advanced Materials Private Limited	46.98	51.91
		Others	2.57	3.67
			<b>146.83</b>	<b>144.90</b>
		<b>Joint ventures Partners</b>		
		REFU Elektronik GmbH	22.28	7.62
			<b>22.28</b>	<b>7.62</b>
		<b>Minority holders</b>		
		Rafael Advanced Defence Systems Limited	29.44	-
			<b>29.44</b>	<b>-</b>
			<b>198.55</b>	<b>152.52</b>
6	Other income	<b>Other related parties</b>		
	-Rent	Kalyani Maxion Wheels Limited	0.05	0.05
		Nandi Economic Corridor Enterprises	2.49	2.61
		Baramati Speciality Steels Limited	2.90	2.90
			<b>5.44</b>	<b>5.56</b>
	-Management Consultancy Services	<b>Associates</b>		
		Ferrovia Transrail Solutions Private Limited	2.46	3.20
			<b>2.46</b>	<b>3.20</b>
			<b>7.90</b>	<b>8.76</b>
7	Purchase of property, plant and equipment (including CWIP)	<b>Other related parties</b>		
		KGEPL Engineering Solutions Private Limited	33.77	687.31
		Kalyani Technoforge Limited	38.92	147.25
		Others	3.84	22.17
			<b>76.53</b>	<b>856.73</b>

# Notes to Financial Statements

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

## 48. RELATED PARTY DISCLOSURES (Contd.):

### (ii) Related party transactions (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended		
			March 31, 2021	March 31, 2020	
8	Finance provided: - Investments by Group	<b>Other related parties</b>			
		Kheda Economic Infrastructure Private Limited ( includes fair valuation impact )	(52.20)	58.72	
			<b>(52.20)</b>	<b>58.72</b>	
		<b>Joint ventures</b>			
		REFU Drive GmbH	-	892.34	
			-	<b>892.34</b>	
		<b>Associates</b>			
		Tork Motors Private Limited	-	39.99	
		Aeron Systems Private Limited	60.00	80.00	
			<b>60.00</b>	<b>119.99</b>	
		<b>- Loan given</b>	<b>Associates</b>		
			Tevva Motors (Jersey) Limited	-	328.18
			Tork Motors Private Limited	40.00	-
	Ferrovial Transrail Solutions Private Limited	38.43	17.61		
		<b>78.43</b>	<b>345.79</b>		
		<b>86.23</b>	<b>1,416.84</b>		
9	Interest income	<b>Associates</b>			
		Tork Motors Private Limited	1.30	-	
		Tevva Motors (Jersey) Limited	36.82	18.80	
			<b>38.12</b>	<b>18.80</b>	
		<b>Other related party</b>			
		Saarloha Advanced Materials Private Limited	111.45	-	
	<b>111.45</b>	-			
		<b>149.57</b>	<b>18.80</b>		
10	Capital advance given	<b>Other related party</b>			
		Kheda Economic Infrastructure Private Limited	1,200.00	-	
			<b>1,200.00</b>	-	
11	Advance from customers	<b>Minority holders</b>			
		Rafael Advanced Defence Systems Limited	56.66	196.46	
		Others	-	3.30	
		<b>56.66</b>	<b>199.76</b>		

## Notes to Financial Statements

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

### 48. RELATED PARTY DISCLOSURES (Contd.):

#### (ii) Related party transactions (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended	
			March 31, 2021	March 31, 2020
12	Advance given to vendors	<b>Associates</b>		
		Tevva Motors Limited	-	15.51
			-	<b>15.51</b>
		<b>Other related parties</b>		
		Saarloha Advanced Materials Private Limited	-	1,350.00
		-	<b>1,350.00</b>	
		-	<b>1,365.51</b>	
13	Managerial remuneration	<b>Key management personnel</b>		
		Mr. B. N. Kalyani	152.57	176.42
		Mr. A. B. Kalyani	41.61	46.27
		Mr. G. K. Agarwal	41.98	46.50
		Mr. S. E. Tandale	38.78	38.81
		Mr. B. P. Kalyani	36.93	38.20
		Mr. K. M. Saletore	32.28	29.56
		Ms. T. R. Chaudhari	2.60	2.98
		Others	56.16	35.34
			<b>402.91</b>	<b>414.08</b>
14	Dividend paid	<b>Key management personnel</b>		
		Mr. B. N. Kalyani	-	0.47
		Mr. A. B. Kalyani	-	4.20
		Mr. G. K. Agarwal	-	0.03
		Mr. B. P. Kalyani	-	0.04
		Mr. K. M. Saletore	-	0.01
		Mr. S. M. Thakore	-	0.17
		Mr. P. H. Ravikumar	-	0.04
			-	<b>4.96</b>
		<b>Relatives of key management personnel</b>		
		Mr. G. N. Kalyani	-	4.14
		Others	-	0.99
			-	<b>5.13</b>
	-	<b>10.09</b>		
15	Repayment of loan given	<b>Associate</b>		
		Ferrovial Transrail Solutions Private Limited	-	-
		Tork Motors Private Limited	2.00	-
			<b>2.00</b>	-

# Notes to Financial Statements

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

## 48. RELATED PARTY DISCLOSURES (Contd.):

### (ii) Related party transactions (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended	
			March 31, 2021	March 31, 2020
16	Loan taken	<b>Minority holders</b>		
		Mr. Rahul Pangare	2.15	1.25
			<b>2.15</b>	<b>1.25</b>
		<b>Other related parties</b>		
		Givia Pty Ltd ATF Yajilaara Trust	24.90	89.91
		Growth Spurt Consultant LLP, India	5.00	-
			<b>29.90</b>	<b>89.91</b>
		<b>Key management personnel</b>		
		Mr. Kapil Shelke	1.50	2.25
		Mr. Abhijit Bokil	6.77	2.65
		Mr. Ashvani Shukla	-	3.07
			<b>8.27</b>	<b>7.97</b>
		<b>Relatives of key management personnel</b>		
		Ms. Meera Shelke	1.75	1.80
	<b>1.75</b>	<b>1.80</b>		
	<b>42.07</b>	<b>100.93</b>		
17	Finance cost	<b>Other related parties</b>		
		Givia Pty Ltd ATF Yajilaara Trust	10.93	5.25
		<b>10.93</b>	<b>5.25</b>	
18	Repayment of loan taken	<b>Minority holders</b>		
		Mr. Rahul Pangare	-	0.18
			<b>-</b>	<b>0.18</b>
		<b>Key management personnel</b>		
		Mr. Kapil Shelke	-	2.25
		Mr. Abhijit Bokil	2.65	2.54
		Mr. Ashvani Shukla	2.94	3.19
			<b>5.59</b>	<b>7.98</b>
		<b>Joint venture partners</b>		
		REFU Elektronik GmbH	89.79	-
			<b>89.79</b>	<b>-</b>
		<b>Relatives of key management personnel</b>		
		Mrs. Meera Shelke	-	1.80
			<b>-</b>	<b>1.80</b>
	<b>95.38</b>	<b>9.96</b>		

## Notes to Financial Statements

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

### 48. RELATED PARTY DISCLOSURES (Contd.):

#### (ii) Related party transactions (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended	
			March 31, 2021	March 31, 2020
19	Contributions paid *	<b>Post employment benefit trusts</b>		
		<b>Provident fund</b>		
		Bharat Forge Company Limited Staff Provident Fund	234.55	229.84
			<b>234.55</b>	<b>229.84</b>
		<b>Gratuity fund</b>		
		Bharat Forge Company Limited Employees Group	35.21	35.00
		Gratuity fund		
		Bharat Forge Company Limited Officer's Group	68.43	63.86
		Gratuity fund		
			<b>103.64</b>	<b>98.86</b>
		<b>Superannuation fund</b>		
		Bharat Forge Company Limited Officer's	20.76	24.03
		Superannuation scheme		
			<b>20.76</b>	<b>24.03</b>
		<b>358.95</b>	<b>352.73</b>	
20	Provision for diminution in value of investment	<b>Associates</b>		
		Tevva Motors (Jersey) Limited	-	475.87
			-	<b>475.87</b>
21	Share based Payment	<b>Key management personnel</b>		
		Mr. M. Black	-	31.26
			-	<b>31.26</b>

\* The above disclosure does not include on behalf payments done by any related parties to each other. For closing balances of above employee benefit trusts refer note 40.

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# Notes to Financial Statements

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

## 48. RELATED PARTY DISCLOSURES (Contd.):

### (iii) Balance outstanding as at the year end

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	As at			
			March 31, 2021	March 31, 2020		
1	Trade payables	<b>Other related parties</b>				
		Kalyani Steels Limited* [Refer note 22]	639.28	469.61		
		Saarloha Advance Material Private Limited [Refer note 22]**	1,803.02	764.12		
		Kalyani Technoforge Limited	861.92	1,050.87		
		Others	59.21	18.95		
			<b>3,363.43</b>	<b>2,303.55</b>		
		<b>Joint ventures Partners</b>				
		REFU Elektronik GmbH	-	1.63		
			-	<b>1.63</b>		
		<b>Associates</b>				
		Tevva Motors Limited	-	0.22		
			-	<b>0.22</b>		
		<b>Minority holders</b>				
		Rafael Advanced Defence Systems Limited	201.82	44.34		
		Elbit Systems Land And C4I Limited	55.66	105.92		
			<b>257.48</b>	<b>150.26</b>		
			<b>3,620.91</b>	<b>2,455.66</b>		
		2	Trade receivable	<b>Other related parties</b>		
				Saarloha Advanced Materials Private Limited	723.79	370.23
Automotive Axles Limited	137.80			88.67		
Others	12.43			45.00		
	<b>874.02</b>			<b>503.90</b>		
<b>Associates</b>						
Tork Motors Private Limited	2.05			1.43		
Ferrovial Transrail Solutions Private Limited	-			3.20		
	<b>2.05</b>			<b>4.63</b>		
<b>Minority holders</b>						
Elbit Systems Land and C4I Limited	-			10.72		
Rafael Advanced Defence Systems Limited	306.97			198.89		
	<b>306.97</b>			<b>209.61</b>		
	<b>1,183.04</b>	<b>718.14</b>				

\* Net of advance given amounting to ₹ 470 million (March 31, 2020 : ₹ 470 million).

\*\* Net of advance given amounting to ₹ 250 million (March 31, 2020 : ₹ 250 million) .

## Notes to Financial Statements

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

### 48. RELATED PARTY DISCLOSURES (Contd.):

#### (iii) Balance outstanding as at the year end (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	As at			
			March 31, 2021	March 31, 2020		
3	Payables for capital goods	<b>Other related parties</b>				
		Kalyani Technoforge Limited	27.15	10.86		
		Others	0.06	0.22		
			<b>27.21</b>	<b>11.08</b>		
		<b>Minority holders</b>				
		Rafael Advanced Defence Systems Limited	-	5.40		
			-	<b>5.40</b>		
			<b>27.21</b>	<b>16.48</b>		
		4	Non-current investments	<b>Other related parties</b>		
				Khed Economic Infrastructure Private Limited (including fair value)	589.58	641.78
	<b>589.58</b>			<b>641.78</b>		
<b>Joint ventures (net of accumulated share of loss)</b>						
BF Premier Energy Systems Pvt. Ltd.	-			-		
Refu Drive GmbH	852.17			912.88		
	<b>852.17</b>			<b>912.88</b>		
<b>Associates (net of accumulated share of loss)</b>						
Tork Motors Private Limited	199.25			232.33		
Tevva Motors (Jersey) Limited	137.83			2.93		
Hospet Bellary Highways Private Limited	-			0.05		
Aeron Systems Private Limited	119.46			70.87		
	<b>456.54</b>			<b>306.18</b>		
	<b>1,898.29</b>			<b>1,860.84</b>		
5	Loans given			<b>Associates</b>		
		Ferrovia Transrail Solutions Private Limited	181.72	152.60		
		Tork Motors Private Limited	38.00	-		
		Tevva Motors (Jersey) Limited	-	328.18		
			<b>219.72</b>	<b>480.78</b>		
6	Loans taken	<b>Joint ventures Partners</b>				
		REFU Elektronik GmbH	-	79.88		
			-	<b>79.88</b>		
		<b>Other related parties</b>				
		Givia Pty Ltd ATF Yajilaara Trust	124.50	93.36		
		Growth Spurt Consultant LLP, India	5.58	0.58		
			<b>130.08</b>	<b>93.94</b>		
		<b>Minority holders</b>				
		Mr. Rahul Pangare	6.48	4.36		
		Mr. Vyankoji Shinde	5.56	4.18		
	<b>12.04</b>	<b>8.54</b>				

# Notes to Financial Statements

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

## 48. RELATED PARTY DISCLOSURES (Contd.):

(iii) Balance outstanding as at the year end (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	As at	
			March 31, 2021	March 31, 2020
		<b>Key management personnel</b>		
		Mr. Abhijit Bokil	2.20	0.54
		Mr. Ashvani Shukla	-	0.49
			<b>2.20</b>	<b>1.03</b>
		<b>Relatives of key management personnel</b>		
		Mr. Ajitsingh Shinde	1.33	1.33
		Mrs. Roma Shinde	0.49	0.49
		Mrs. Tina Pangre	0.49	0.49
			<b>2.31</b>	<b>2.31</b>
			<b>146.63</b>	<b>185.70</b>
<b>7</b>	<b>Security deposits given</b>	<b>Other related parties</b>		
		BF Utilities Limited	200.00	210.00
		Kalyani Technologies Ltd	89.40	89.40
		Radium Merchandise Private Limited	25.00	25.00
		Others	14.71	4.71
			<b>329.11</b>	<b>329.11</b>
		<b>Relatives of key management personnel</b>		
		Mrs. S. S. Tandale	-	0.15
			<b>329.11</b>	<b>329.26</b>
<b>8</b>	<b>Advance to suppliers</b>	<b>Associates</b>		
		Tevva Motors Limited	-	6.19
			-	<b>6.19</b>
		<b>Other related parties</b>		
		Saarloha Advanced Materials Private Limited	1,350.00	1,350.00
		Kalyani Technoforge Limited	-	388.00
		KGEPL Engineering Solutions Private Limited	-	12.70
			<b>1,350.00</b>	<b>1,750.70</b>
			<b>1,350.00</b>	<b>1,756.89</b>
<b>9</b>	<b>Interest accrued</b>	<b>Associates</b>		
		Tevva Motors (Jersey) Limited	-	18.80
			-	<b>18.80</b>
		<b>Joint ventures Partners</b>		
		REFU Elektronik GmbH	0.48	0.53
			<b>0.48</b>	<b>0.53</b>
			<b>0.48</b>	<b>19.33</b>

## Notes to Financial Statements

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

### 48. RELATED PARTY DISCLOSURES (Contd.):

(iii) Balance outstanding as at the year end (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	As at	
			March 31, 2021	March 31, 2020
10	Advance from customers	<b>Other related parties</b>		
		Automotive Axles Limited	3.44	4.20
			<b>3.44</b>	<b>4.20</b>
		<b>Minority holders</b>		
		Rafael Advanced Defence Systems Limited	32.96	131.33
		<b>32.96</b>	<b>131.33</b>	
		<b>36.40</b>	<b>135.53</b>	
11	Capital advances	<b>Other related parties</b>		
		Kalyani Technoforge Limited	22.59	10.45
		KGEPL Engineering Solutions Private Limited	21.48	15.10
		Khed Economic Infrastructure Private Limited	1,200.00	-
			<b>1,244.07</b>	<b>25.55</b>
		<b>Minority holders</b>		
		Elbit Systems Land and C4I Limited	17.67	17.67
	<b>17.67</b>	<b>17.67</b>		
		<b>1,261.74</b>	<b>43.22</b>	
12	Interest accrued on loan taken	<b>Other related parties</b>		
		Givia Pty Ltd ATF Yajilaara Trust	17.26	5.46
			<b>17.26</b>	<b>5.46</b>
13	Managerial remuneration payable*	<b>Key management personnel</b>		
		Mr. B. N. Kalyani	39.00	60.00
		Mr. A. B. Kalyani	3.00	8.00
		Mr. G. K. Agarwal	3.00	8.00
		Mr. S. E. Tandale	14.75	15.00
		Mr. B. P. Kalyani	14.75	15.00
		Mr. K. M. Saletore	13.00	10.00
		Others	8.59	6.02
	<b>96.09</b>	<b>122.02</b>		
14	Commission to directors other than managing and whole time directors	<b>Relatives of directors and other directors</b>		
		Mr. P. G. Pawar	1.22	1.30
		Mr. S. M. Thakore	1.12	1.30
		Mrs. Lalita D. Gupte	0.55	0.55
		Mr. P. H. Ravikumar	1.05	1.00

## Notes to Financial Statements

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

### 48. RELATED PARTY DISCLOSURES (Contd.):

#### (iii) Balance outstanding as at the year end (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related party and nature of relationship	As at	
			March 31, 2021	March 31, 2020
14	Commission to directors other than managing and whole time directors (Contd.):	Mr. P. C. Bhalerao	1.20	1.20
		Mr. Vimal Bhandari	0.60	0.55
		Mr. Dipak Mane	0.53	0.30
		Mr. Murali Sivaraman	0.53	0.30
			<b>6.80</b>	<b>6.50</b>
15	Provision for diminution in value of loan to associate	<b>Associates</b>		
		Ferrovia Transrail Solutions Private Limited	-	-
			-	-
16	Provision for diminution in value of Investment in associate	<b>Associates</b>		
		Tevva Motors (Jersey) Limited	475.87	475.87
			<b>475.87</b>	<b>475.87</b>
17	Share based Payment	<b>Key management personnel</b>		
		Mr. M. Black	-	31.26
			-	<b>31.26</b>

### Notes

\* Does not include gratuity and leave encashment since the same is considered for all employees of the Group as a whole.

1. Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured with a short term duration unless otherwise stated and interest free except for loans and settlement occurs in cash. For the year ended March 31, 2021 the Group has not recorded any impairment of receivables relating to amount owed by related parties other than those disclosed separately above (March 31, 2020 : ₹ Nil). This assessment is undertaken in each financial year through examining the financial position of the related party and the market in which the related party operates.
2. All transactions were made on normal commercial terms and conditions and at market rates.
3. For Details of guarantees to related parties refer note 47.
4. The Group has various other welfare trusts to administer the long term benefits for its employees for which no contribution is made in the current or previous year.

## Notes to Financial Statements

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

### 49. SEGMENT INFORMATION

In accordance with paragraph 22 of notified Indian Accounting Standard 108 Operating Segments (Ind AS 108), the Group has disclosed segment information only on the basis of the consolidated financial statements which are presented together with the standalone financial statements. The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group's business is divided into two reporting segments which comprises of "Forgings" and "Others" which represents the Group's businesses not covered in Forgings segment. The Chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment based on an analysis of various performance indicators.

The Forgings segment produces and sells forged products comprising of forgings and machined components for automotive and industrial sector. Others primarily includes various new initiatives which the Group is carrying out other than forging related activities.

No operating segments have been aggregated to form the above reportable operating segments.

		In ₹ Million	
Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020
<b>1</b>	<b>Segment revenue</b>		
	Revenue from external customers		
a	Forgings	61,116.83	78,541.54
b	Others	3,057.77	2,437.83
	<b>Total</b>	<b>64,174.60</b>	<b>80,979.37</b>
	<b>Less - Intersegment revenue</b>	<b>(4.37)</b>	<b>(76.10)</b>
	<b>Total</b>	<b>64,170.23</b>	<b>80,903.27</b>
	Adjustments and eliminations *	(807.62)	(344.83)
	<b>Revenue from operations</b>	<b>63,362.61</b>	<b>80,558.44</b>
<b>2</b>	<b>Segment results</b>		
a	Forgings	4,307.27	7,793.60
b	Others	(217.01)	(544.90)
	<b>Total segment profits (before interest and tax from each reportable segment)</b>	<b>4,090.26</b>	<b>7,248.70</b>
	Less: Finance cost	1,077.29	1,713.29
	Less: Other unallocable expenditure net off unallocable income	205.23	129.16
	<b>Total profits before tax and exceptional items</b>	<b>2,807.74</b>	<b>5,406.25</b>
	<b>Add: Exceptional items (loss)</b>		
a	Forgings	(3,062.28)	(313.29)
b	Others	-	(475.87)
	<b>Total Exceptional items (loss)</b>	<b>(3,062.28)</b>	<b>(789.16)</b>
	<b>(Loss)/profits before tax and adjustments</b>	<b>(254.54)</b>	<b>4,617.09</b>
	Adjustments and eliminations *	-	-
	<b>Profit before tax</b>	<b>(254.54)</b>	<b>4,617.09</b>

# Notes to Financial Statements

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

## 49. SEGMENT INFORMATION (Contd.):

In ₹ Million

Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020
<b>3</b>	<b>Segment income/(expense)</b>		
<b>3.1</b>	<b>Segment Depreciation, amortisation and impairment expense</b>		
a	Forgings	5,819.11	5,323.85
b	Others	391.25	325.51
b	Unallocable	100.15	-
	<b>Total</b>	<b>6,310.51</b>	<b>5,649.36</b>
	Adjustments and eliminations *	(188.92)	(172.21)
	<b>Depreciation, amortisation and impairment expense</b>	<b>6,121.59</b>	<b>5,477.15</b>
<b>3.2</b>	<b>Segment Income tax expense/(income)</b>		
a	Forgings	1,016.25	1,117.41
b	Others	(5.74)	5.98
	<b>Total</b>	<b>1,010.51</b>	<b>1,123.39</b>
	Adjustments and eliminations *	4.61	1.24
	<b>Income tax expense (excluding impact of deferred tax in OCI)</b>	<b>1,015.12</b>	<b>1,124.63</b>
<b>3.3</b>	<b>Share of (loss) of associates and joint ventures***</b>		
a	Forgings	-	-
b	Others	(299.74)	(429.03)
	<b>Total share of (loss) of associates and joint ventures</b>	<b>(299.74)</b>	<b>(429.03)</b>
<b>4</b>	<b>Segment assets</b>		
a	Forgings	94,605.93	86,377.45
b	Others	5,559.03	5,963.57
c	Unallocable assets including unutilised fund	32,008.09	23,922.22
	<b>Total</b>	<b>132,173.05</b>	<b>116,263.24</b>
	Adjustments and eliminations *	(394.67)	(634.87)
	<b>Total assets</b>	<b>131,778.38</b>	<b>115,628.37</b>
<b>5</b>	<b>Segment liabilities</b>		
a	Forgings	20,637.38	15,784.19
b	Others	1,046.21	888.71
c	Unallocable	3,142.47	2,123.70
	<b>Total</b>	<b>24,826.06</b>	<b>18,796.60</b>
	Adjustments and eliminations *	(483.70)	(435.26)
	<b>Total liabilities</b>	<b>24,342.36</b>	<b>18,361.34</b>
	<b>Capital employed</b>	<b>107,436.02</b>	<b>97,267.03</b>

# Notes to Financial Statements

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

## 49. SEGMENT INFORMATION (Contd.):

		In ₹ Million	
Sr. No.	Particulars	As at March 31, 2021	As at March 31, 2020
<b>6</b>	<b>Other disclosures</b>		
<b>6.1</b>	<b>Investments in associates and joint ventures****</b>		
a	Forgings	-	-
b	Others	1,308.72	1,219.06
	<b>Total</b>	<b>1,308.72</b>	<b>1,219.06</b>
	Adjustments and eliminations *	-	-
	<b>Investments in associates and joint ventures</b>	<b>1,308.72</b>	<b>1,219.06</b>
<b>6.2</b>	<b>Increase in non-current non-financial asset for the year</b>		
a	Forgings	9,073.73	10,407.45
b	Others	114.04	2,590.35
	<b>Total</b>	<b>9,187.77</b>	<b>12,997.80</b>
	Adjustments and eliminations *	(65.91)	(603.16)
	<b>Increase in non-current non-financial asset for the year</b>	<b>9,121.86</b>	<b>12,394.64</b>
<b>7</b>	<b>Information in respect of geographical areas</b>		
<b>7.1</b>	<b>Segment revenue from external customers**</b>		
a	Within India	16,696.53	17,909.87
b	Outside India	46,666.08	62,648.57
	Europe	17,054.65	31,195.33
	USA	27,263.92	29,004.34
	Others	2,347.51	2,448.90
	<b>Subtotal</b>	<b>46,666.08</b>	<b>62,648.57</b>
	<b>Total</b>	<b>63,362.61</b>	<b>80,558.44</b>
<b>7.2</b>	<b>Segment non-current assets</b>		
a	Within India	43,058.47	41,478.65
b	Outside India	18,361.49	14,115.51
	<b>Total</b>	<b>61,419.96</b>	<b>55,594.16</b>

\* Ind AS 108 requires disclosure of reconciliations between segment information and respective line item in Consolidated Financial Statements. Adjustments and eliminations include elimination of assets and liabilities of joint ventures and associates which have been accounted under equity method. Further, inter-segment transactions are eliminated upon consolidation. There are no other reconciling items, hence, no separate reconciliation has been presented.

\*\* The revenue information above is based on location of the customers.

\*\*\* Excluding effects of share of OCI of associates and joint ventures amounting to ₹ (39.04) million (March 31, 2020: ₹ 16.96 million).

\*\*\*\* Excluding loan to associate representing long term interest of the Group in the associate. Also refer note 39.

# Notes to Financial Statements

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

## 50. HEDGING ACTIVITIES AND DERIVATIVES

### Cash flow hedges

#### Foreign currency risk

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in US Dollar and Euro. These forecast transactions are highly probable.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

Particulars	In ₹ Million			
	As at March 31, 2021		As at March 31, 2020	
	Assets	Liabilities	Assets	Liabilities
Fair value of foreign currency forward contracts	2,790.04	-	-	734.24

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arise requiring recognition through profit and loss. Amounts of outstanding forward contracts are as follows:

Nature of instrument	Currency	Purpose	In ₹ Million			
			As at March 31, 2021		As at March 31, 2020	
			Foreign Currency in Million	In ₹ Million	Foreign Currency in Million	In ₹ Million
Forward Contracts	USD	Hedging of highly probable forecast sales	540.98	45,046.31	479.76	37,280.80
Forward Contracts	EUR	Hedging of highly probable forecast sales	145.37	14,434.34	111.15	10,688.23
Range forward contracts	USD	Hedging of highly probable forecast sales	20.25	1,577.80	25.25	1,964.98
Range forward contracts	EUR	Hedging of highly probable forecast sales	6.00	526.99	8.00	702.66

The cash flow hedges of the expected future sales during the year ended March 31, 2021 were assessed to be highly effective and a net unrealised gain of ₹ 2,784.32 million (March 31, 2020: ₹ (688.49) million), with a deferred tax liability of ₹ 700.76 million (March 31, 2020: ₹ 173.28 million) relating to the hedging instruments, is included in OCI.

The amount removed from OCI during the year and included in the carrying amount of the hedged item as an adjustment for the year ended March 31, 2021 as detailed in Note 33, totalling ₹ 523.40 million (gross of deferred tax) (March 31, 2020: ₹ 644.90 million). The amounts retained in OCI at March 31, 2021 are expected to mature and affect the statement of profit and loss till year ended March 31, 2025.

### Fair value hedge

At March 31, 2021, the Group had an cross currency swap agreement in place. The same contract was also outstanding as on March 31, 2020. Through this arrangement, the Holding Company has converted one of its USD loans into a Euro loan to avail the benefit of the negative EURIBOR. Under the original agreement the interest rate was fixed at LIBOR + 67 basis points, but due to the cross currency swap arrangement the revised interest rate has been fixed at EURIBOR+ 87 basis points, decreasing the corresponding interest cost on the term loan.

## Notes to Financial Statements

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

### 50. HEDGING ACTIVITIES AND DERIVATIVES (Contd.):

Also as at March 31, 2021 and March 31, 2020, the Holding Company had certain forward contracts outstanding, which are being used to hedge the exposure to changes in fair value of its underlying borrowings and trade receivables.

The impact of the derivative instrument on the balance sheet as at March 31, 2021 is as follows:

Fair value Hedge	Nominal amount (In Million)	Carrying amount (In ₹ Million)	Line item in balance sheet where hedging instrument is disclosed	Changes in fair value for calculating hedge ineffectiveness for March 2021
Cross currency swap	EURO 25.52	(4.11)	Derivative instruments	Nil

The impact of the derivative instrument on the balance sheet as at March 31, 2020 is as follows:

Fair value Hedge	Nominal amount (In Million)	Carrying amount (In ₹ Million)	Line item in balance sheet where hedging instrument is disclosed	Changes in fair value for calculating hedge ineffectiveness for March 2020
Cross currency swap	EURO 25.52	145.50	Derivative instruments	Nil
Forward Contracts	USD 1.73	(4.54)	Derivative instruments	Nil

The impact of the hedged item on the balance sheet as at March 31, 2021 is, as follows:

Fair value Hedge	Nominal amount (In Million)	Change in fair value for calculating hedge ineffectiveness for March 2021
Non-current borrowings	USD 30.00	Nil

The impact of the hedged item on the balance sheet as at March 31, 2020 is, as follows:

Fair value Hedge	Nominal amount (In Million)	Change in fair value for calculating hedge ineffectiveness for March 2020
Non-current borrowings	USD 30.00	Nil
Trade receivables	USD 1.73	Nil

### Derivatives not designated as hedging instruments

The Group has used foreign exchange forward contracts to manage repayment of some of its foreign currency denominated borrowings. These foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions i.e. the repayments of foreign currency denominated borrowings.

# Notes to Financial Statements

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

## 51. FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

### Quantitative disclosure fair value measurement hierarchy for assets as at March 31, 2021.

Financial Instruments by category

(In ₹ Million)

Particulars	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets at FVTOCI</b>			
<b>Unquoted equity instruments</b>			
Khed Economic Infrastructure Private Limited	-	-	589.58
Avaada SataraMH Private Limited (Refer note 51 (c))	-	-	142.45
<b>Quoted equity instruments</b>			
Birlasoft Limited ( erstwhile KPIT Technologies Limited )	155.12	-	-
KPIT Technologies Limited (Refer note 51 (b))	108.84	-	-
<b>Derivative instruments</b>			
Cash flow hedges	-	2,790.04	-
<b>Financial assets at FVTPL</b>			
<b>Unquoted equity instruments</b>			
Gupta Energy Private Limited (Refer note 51 (a))	-	-	-
<b>Derivative instruments</b>			
Fair value hedges	-	-	-
<b>Unquoted funds</b>			
Investments in private equity fund	-	242.20	-
Investments in mutual funds	-	18,482.83	-
<b>Quoted funds/bonds</b>			
Investments in mutual funds	5,037.85	-	-
Secured redeemable non-convertible debentures in Series 237 (Option I) issued by Bajaj Finance Limited	-	-	-
<b>Financial liability at OCI</b>			
<b>Derivative instruments</b>			
Cash flow hedges	-	-	-
<b>Financial liability at FVTPL</b>			
Fair value hedges	-	4.11	-

## Notes to Financial Statements

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

### 51. FAIR VALUE HIERARCHY (Contd.):

Quantitative disclosure fair value measurement hierarchy for assets / liabilities as at March 31, 2020:

(In ₹ Million)

Particulars	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets at FVTOCI</b>			
<b>Unquoted equity instruments</b>			
Kheda Economic Infrastructure Private Limited	-	-	641.78
Avaada SataraMH Private Limited	-	-	0.01
<b>Quoted equity instruments</b>			
Birlasoft Limited ( erstwhile KPIT Technologies Limited )	37.39	-	-
KPIT Technologies Limited (Refer note 51 (b))	21.61	-	-
<b>Financial assets at FVTPL</b>			
<b>Unquoted equity instruments</b>			
Gupta Energy Private Limited (Refer note 51 (a))	-	-	-
<b>Derivative instruments</b>			
Fair value hedges	-	145.50	-
<b>Unquoted funds</b>			
Investments in private equity fund	-	211.46	-
Investments in mutual funds	-	12,115.22	-
<b>Quoted funds</b>			
Investments in mutual funds	1,578.98	-	-
Secured redeemable non-convertible debentures in Series 237 (Option I) issued by Bajaj Finance Limited	318.87	-	-
<b>Financial liability at OCI</b>			
<b>Derivative instruments</b>			
Cash flow hedges	-	728.84	-
<b>Financial liability at FVTPL</b>			
Fair value hedges (Derivative instruments)	-	4.55	-

There have been no transfers between level 1 and level 2 during the year ended March 31, 2021 and March 31, 2020.

# Notes to Financial Statements

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

## 51. FAIR VALUE HIERARCHY (Contd.):

### Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at March 31, 2021 and March 31, 2020 are as shown below:

Particulars	Valuation technique	Significant unobservable inputs	Range	Sensitivity of the input to fair value
Unquoted equity shares in Khed Economic Infrastructure Private Limited	Cost method	Estimated realization rates for developed land and Land under development	<b>March 31, 2021:</b> ₹ 10.40 million to ₹ 12.60 million / acre <b>March 31, 2020:</b> ₹ 10.40 million to ₹ 12.60 million / acre	5% increase/ (decrease) in realization rate would result in increase/ (decrease) in fair value per share by ₹ 1.54 (March 31, 2020: ₹ 1.56)
		Estimated realization rates for undeveloped Land	Not Applicable	

### (a) Gupta Energy Private Limited (GEPL)

The Group has an investment in equity instrument of GEPL. The same is classified as at fair value through profit and loss. Over the years GEPL has been making consistent losses. The management of the Holding Company has made attempts to obtain latest information for the purpose of valuation. However, such information is not available as GEPL has not filed the financial statements with Ministry Of Corporate Affaires (MCA) since FY 2014-15. In view of the above, the management believes that the fair value of the investment is Nil as at April 1, 2015 and thereafter.

### (b) KPIT Technologies Limited

The Group had invested into 613,000 equity shares of ₹ 2/- each of KPIT Technologies Limited. The Hon'ble National Company Law Tribunal, Mumbai Bench, has by its order approved the composite scheme of arrangement (Scheme), amongst Birlasoft (India) Limited, KPIT Technologies Limited, KPIT Engineering Limited and their respective shareholders. Pursuant to the Scheme, the engineering business of KPIT Technologies Limited has been transferred to KPIT Engineering Limited.

Pursuant to the Scheme, the Group had received 1 equity share of KPIT Technologies Ltd. of ₹ 10/- each for 1 equity share of Birlasoft Ltd. of ₹ 2/- each. The ratio of cost of acquisition per share of Birlasoft Ltd. and KPIT Technologies Ltd. was 56.64% to 43.36%.

The investment in shares has been classified under level 1 of the fair value hierarchy as on March 31, 2021.

### (c) Avaada SataraMH Private Limited

The investment in equity shares of Avaada SataraMH Private Limited which was made in October 2020 is governed by the terms of the share purchase agreement and the shares held by the Group are subject to certain restrictions in terms of ability of the Holding Company to sell the shares and the value at which this can be done. Considering the nature of restrictions and overall intension of the management in relation to the equity shares, the fair value of such shares for the Holding Company is same as its cost i.e. the face value as at balance sheet date.

## Notes to Financial Statements

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

### 51. FAIR VALUE HIERARCHY (Contd.):

Reconciliation of fair value measurement of financial assets classified as FVTOCI and FVTPL:

Particulars	Unquoted equity shares in Avaada SataraMH Private Limited	Unquoted equity shares in Khed Economic Infrastructure Private Limited	Unquoted equity shares in Gupta Energy Private Limited *
<b>As at April 1, 2019</b>	-	583.06	-
Remeasurement recognised in OCI	-	58.72	-
Remeasurement recognised in Statement of profit and loss	-	-	-
Purchases	0.01	-	-
Sales	-	-	-
Converted in to equity shares	-	-	-
<b>As at March 31, 2020</b>	<b>0.01</b>	<b>641.78</b>	-
Remeasurement recognised in OCI	-	(52.20)	-
Remeasurement recognised in Statement of profit and loss	-	-	-
Purchases	142.44	-	-
Sales	-	-	-
<b>As at March 31, 2021</b>	<b>142.45</b>	<b>589.58</b>	-

### 52. FINANCIAL INSTRUMENTS BY CATEGORY

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments as of March 31, 2021 and March 31, 2020, other than those with carrying amounts that are reasonable approximates of fair values:

In ₹ Million

Particulars	Carrying value		Fair value	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
(i) Investments	3,987.08	4,300.32	3,987.08	4,300.32
(ii) Loans	252.77	505.64	252.77	505.64
(iii) Derivative instruments	1,501.46	145.50	1,501.46	145.50
(iv) Other non-current financial assets	1,147.40	1,292.47	1,147.40	1,292.47
<b>Total financial assets</b>	<b>6,888.71</b>	<b>6,243.93</b>	<b>6,888.71</b>	<b>6,243.93</b>
(i) Borrowings	22,171.65	18,747.34	22,171.65	18,747.34
(ii) Other non-current financial liabilities	1.28	2.09	1.28	2.09
(iii) Derivative instruments	2.88	157.19	2.88	157.19
<b>Total financial liabilities</b>	<b>22,175.81</b>	<b>18,906.62</b>	<b>22,175.81</b>	<b>18,906.62</b>

The management assessed that the fair value of cash and cash equivalent, trade receivables, derivative instruments, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

# Notes to Financial Statements

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

## 52. FINANCIAL INSTRUMENTS BY CATEGORY (Contd.):

Further, the management assessed that the fair value of security deposits and other non current receivables approximate their carrying amounts largely due to expected credit loss/discounting at rates which are an approximation of current lending rates.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- (i) Long-term fixed-rate and variable-rate receivables are evaluated by the Group based on parameters such as individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- (ii) The fair values of quoted instruments are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables above. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.
- (iii) The fair values of the unquoted equity shares have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.
- (iv) The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and forward rate curves of the underlying. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty and the Group's own non-performance risk. As at March 31, 2020, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.
- (v) The Group's borrowings and loans are appearing in the books at fair value since the same are interest bearing hence, discounting of the same is not required. The own non-performance risk as at March 31, 2021 and March 31, 2020 was assessed to be insignificant.

# Notes to Financial Statements

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

## 53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities other than derivatives, comprise loans and borrowings, trade payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Group also holds FVTOCI and FVTPL investments and enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a Finance and Risk Management Committee (FRMC) that advises on financial risks and the appropriate financial risk governance framework for the Group. The FRMC provides assurance that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. Further, all the derivative activities for risk management purposes are carried out by experienced members from the senior management who have the relevant expertise, appropriate skills and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised as below.

### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investment in mutual funds, FVTOCI investments and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at March 31, 2021 and March 31, 2020.

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at March 31, 2021.

The analysis excludes the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations and provisions.

The below assumptions have been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2021 and March 31, 2020 including the effect of hedge accounting.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group generally borrows in foreign currency, considering natural hedge it has against its export. Long-term and Short-term foreign currency debt obligations carry floating interest rates and in certain cases with fixed interest rates.

The Group avails short term debt in foreign currency upto tenor of 9 months, in the nature of export financing for its working capital requirements. LIBOR or EURIBOR for the said debt obligations is fixed for the entire tenor of the debt, at the time of availment.

## Notes to Financial Statements

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

### 53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.):

The Group has an option to reset LIBOR or EURIBOR either for 6 Months or 3 months for its long-term debt obligations. To manage its interest rate risk, the Group evaluates the expected benefit from either of the LIBOR resetting options and accordingly decides. The Group also has an option for its long-term debt obligations to enter into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. As at March 31, 2021, the Group's majority long term borrowings are at a floating rate of interest except for 5.97% Rated unsecured non-convertible debentures.

#### Interest rate sensitivity

The Group's total interest cost for the year ended March 31, 2021 was ₹ 1,073.59 million and for year ended March 31, 2020 was ₹ 1,713.29 million. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, with all other variables held constant, the Group's profit/(loss) before tax is affected through the impact on floating rate long term borrowings, as follows:

Particulars	Change in basis points	Effect on Profit/(loss) before tax and equity (₹ million)
<b>March 31 2021</b>		
USD	+/- 50	33.62
EUR	+50	66.91
EUR*	-50	(37.52)
<b>March 31 2020</b>		
USD	+/- 50	44.53
EUR	+50	68.23
EUR*	-50	(46.65)

\* During the previous and earlier financial year, EURIBOR was trading in negative zone and some of the Euro borrowings were floored at zero EURIBOR while others were trading at floating EURIBOR. Further, Euro borrowings includes USD borrowings swapped in to EURO borrowings through cross currency swap.

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

#### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's export revenue, long term foreign currency borrowings and Group's net investment in foreign subsidiaries and associates.

The Holding Company manages its foreign currency risk by hedging its forecasted sales upto 4 years to the extent of 25%-65% on rolling basis and keep its long-term foreign currency borrowings un-hedged which will be natural hedge against its un-hedged exports. The Holding Company may hedge its long term borrowing near to the repayment date to avoid rupee volatility in short term.

## Notes to Financial Statements

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

### 53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.):

The Holding Company avails bills discounting facility in INR for some of its export receivables to avail interest subvention benefit. The Group manages foreign currency risk by hedging the receivables against the said liability.

When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

Particulars	Change in rate	Effect on OCI (In ₹ million)	Effect on profit/(loss) (In ₹ million)
<b>March 31, 2021</b>	USD/INR – 1	561.23	Nil
	EUR/INR – 1	151.37	Nil
<b>March 31, 2020</b>	EUR/USD – 0.01		19.33
	USD/INR – 1	503.02	1.73
	EUR/INR – 1	119.15	Nil
	EUR/USD – 0.01		19.33

#### Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Group's profit/loss before tax is due to changes in the fair value of un-hedged monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

Particulars	Change in FC/INR rate	Effect on Profit/(loss) before tax and equity (In ₹ million)	Effect on other comprehensive income (In ₹ million)
<b>March 31, 2021</b>			
	USD 1	137.05	34.33
	EUR 1	102.80	29.68
<b>March 31, 2020</b>			
	USD 1	112.54	26.79
	EUR 1	120.87	67.34

#### Commodity price risk

The Group is affected by the price volatility of certain commodities. Its operating activities require the on-going purchase of steel. Due to significant volatility of the price of the steel, the Group has agreed with its customers for pass-through of increase/decrease in prices of steel. There may be lag effect in case of such pass-through arrangement.

#### Commodity price sensitivity

The Group has a back-to-back pass through arrangements for volatility in raw material prices for most of the customers. However, in few cases there may be lag effect in case of such pass-through arrangements and might have some effect on the Group's profit/(loss) and equity.

# Notes to Financial Statements

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

## 53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.):

### Equity price risk

The Group is exposed to price risk in equity investments and classified on the balance sheet as fair value through profit or loss and through Other comprehensive income. To manage its price risk arising from investments in equity, the Group diversifies its portfolio. Diversification and investment in the portfolio are done in accordance with the limits set by the Board of Directors of the Group.

At the reporting date, the exposure to unlisted equity securities at fair value was ₹ 974.23 million (March 31, 2020: ₹ 853.24 million). Sensitivity analysis of major investments has been provided in Note 51.

At the reporting date, the exposure to listed equity securities at fair value was ₹ 263.96 million (March 31, 2020: ₹ 59.00 million). Change of 10% on the NSE market index could have an impact of approximately ₹ 26.40 million (March 31, 2020: ₹ 5.90 million) on the OCI or equity attributable to the Group. These changes would not have an effect on profit or loss.

### Other price risk

The Group invests its surplus funds in mutual funds and zero coupon bonds which are linked to debt markets. The Group is exposed to price risk for investments in such instruments that are classified as fair value through profit or loss. To manage its price risk arising from investments in mutual funds and zero coupon bonds, the Group diversifies its portfolio. Diversification and investment in the portfolio is done in accordance with Holding Company's investment policy approved by the Board of Directors. An increase/decrease in interest rates by 0.25% will have an impact of ₹ 58.80 million (March 31, 2020: ₹ 35.12 million).

### Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, investment in mutual funds, other receivables and deposits, foreign exchange transactions and other financial instruments.

### Trade receivables

Customer credit risk is managed by the Group's established policy, procedures and control relating to customer credit risk management. Further, the Group's customers include marquee OEMs and Tier I companies, having long standing relationship with the Group. Outstanding customer receivables are regularly monitored and reconciled. At March 31, 2021, receivable from the Group's top 5 customers accounted for approximately 25.26% (March 31, 2020: 27.91%) of all the receivables outstanding. An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on historical data and subsequent expectation of receipts. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 12. The Group does not hold collateral as security except in case of few customers. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

### Other receivables, deposits with banks, mutual funds and loans given

Credit risk from balances with banks, financial institutions and mutual funds is managed in accordance with the Group's approved investment policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on regular basis and the said limits gets revised as and when appropriate. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

## Notes to Financial Statements

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

### 53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.):

The Group's maximum exposure to credit risk for the components of the balance sheet at March 31, 2021 and March 31, 2020 is the carrying amounts as illustrated in the respective notes except for financial guarantees. With respect to financial derivative instruments refer note 50.

#### Liquidity risk

Cash flow forecasting is performed by Treasury function. The Group's liquidity requirements are monitored at the Holding Company and individual component level by respective treasury functions to ensure availability of funds to meet operational needs. Such forecasting takes into consideration the compliance with internal cash management. The Group's treasury invests surplus cash in marketable securities as per the approved policy, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. At the reporting date, the Group held mutual funds of ₹ 23,520.68 million (March 31, 2020: ₹ 13,730.03 million) and other liquid assets of ₹ 4,689.79 million (March 31, 2020: ₹ 6,069.98 million) that are expected to readily generate cash inflows for managing liquidity risk.

As per the Group's policy, there should not be concentration of repayment of loans in a particular financial year. In case of such concentration of repayment, the Group evaluates the option of refinancing entire or part of repayments for extended maturity. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders and the Group is also maintaining surplus funds with short term liquidity for future repayment of loan.

The table below summarises the maturity profile of the Group's financial liabilities

(in ₹ million)				
Particulars	Less than 1 year	1 to 5 years	> 5 years	Total
<b>March 31, 2021</b>				
Borrowings	23,625.88	21,494.43	677.22	45,797.53
Trade and other payables	12,068.36	-	-	12,068.36
Lease Liabilities	506.01	1,669.96	576.88	2,752.85
Other financial liabilities	5,431.95	1.28	-	5,433.23
Settlement for anti-trust proceedings	102.31	2,783.59	-	2,885.90
	<b>41,734.51</b>	<b>25,949.26</b>	<b>1,254.10</b>	<b>68,937.87</b>
<b>March 31, 2020</b>				
Borrowings	20,036.25	16,395.79	2,351.55	38,783.59
Trade and other payables	10,309.30	-	-	10,309.30
Lease Liabilities	31.87	858.62	863.24	1,753.73
Other financial liabilities	5,572.20	2.09	-	5,574.29
	<b>36,249.96</b>	<b>17,775.62</b>	<b>3,236.19</b>	<b>57,261.77</b>

The management believes that the probability of any outflow on account of financial guarantees issued by the Group being called on is remote. Hence the same has not been included in the above table.

# Notes to Financial Statements

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

## 54. CAPITAL MANAGEMENT

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a net debt equity ratio, which is net debt divided by equity. The Group's policy is to keep the net debt equity ratio below 1.00. The Group includes within its borrowings net debt and interest bearing loans less cash and cash equivalents

Particulars	In ₹ Million	
	As at March 31, 2021	As at March 31, 2020
Borrowings	49,953.72	43,480.82
Less: Cash and other liquid assets	28,210.13	19,431.90
<b>Net debt</b>	<b>21,743.59</b>	<b>24,048.92</b>
<b>Equity</b>	<b>54,468.14</b>	<b>52,517.29</b>
<b>Net debt / equity Ratio</b>	<b>0.40</b>	<b>0.46</b>

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. In relation to one of the subsidiary which was not able to fulfil the debt obligations the group has subsequent to year end obtained waiver letter from the lender.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2021 and March 31, 2020.

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# Notes to Financial Statements

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

## 55. STATUTORY GROUP INFORMATION

In ₹ Million

Name of the entity in the group	Net assets (Total assets - total liabilities)		Share in profit and loss		Share in Other Comprehensive Income /(loss)		Share in Total Comprehensive Income	
	As a % of consolidated net assets	₹ Million	As a % of consolidated profit or loss	₹ Million	As a % of consolidated other Comprehensive income	₹ Million	As a % of consolidated total Comprehensive income	₹ Million
<b>Parent</b>								
<b>Bharat Forge Limited</b>								
Balance as at 31 March, 2021	109.21	59,486.28	(245.81)	3,120.95	87.33	2,814.70	303.89	5,935.65
Balance as at 31 March, 2020	101.97	53,550.63	135.58	4,735.16	105.92	(1,831.40)	164.67	2,903.76
<b>Subsidiaries</b>								
<b>Foreign</b>								
<b>1) Bharat Forge Global Holding GmbH - Group</b>								
Balance as at 31 December, 2020	4.89	2,664.88	296.01	(3,758.38)	(12.10)	(389.86)	(212.38)	(4,148.24)
Balance as at 31 December, 2019	10.24	5,379.65	(28.14)	(982.64)	6.11	(105.65)	(61.72)	(1,088.29)
<b>2) Bharat Forge America Inc. - Group</b>								
Balance as at 31 December, 2020	2.36	1,285.19	22.47	(285.25)	2.22	71.58	(10.94)	(213.67)
Balance as at 31 December, 2019	1.50	787.31	(4.45)	(155.44)	9.31	(160.96)	(17.94)	(316.40)
<b>3) Bharat Forge International Limited</b>								
Balance as at 31 March, 2021	2.26	1,230.56	(2.28)	28.91	(0.96)	(30.83)	(0.10)	(1.92)
Balance as at 31 March, 2020	2.35	1,232.68	5.66	197.56	(6.35)	109.88	17.43	307.44
<b>Indian</b>								
<b>1) Kalyani Centre for Precision Technology Limited</b>								
Balance as at 31 March, 2021	1.23	670.54	1.01	(12.77)	-	-	(0.65)	(12.77)
Balance as at 31 March, 2020	0.37	192.53	(0.22)	(7.57)	-	-	(0.43)	(7.57)
<b>2) B F Infrastructure Limited - Group</b>								
Balance as at 31 March, 2021	0.54	291.49	2.64	(33.48)	0.02	0.56	(1.69)	(32.92)
Balance as at 31 March, 2020	0.55	289.68	(1.22)	(42.77)	(0.00)	0.02	(2.42)	(42.75)
<b>3) Analogic Controls India Limited</b>								
Balance as at 31 March, 2021	0.13	69.54	0.23	(2.88)	(0.00)	(0.07)	(0.15)	(2.95)
Balance as at 31 March, 2020	0.14	72.48	0.60	20.79	0.01	(0.24)	1.17	20.55

# Notes to Financial Statements

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

## 55. STATUTORY GROUP INFORMATION (Contd.):

In ₹ Million

Name of the entity in the group	Net assets (Total assets - total liabilities)		Share in profit and loss		Share in Other Comprehensive Income/(loss)		Share in Total Comprehensive Income	
	As a % of consolidated net assets	₹ Million	As a % of consolidated profit or loss	₹ Million	As a % of consolidated other Comprehensive income	₹ Million	As a % of consolidated total Comprehensive income	₹ Million
<b>4) BF Elbit Advanced Systems Private Limited</b>								
Balance as at 31 March, 2021	(0.21)	(112.81)	0.61	(7.69)	-	-	(0.39)	(7.69)
Balance as at 31 March, 2020	(0.19)	(97.73)	(0.37)	(12.89)	-	-	(0.66)	(12.89)
<b>5) Kalyani Strategic Systems Limited - Group</b>								
Balance as at 31 March, 2021	0.71	385.87	0.07	(0.85)	0.03	1.01	0.01	0.16
Balance as at 31 March, 2020	1.07	564.49	0.04	1.48	0.23	(3.94)	(0.14)	(2.46)
<b>6) Eternus Performance Material Private Limited</b>								
Balance as at 31 March, 2021	(0.00)	(0.84)	0.14	(1.84)	-	-	(0.09)	(1.84)
Balance as at 31 March, 2020	0.01	2.76	(0.05)	(1.84)	-	-	(0.09)	(1.84)
<b>7) Kalyani Powertrain Private Limited</b>								
Balance as at 31 March, 2021	(0.01)	(4.94)	0.39	(4.95)	-	-	(0.25)	(4.95)
Balance as at 31 March, 2020	-	-	-	-	-	-	-	-
<b>Non-controlling interests in all subsidiaries</b>								
Balance as at 31 March, 2021	0.58	316.95	0.46	(5.85)	0.09	2.91	(0.15)	(2.94)
Balance as at 31 March, 2020	0.61	319.89	(0.17)	(5.86)	0.17	(2.93)	(0.50)	(8.79)
<b>Associates</b>								
<b>(accounting as per the equity method)</b>								
<b>Foreign</b>								
<b>1) Tevva Motors (Jersey) Limited (including subsidiaries)</b>								
Balance as at 31 December, 2020		880.85	14.46	(183.59)	(1.25)	(40.30)	(11.46)	(223.89)
Balance as at 31 December, 2019		1,606.87	(10.00)	(349.08)	(1.02)	17.65	(18.79)	(331.42)
<b>Indian</b>								
<b>1) Ferrovia Transrail Solutions Private Limited*</b>								
Balance as at 31 March, 2021		(19.68)	0.76	(9.70)	-	0.03	(0.50)	(9.67)
Balance as at 31 March, 2020		(10.01)	(0.29)	(10.00)	-	-	(0.57)	(10.00)

## Notes to Financial Statements

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

### 55. STATUTORY GROUP INFORMATION (Contd.):

In ₹ Million

Name of the entity in the group	Net assets (Total assets - total liabilities)		Share in profit and loss		Share in Other Comprehensive Income /(loss)		Share in Total Comprehensive Income	
	As a % of consolidated net assets	₹ Million	As a % of consolidated profit or loss	₹ Million	As a % of consolidated other Comprehensive income	₹ Million	As a % of consolidated total Comprehensive income	₹ Million
<b>2) Tork Motors Private Limited (including subsidiaries)</b>								
Balance as at 31 March, 2021		334.51	2.72	(34.50)	0.04	1.42	(1.69)	(33.08)
Balance as at 31 March, 2020		401.78	(1.57)	(54.78)	0.03	(0.45)	(3.13)	(55.23)
<b>3) Aeron Systems Private Limited</b>								
Balance as at 31 March, 2021		254.53	0.91	(11.54)	-	0.13	(0.58)	(11.41)
Balance as at 31 March, 2020		278.42	(0.26)	(8.93)	0.01	(0.20)	(0.52)	(9.13)
<b>Joint Ventures</b>								
<b>(accounting as per the equity method)</b>								
<b>Foreign</b>								
<b>1) REFU Drive GmbH (including subsidiaries)</b>								
Balance as at 31 December, 2020		919.41	4.76	(60.39)	(0.01)	(0.32)	(3.11)	(60.71)
Balance as at 31 December, 2019		933.21	(0.18)	(6.22)	-	(0.04)	(0.35)	(6.26)
<b>Indian</b>								
<b>1) BF Premier Energy Systems Private Limited*</b>								
Balance as at 31 March, 2021		(0.06)	-	(0.02)	-	-	(0.00)	(0.02)
Balance as at 31 March, 2020		(0.02)	(0.00)	(0.02)	-	-	(0.00)	(0.02)
<b>Adjustments arising out of consolidation</b>								
March 31, 2021	(21.69)	(11,814.57)	0.46	(5.84)	24.57	791.94	40.25	786.10
March 31, 2020	(38.29)	(9,777.08)	54.14	175.51	(11.46)	249.19	118.46	424.70
<b>March 31, 2021 - Group</b>	<b>100.00</b>	<b>54,468.14</b>	<b>100.00</b>	<b>(1,269.66)</b>	<b>100.00</b>	<b>3,222.90</b>	<b>100.00</b>	<b>1,953.24</b>
<b>March 31, 2020 - Group</b>	<b>100.00</b>	<b>52,517.29</b>	<b>100.00</b>	<b>3,492.46</b>	<b>100.00</b>	<b>(1,729.07)</b>	<b>100.00</b>	<b>1,763.39</b>

# Notes to Financial Statements

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

## 56. EFFECT OF GLOBAL HEALTH PANDEMIC RELATING TO COVID-19

The Group has considered the possible effects that may result from COVID-19 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of COVID-19, the Group has, at the date of approval of the financial statements, used internal and external sources of information and expects that the carrying amount of the assets will be recovered. The management believes that it has assessed and taken all the possible impacts known from these events wherever possible outcome is known. However, given the effect of these on the overall economic activity and in particular in the industry in which Group operates, the impact assessment of COVID-19 is a continuous process, given the significant estimation and uncertainties associated with its nature, duration and outcome of any negotiations. The impact of global health pandemic might be different from that estimated as at the date of approval of these financial statements. The Group will continue to closely monitor any material changes to future economic conditions and its consequential impact on its financial statements.

## 57. ACQUISITION OF SANGHVI FORGING & ENGINEERING LIMITED

Hon'ble National Company Law Tribunal Ahmedabad Bench (NCLT), has orally pronounced its order of approval on the Resolution Plan submitted by the Holding Company for acquisition of Sanghvi Forging & Engineering Limited, on April 26, 2021.

For better strategic alignment, it was considered to acquire the company within the Group named Nouveau Power and Infrastructure Private Limited (NPIPL) as a special purpose vehicle (SPV) to undertake the acquisition of Sanghvi Forging & Engineering Limited (SFEL) in terms of the provision of Insolvency & Bankruptcy Code, 2016 ("IBC"), as per Resolution plan approved by National Company Law Tribunal, Ahmedabad Bench (NCLT).

The Group has acquired 100% stake of Nouveau Power & Infrastructure Private limited on May 5, 2021 by subscribing ₹ 0.10 million towards acquiring 10,000 equity shares of ₹ 10/- each. The acquisition has been completed on May 5, 2021. The name of the said company has been changed from Nouveau Power & Infrastructure Private limited to BF Industrial Solutions Private Limited, in view of the strategic alignment of the business to be carried out in this company.

As per our report of even date

For and on behalf of the Board of Directors of **Bharat Forge Limited**

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Huzefa Ginwala**

Partner

Membership Number: 111757

**B. N. Kalyani**

Chairman and Managing Director

DIN : 00089380

**G. K. Agarwal**

Deputy Managing Director

DIN : 00037678

**Kishore Saletore**

Executive Director & CFO

DIN : 01705850

**Tejaswini Chaudhari**

Company Secretary

Membership Number: 18907

Place: Pune

Date: June 4, 2021

Place: Pune

Date: June 4, 2021

**ANNEX - 1**  
**Form AOC-I**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

**Part "A": Subsidiaries**

Sr. No.	Name of the Subsidiary	Reporting Period	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Details of Investments	Turnover	Profit Before Taxation	Provision for taxation	Profit after taxation	% of Holding
														(in ₹ million)
1	Bharat Forge Global Holding GmbH	Jan 20 to Dec 20	EUR	89.79	448.97	2,417.62	8,943.82	6,077.23	6,887.09	484.93	(4,210.92)	(3.60)	(4,207.32)	100%
2	Bharat Forge CDP GmbH	Jan 20 to Dec 20	EUR	89.79	44.90	3,741.54	10,396.14	6,609.70	139.18	11,769.88	(2,056.57)	-	(2,056.57)	100%
3	Bharat Forge Holding GmbH	Jan 20 to Dec 20	EUR	89.79	2.24	1,151.62	2,116.67	962.80	1,531.09	-	(4.45)	-	(4.45)	100%
4	Bharat Forge Aluminiumtechnik GmbH	Jan 20 to Dec 20	EUR	89.79	745.28	1,462.77	10,688.10	8,480.05	-	5,043.29	(1,705.91)	-	(1,705.91)	100%
5	Bharat Forge Kilsta AB	Jan 20 to Dec 20	SEK	8.94	178.80	66.23	4,545.11	4,300.09	-	5,925.32	(238.40)	-	(238.40)	100%
6	Bharat Forge Daun GmbH	Jan 20 to Dec 20	EUR	89.79	4.49	317.62	1,114.91	792.80	-	1,313.34	66.62	-	66.62	100%
7	Mecanique Generale Langroise	Jan 20 to Dec 20	EUR	89.79	53.88	196.55	359.20	108.78	-	387.95	(10.71)	-	(10.71)	100%
8	Bharat Forge America Inc.	Jan 20 to Dec 20	USD	73.05	-	17.54	2,938.08	2,920.55	1,547.02	63.28	(281.41)	0.14	(281.56)	100%
9	Bharat Forge PMT Technologie LLC	Jan 20 to Dec 20	USD	73.05	7.12	1,185.94	1,643.43	450.37	-	1,895.40	(133.76)	-	(133.76)	100%
10	Bharat Forge Tennessee Inc.	Jan 20 to Dec 20	USD	73.05	-	497.97	546.13	48.17	259.35	26.30	(18.67)	(10.09)	(8.58)	100%
11	Bharat Forge Aluminium USA, Inc.	Jan 20 to Dec 20	USD	73.05	0.01	477.57	3,294.68	2,817.10	-	-	(206.59)	-	(206.59)	100%
12	Kalyani Precision Machining, Inc.	Jan 20 to Dec 20	USD	73.05	-	(0.01)	0.01	0.01	-	-	(0.01)	-	(0.01)	100%
13	Bharat Forge International Limited	Apr 20 to Mar 21	USD	73.50	7.70	1,222.85	12,418.57	11,188.02	-	15,306.04	41.14	12.51	28.64	100%
14	BF Infrastructure Limited	Apr 20 to Mar 21	INR	1.00	2,239.67	(1,947.68)	430.46	138.47	0.05	39.26	(44.82)	-	(44.82)	100%
15	Kalyani Strategic Systems Limited	Apr 20 to Mar 21	INR	1.00	421.33	(40.60)	423.52	42.79	237.12	50.07	(31.70)	0.09	(31.79)	51%
16	Kalyani Raheel Advanced Systems Private Limited	Apr 20 to Mar 21	INR	1.00	398.03	(33.90)	724.46	360.33	-	798.92	6.76	(1.46)	8.22	50%
17	BF Elbit Advanced Systems Private Limited	Apr 20 to Mar 21	INR	1.00	19.80	(132.61)	32.52	145.33	-	-	(15.08)	-	(15.08)	51%
18	Analogic Controls India Limited	Apr 20 to Mar 21	INR	1.00	184.90	(115.36)	90.30	20.76	-	42.99	(2.48)	0.40	(2.88)	100%
19	BFIL-CEC JV	Apr 20 to Mar 21	INR	1.00	-	(1.67)	10.07	11.74	-	-	(0.73)	-	(0.73)	100%
20	Kalyani Centre for Precision Technology Limited	Apr 20 to Mar 21	INR	1.00	690.88	(20.34)	821.64	151.10	-	68.64	(11.73)	(4.08)	(7.65)	100%
21	Eternus Performance Material Private Limited	Apr 20 to Mar 21	INR	1.00	1.63	(2.47)	35.20	36.04	-	4.90	(3.76)	(0.16)	(3.60)	51%
22	Kalyani Powertrain Private Limited	Apr 20 to Mar 21	INR	1.00	0.01	(4.95)	0.01	4.95	-	-	(4.95)	-	(4.95)	100%

**Part “B”: Associates and Joint Ventures**  
Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sr. No.	Name of Associates/Joint Ventures	In ₹ Million					
		Ferrovia Transrail Solutions Private Limited	BF Premier Energy Systems Private Limited	Aeron Systems Private Limited	Tevva Motors (Jersey) Limited	Tork Motors Private Limited	Refu Drive GmbH
1	Latest audited Balance Sheet Date	March 31, 2021	March 31, 2021	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
2	Shares of Associate/Joint Ventures held by the company on the year end						
i	Nos.	4,900	100,000	136,500	794,217	14,208	12,500
ii	Amount of Investment in Associates/Joint Venture	0.05	1.00	140.00	892.93	300.37	919.14
ii	Extend of Holding %	49%	50%	37.14%	36.51%	48.86%	50.00%
3	Description of how there is significant influence	Note-A	Note-A	Note-A	Note-A	Note-A	Note-A
4	Reason why the associate/joint venture is not consolidated	Consolidated by equity method	Consolidated by equity method	Consolidated by equity method	Consolidated by equity method	Consolidated by equity method	Consolidated by equity method
5	Networth attributable to Shareholding as per latest audited Balance Sheet	(9.64)	(0.03)	66.18	321.60	163.44	459.71
6	Profit / Loss for the year						
i	Considered in Consolidation	(9.67)	(0.02)	(11.54)	(183.59)	(34.50)	(60.39)
ii	Not Considered in Consolidation	-	(0.02)	(32.85)	(319.26)	(36.11)	(60.40)

Note:

A. There is significant influence due to percentage (%) of Share Capital.

For and on behalf of the Board of Directors of  
**Bharat Forge Limited**

**B. N. Kalyani**

Chairman and Managing Director  
DIN : 00089380

**G. K. Agarwal**

Deputy Managing Director  
DIN : 00037678

**Kishore Saleatore**

Executive Director & CFO  
DIN : 01705850

**Tejaswini Chaudhari**

Company Secretary  
Membership Number: 18907

Place: Pune

Date: June 4, 2021