Independent Auditor's Report

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

OPINION

We have audited the accompanying standalone Ind AS financial statements of Bharat Forge Limited ("the Company"), which comprise the Balance sheet as at March 31 2021, the Statement of Profit and Loss, including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

BASIS FOR OPINION

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

EMPHASIS OF MATTER

We draw attention to note 44 of the Standalone Ind AS financial Statement which describes the management's evaluation of impact of uncertainties related to COVID -19 and its consequential effects on the carrying value of its assets as at March 31, 2021 and the operations of the Company.

Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

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

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

Independent Auditor's Report (Contd.):

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

Independent Auditor's Report (Contd.):

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

Independent Auditor's Report (Contd.):

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

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

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OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

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

Independent Auditor's Report (Contd.):

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

Independent Auditor's Report (Contd.):

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) The matter described in Emphasis of matter paragraph above, in our opinion, may not have an adverse effect on the functioning of the Company;

(f) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

(g) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(h) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

  i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 38 to the standalone Ind AS financial statements;

  ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 9 and 19(a) to the standalone Ind AS financial statements;

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

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

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

UDIN: 21111757AAAADA8573

Place: Pune
Date: June 4, 2021

Independent Auditor's Report (Contd.):

ANNEXURE 1 REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE.

Re: Bharat Forge Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company except two immovable properties aggregating gross block of INR 0.01 million and net block of INR 0.01 million as at March 31, 2021 for which title deeds were not available with the Company and hence we are unable to comment on the same.

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

(iii) (a) The Company has granted loans to five companies covered in the register maintained under section 189 of the Act. In our opinion and according to the information and explanations given to us, the terms and conditions of the loans are not prejudicial to the Company's interest.

(b) In respect of loans granted to companies covered in the register maintained under section 189 of the Act, repayment of the principal amount is as stipulated and payment of interest has been regular except for loans granted by the Company to two of its subsidiaries and one of its associates, wherein payment of interest has not been regular.

(c) The Company has a sum of INR 13.95 million which is overdue for more than ninety days from Companies covered in the register maintained under section 189 of the Act and in our opinion and according to the information and explanations given by the management, the Company has taken reasonable steps for recovery of this overdue interest.

Details of overdue cases mentioned below:

Name of Company	Interest Overdue (INR in million)
BF Elbit Advanced Systems Private Limited *	12.25
Bharat Forge Global Holdings GmbH #	1.01
Tork Motors Private Limited #	0.69

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

Amounts received subsequently.

(iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Act in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable. However, according to the information and explanations given to us, in respect of deposits accepted earlier

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

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to the manufacture of forged products and other products, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been slight delay in few cases.

(b) According to the information and explanations given to us and audit procedures performed by us, undisputed dues in respect of provident fund, employees' state insurance, income tax, duty of custom, goods and service tax, cess and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:

Statement of arrears of statutory dues outstanding for more than six months

Name of the statute	Nature of the dues	Amount (INR in million)	Period to which the amount relate	Due date	Date of payment	Remarks, if any
Maharashtra Municipal Corporation Act, 1949 and Bombay Provincial Municipal Corporation (Local Body Tax) Rules, 2010 (LBT rules)	Local Body Tax (LBT)	39.80	FY 2015-16, 2016-17 & 2017-18	Various dates	Not paid	-

(c) According to the records of the Company, the dues outstanding of income-tax, duty of custom, duty of excise, goods and service tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (INR in million)#	Period to which the amount relates	Forum where the dispute is pending
Property tax#	Demand received for various cases (net of INR 206.42 million paid under protest)	165.73	AY 2005-06 to 2019-2020	High Court
Central Excise Act, 1944	Demand received for various cases (net of INR 5.50 million paid under protest)	38.31	AY 2003-04 to 2013-14	CESTAT
Customs Act, 1962	Demand received for wrong availment of duty drawback (net of INR 157.40 million paid under protest)	-	AY 2012-13 and 2013-14	Principal Commissioner (RA) and Ex-Officio Additional Secretary to the Government of India

Excludes interest and penalty.

Independent Auditor's Report (Contd.):

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders. The Company did not have any outstanding dues in respect of a financial institution.

(ix) In our opinion and according to the information and explanations given by the management and audit procedures performed by is, the Company has utilized the monies raised by way of debt instruments in the nature of non-convertible debenture and term loans for the purposes for which they were raised. The Company does not have any unutilised money out of initial public offer / further public offer.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no material fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management and audit procedures performed by us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management and audit procedures performed by us, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and not commented upon.

(xv) According to the information and explanations given by the management and audit procedures performed by us, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company and hence not commented upon.

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

per **Huzefa Ginwala**
Partner
Membership Number: 111757
UDIN: 21111757AAAADA8573

Place: Pune
Date: June 4, 2021

Independent Auditor's Report (Contd.):

ANNEXURE 2 REFERRED TO IN PARAGRAPH 2(G) UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE.

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

We have audited the internal financial controls over financial reporting of Bharat Forge Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE STANDALONE IND AS FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE STANDALONE IND AS FINANCIAL STATEMENTS

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone Ind AS financial statements.

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

A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that

Independent Auditor's Report (Contd.):

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING WITH REFERENCE TO THESE STANDALONE IND AS FINANCIAL STATEMENTS

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

OPINION

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to these standalone Ind AS financial statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per **Huzefa Ginwala**
Partner
Membership Number: 111757
UDIN: 21111757AAAADA8573

Place: Pune
Date: June 4, 2021

Balance Sheet

as at March 31, 2021

In ₹ Million

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

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

As per our report of even date

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

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

Place: Pune
Date: June 4, 2021

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

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

G. K. Agarwal
Deputy Managing Director
DIN : 00037678

Kishore Saletore
Executive Director & CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: June 4, 2021

Statement of Profit and Loss

for the year ended March 31, 2021

In ₹ Million

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

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

As per our report of even date

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

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

Place: Pune
Date: June 4, 2021

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

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

G. K. Agarwal
Deputy Managing Director
DIN : 00037678

Kishore Saletore
Executive Director & CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: June 4, 2021

Statement of changes in equity for the year ended

as at March 31, 2021

A. EQUITY SHARE CAPITAL:

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

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

B. OTHER EQUITY

In ₹ Million

Particulars	Reserves and Surplus [Refer note 16]				Items of OCI [Refer note 16]			Total
	Security premium	Capital reserves	General reserve	Retained earnings	Equity Instruments through Other Comprehensive Income	Cash flow hedge reserve	Foreign Currency Monetary Item Translation Difference Account (FCMITDA)	
Balance as at April 1, 2019	**6,930.89**	**15.50**	**3,230.48**	**41,551.27**	**217.04**	**1,129.66**	**(23.90)**	**53,050.94**
- Profit for the year	-	-	-	4,735.16	-	-	-	4,735.16
- Other Comprehensive Income / (loss)	-	-	-	(160.77)	(0.33)	(1,676.12)	5.82	(1,831.40)
Total comprehensive income	**-**	**-**	**-**	**4,574.39**	**(0.33)**	**(1,676.12)**	**5.82**	**2,903.76**
Transaction with owners in their capacity as owners								
- Equity dividend	-	-	-	(1,163.97)	-	-	-	(1,163.97)
- Tax on equity dividend	-	-	-	(224.60)	-	-	-	(224.60)
- Interim equity dividend	-	-	-	(1,629.56)	-	-	-	(1,629.56)
- Tax on interim equity dividend	-	-	-	(317.21)	-	-	-	(317.21)
Balance as at March 31, 2020	**6,930.89**	**15.50**	**3,230.48**	**42,790.32**	**216.71**	**(546.46)**	**(18.08)**	**52,619.36**
Balance as at April 1, 2020	**6,930.89**	**15.50**	**3,230.48**	**42,790.32**	**216.71**	**(546.46)**	**(18.08)**	**52,619.36**
- Profit for the year	-	-	-	3,120.94	-	-	-	3,120.94
- Other Comprehensive Income	-	-	-	45.09	152.75	2,598.78	18.08	2,814.70
Total comprehensive income	**-**	**-**	**-**	**3,166.03**	**152.75**	**2,598.78**	**18.08**	**5,935.64**
Balance as at March 31, 2021	**6,930.89**	**15.50**	**3,230.48**	**45,956.35**	**369.46**	**2,052.32**	**-**	**58,555.00**

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

As per our report of even date

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

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

Place: Pune
Date: June 4, 2021

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

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

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Kishore Saletore
Executive Director & CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: June 4, 2021

Cash flow statement

for the year ended March 31, 2021

In ₹ Million

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

Cash flow statement

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

In ₹ Million

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

* Excluding earmarked balances (on unclaimed dividend accounts)

CASH AND CASH EQUIVALENTS FOR THE PURPOSE OF CASH FLOW STATEMENT

In ₹ Million

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

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

As per our report of even date

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

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

Place: Pune
Date: June 4, 2021

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

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

G. K. Agarwal
Deputy Managing Director
DIN : 00037678

Kishore Saletore
Executive Director & CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: June 4, 2021

Notes to Financial Statements

for the year ended March 31, 2021

1. CORPORATE INFORMATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

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

2.2 Summary of significant accounting policies

a. Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

Notes to Financial Statements

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

2.2 Summary of significant accounting policies (Contd.):

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

The Company classifies all other liabilities as non-current.

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

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

b. Foreign currencies

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

Transactions and balances

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

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

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

Exchange differences

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

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

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

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

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

Notes to Financial Statements

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

2.2 Summary of significant accounting policies (Contd.):

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

c. Investment in subsidiaries, joint ventures and associates

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

d. Fair value measurement

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

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

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

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

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

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

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

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

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

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

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

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

2.2 Summary of significant accounting policies (Contd.):

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

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

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

- Disclosures for valuation methods, significant estimates and assumptions (note 47 and 49)
- Quantitative disclosures of fair value measurement hierarchy (note 47)
- Investment in unquoted equity shares (note 7)
- Investment properties (note 4)
- Financial instruments (including those carried at amortised cost) (note 48)

e. Revenue from contracts with customers

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

The disclosures of significant accounting judgments, estimates and assumptions relating to revenue from contracts with customers are provided in Note 49.

Sale of goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on date of bill of lading for export sales and generally on delivery for domestic sales. The normal credit term is 30 to 240 days upon delivery.

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

Export incentives

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

Tooling income

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

Notes to Financial Statements

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

2.2 Summary of significant accounting policies (Contd.):

Sale of services

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

Interest income

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

Dividends

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Trade receivables

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

Contract liabilities

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

f. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and is allocated to statement of profit and loss over the periods and in the proportions in which depreciation on those assets is charged.

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

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

2.2 Summary of significant accounting policies (Contd.):

g. Taxes

Current income tax

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

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

Deferred tax

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

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

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

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

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

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

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

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

Notes to Financial Statements

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

2.2 **Summary of significant accounting policies (Contd.):**

Indirect taxes paid on acquisition of assets or on incurring expenses

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

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

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

h. Property, plant and equipment

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

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

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

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

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

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

2.2 Summary of significant accounting policies (Contd.):

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

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

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

Freehold land is carried at cost.

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

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

i. Investment properties

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

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

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

In determining the amount of consideration from the derecognition of investment property, the Company considers the effects of variable consideration, existence of a significant financing component, non-cash consideration and consideration payable to the buyer (if any).

Notes to Financial Statements

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

2.2 Summary of significant accounting policies (Contd.):

j. Intangible assets

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

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

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

The summary of amortization policy applied to the Company's intangible assets is as below:

Type of asset	Life (years)
Computer software	3
Technology licenses	5

Research and development costs

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

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

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

Notes to Financial Statements

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

2.2 Summary of significant accounting policies (Contd.):

k. Borrowing costs

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

l. Leases

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

Company as a lessee

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

i) Right-of-use assets

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

Type of Asset	Useful life estimated by management (years)
Buildings	2 to 16 years
Leasehold land	99 years
Plant and machinery	14 years

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

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (n) Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Notes to Financial Statements

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

2.2 Summary of significant accounting policies (Contd.):

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

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

For details of lease liabilities please see Note 35.

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

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

Company as a lessor

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

m. Inventories

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

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

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

Scrap is valued at net realizable value.

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

Notes to Financial Statements

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

2.2 Summary of significant accounting policies (Contd.):

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

n. Impairment of non-financial assets

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

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

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

Intangible assets under development are tested for impairment annually.

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

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

o. Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or

Notes to Financial Statements

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

2.2 Summary of significant accounting policies (Contd.):

non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. A disclosure for a contingent liability is made where there is a possible obligation arising out of past event, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation arising out of a past event where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

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

p. Post-employment and other employee benefits

Provident fund

The Company operates two plans for its employees to provide employee benefits in the nature of provident fund.

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

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

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

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

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

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

2.2 Summary of significant accounting policies (Contd.):

Gratuity

The Company operates two defined benefits plan for its employee's viz. gratuity and special gratuity scheme. Payment for present liability of future payment of gratuity is being made to approved gratuity funds. The special gratuity scheme is unfunded. The cost of providing benefits under these plans is determined on the basis of actuarial valuation at each year end. Separate actuarial valuation is carried out for each plan using the project unit credit method.

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

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

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

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

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

The Company recognizes the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

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

Superannuation

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

Privilege leave benefits

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

The Company treats accumulated leave expected to be carried forward beyond 12 months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

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

2.2 Summary of significant accounting policies (Contd.):

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

Termination benefits

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

q. Financial instruments

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

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

Debt instruments at amortized cost

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

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Notes to Financial Statements

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

2.2 Summary of significant accounting policies (Contd.):

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

Debt instruments at FVTOCI

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

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

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

Debt instrument at FVTPL

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

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

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

Equity investments

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

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

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

Notes to Financial Statements

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

2.2 Summary of significant accounting policies (Contd.):

Derecognition

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

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

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

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

Impairment of financial assets

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

a) Financial assets that are debt instruments and are measured at amortised cost e.g. loans, debt securities, deposits, trade receivables and bank balance

b) Financial assets that are measured at FVTOCI

c) Lease receivables under Ind AS 116

d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

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

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

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument

Notes to Financial Statements

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

2.2 Summary of significant accounting policies (Contd.):

improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

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

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

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

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

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

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

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables:

  ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

- Debt instruments measured at FVTOCI:

  Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

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

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

Notes to Financial Statements

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

2.2 Summary of significant accounting policies (Contd.):

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

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

Financial guarantee contracts

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

Derecognition

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

Notes to Financial Statements

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

2.2 Summary of significant accounting policies (Contd.):

Embedded derivatives

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

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

Offsetting of financial instruments

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

r. Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

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

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

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

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

  At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging / economic relationship, the hedged item

Notes to Financial Statements

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

2.2 Summary of significant accounting policies (Contd.):

or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

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

Fair value hedges

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

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

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in trade receivables. The change in fair value is recognized as an asset or liability with a corresponding gain or loss recognized in the statement of profit and loss.

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

Cash flow hedges

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

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

The Company uses forward currency contracts and range forward contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in finance costs. (Refer note 50).

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

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

Notes to Financial Statements

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

2.2 Summary of significant accounting policies (Contd.):

s. Cash and cash equivalents

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

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

t. Dividend to equityholders of the Company

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

u. Segment reporting

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

v. Earnings per share

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

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

2.3 Changes in accounting policies and disclosure

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

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

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

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

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

Notes to Financial Statements

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

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

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

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

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

Notes to Standalone Financial Statements

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

3. PROPERTY, PLANT AND EQUIPMENT

In ₹ Million

	Freehold land	Leasehold land	Buildings (notes a, b)	Plant and machinery (note d)	Office equipments	Railway sidings	Electrical installations	Factory equipments	Furniture and fixtures	Vehicles and aircraft	Power line	Total	Capital Work in Progress
Cost													
at April 1, 2019	407.14	70.82	4,484.44	29,603.95	84.76	0.02	180.51	775.49	180.08	2,579.69	6.17	38,373.07	7,126.19
Additions	3.78	-	1,054.67	2,899.84	16.50	-	-	16.28	89.93	529.94	-	4,610.94	6,179.15
Disposals	-	-	-	(74.61)	-	-	-	-	(0.24)	(44.37)	-	(119.22)	(4,610.94)
Other adjustments													
- Borrowing costs (refer note c)	-	-	-	51.57	-	-	-	-	-	-	-	51.57	208.25
- Exchange differences	-	-	17.23	113.11	-	-	-	1.87	-	-	-	132.21	42.60
- Reclassified on account of adoption of Ind AS 116	-	(70.82)	-	-	-	-	-	-	-	-	-	(70.82)	-
at March 31, 2020	410.92	-	5,556.34	32,593.86	101.26	0.02	180.51	793.64	269.77	3,065.26	6.17	42,977.75	8,945.25
Additions	-	-	874.95	7,222.38	31.59	-	77.15	186.20	30.93	25.81	-	8,449.01	2,135.34
Disposals	-	-	-	(1,735.91)	-	-	-	-	(0.34)	(1.66)	-	(1,737.91)	(8,449.01)
Other adjustments													
- Borrowing costs (refer note c)	-	-	0.38	197.41	-	-	-	0.94	-	-	-	198.73	44.27
- Exchange differences	-	-	(4.00)	(7.05)	-	-	-	(0.46)	-	-	-	(11.51)	23.37
at March 31, 2021	410.92	-	6,427.67	38,270.69	132.85	0.02	257.66	980.32	300.36	3,089.41	6.17	49,876.07	2,699.22
Depreciation and impairment													
at April 1, 2019	-	3.17	538.32	10,582.84	32.13	-	110.25	188.59	53.42	753.72	6.17	12,268.61	-
Charge for the year	-	-	151.28	2,812.44	16.19	-	19.33	69.33	20.50	233.19	-	3,322.26	-
Disposals	-	-	-	(36.18)	-	-	-	-	(0.14)	(15.27)	-	(51.59)	-
- Reclassified on account of adoption of Ind AS 116	-	(3.17)	-	-	-	-	-	-	-	-	-	(3.17)	-
at March 31, 2020	-	-	689.60	13,359.10	48.32	-	129.58	257.92	73.78	971.64	6.17	15,536.11	-
Charge for the year	-	-	196.25	2,911.49	19.82	-	19.86	77.08	28.75	264.37	-	3,517.62	-
Disposals	-	-	-	(1,588.77)	-	-	-	-	(0.25)	(1.66)	-	(1,590.68)	-
at March 31, 2021	-	-	885.85	14,681.82	68.14	-	149.44	335.00	102.28	1,234.35	6.17	17,463.05	-
Net block													
at March 31, 2020	410.92	-	4,866.74	19,234.76	52.94	0.02	50.93	535.72	195.99	2,093.62	-	27,441.64	8,945.25
at March 31, 2021	410.92	-	5,541.82	23,588.87	64.71	0.02	108.22	645.32	198.08	1,855.06	-	32,413.02	2,699.22

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

(b) Documents for the ownership of Hangar at Lohegaon; Pune and flat at Lullanagar, Pune are not available with the Company.

(c) Capitalised borrowing costs :

The Company capitalises these borrowing costs in the capital work-in-progress (CWIP) first. The amount of borrowing costs capitalised as other adjustments in the above note reflects the amount of borrowing cost transferred from Capital work-in-progress (CWIP) balances. The borrowing costs capitalised during the year ended March 31, 2021 was ₹ 34.77 million (March 31, 2020: ₹ 246.01 million).

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

Notes to Financial Statements

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

4. INVESTMENT PROPERTY

In ₹ Million

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

Information regarding income and expenditure of investment property

In ₹ Million

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

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

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

Notes to Financial Statements

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

4. INVESTMENT PROPERTY (Contd.):

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

Reconciliation of fair value

In ₹ Million

Investment properties	Free hold land
at April 1, 2019	2,445.00
Fair value difference	(18.89)
Purchases	-
at March 31, 2020	2,426.11
Fair value difference	6.84
Purchases	-
at March 31, 2021	**2,432.95**

5. INTANGIBLE ASSETS

In ₹ Million

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

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

6. INVESTMENT IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
At Cost		
Unquoted equity instruments		
- Investment in wholly owned subsidiaries		
Bharat Forge Global Holding GmbH		
Subscription to the equity share capital	287.98	287.98
[EUR 5,000,000 (March 31, 2020 : EUR 5,000,000)]		
Capital contribution credited in favour of Bharat Forge Limited [Refer note 6(a)]	5,801.62	5,199.69
[EUR 83,464,428 (March 31, 2020 : EUR 76,464,428)]		
	6,089.60	5,487.67
60 (March 31, 2020 : 60) Common stock of 1 cent each fully paid up in Bharat Forge America Inc.	1,643.51	831.91
USD 44,396,597 (March 31, 2020 : USD 33,396,597) [Refer note 6(b)]		
64,000 (March 31, 2020 : 64,000) equity shares of £ 1 each fully paid up in	304.78	304.78
Bharat Forge International Limited		
202,152,744 (March 31, 2020 : 197,709,734) equity shares of ₹ 10/- each fully paid up in	1,641.55	1,597.10
BF Infrastructure Limited [Refer note 6(c)]		
Less : Provision for impairment in value of investments	1,355.60	1,355.60
	285.95	241.50
18,489,670 (March 31, 2020 : 18,489,670) equity shares of ₹ 10/- each fully paid up in	20.15	20.15
Analogic Controls India Limited		
Less : Provision for impairment in value of investments	16.55	16.55
	3.60	3.60
69,088,330 (March 31, 2020 :20,010,000) equity shares of ₹ 10/- each fully paid up in		
Kalyani Centre For Precision Technology Limited [Refer note 6(d)]	690.88	200.10
1,000 (March 31, 2020 : Nil) equity shares of ₹ 10/- each fully paid up in		
Kalyani Powertrain Limited [Refer note 6(e)]	0.01	-
- Other subsidiaries where Company holds 51% or more of the equity share capital		
1,010,000 (March 31, 2020 : 1,010,000) equity shares of ₹ 10/- each fully paid up in	10.10	10.10
BF Elbit Advanced Systems Private Limited		
18,417,678 (March 31, 2020 : 18,417,678) equity shares of ₹ 10/- each fully paid up in	184.17	184.17
Kalyani Strategic Systems Limited		
6,139,324 (March 31, 2020 : 6,139,324) equity shares of ₹ 10/- each partly paid up in	30.70	30.70
Kalyani Strategic Systems Limited [Refer note 6(f)]		
83,226 (March 31, 2020 : 83,226) equity shares of ₹ 10/- each fully paid up in		
Eternus Performance Materials Private Limited [Refer note 6(g)]	3.75	3.75
- Investments in joint ventures		
7,128,219 (March 31, 2020 : 7,128,219) equity shares of ₹ 10/- each fully paid up in	33.64	33.64
BF NTPC Energy Systems Limited [Refer note 6(h)]		
Less : Provision for impairment in value of investments	33.64	33.64
	-	-
12,500 (March 31, 2020 :12,500) shares of EUR 1 each in REFU Drive GmbH		
EUR 11,350,000 (March 31, 2020 : EUR 11,350,000) [Refer note 6(i)]	919.14	919.14
- Investments in associates		
14,208 (March 31, 2020 : 14,208) equity shares of ₹ 10/- each in	300.37	300.37
Tork Motors Private Limited [Refer note 6(j)]		
carried over	10,466.56	8,517.79

Notes to Financial Statements

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

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

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
brought over	10,466.56	8,517.79
- Investments in associates (Contd.):		
777,840 (March 31, 2020 : 777,840) ordinary shares of £ 0.00001 each in Tevva Motors (Jersey) Ltd	892.93	892.93
[GBP 9,910,000 (March 31, 2020 : 9,910,000)] [Refer note 6(k)]		
Add: Conversion of Loan of GBP 3.50 million along with Interest accrued	359.13	-
Less : Provision for impairment in value of investments [Refer note 32(b)]	890.00	890.00
	362.06	2.93
136,500 (March 31, 2020 : 78,000) equity shares of ₹ 10/- each in		
Aeron Systems Private Limited [Refer note 6(l)]	140.00	80.00
Total	**10,968.62**	**8,600.72**

(a) Bharat Forge Global Holding GmbH (BFGH)

Contributions to the capital reserves of BFGH as per the German Commercial Code (code), forms a part of the equity share capital and accordingly, has been considered as an investment and is redeemable subject to provisions of the code.

During the current year, a loan of Euro 7.00 million was granted by the Company which was subsequently converted into capital contribution to BFGH of ₹ 601.93 million (March 31, 2020 : Nil).

(b) Bharat Forge America Inc.

During the current year, a loan of USD 5.00 million was granted by the Company which was subsequently converted into capital contribution to BFA of ₹ 368.30 million (March 31, 2020 : ₹ Nil).

(c) BF Infrastructure Limited (BFIL, India)

During the current year pursuant to Rights issue, the Company had made further investment in BFIL, India of ₹ 44.43 million (March 31, 2020 : ₹ 727.26 million) by converting and acquiring 4,443,010 (March 31, 2020 : 72,726,400) equity shares of ₹ 10/- each.

(d) Kalyani Centre For Precision Technology Limited (KCPTL)

During the current year, the Company has made investment in KCPTL of ₹ 490.78 million by acquiring 49,078,330 equity shares of ₹10/- each (March 31, 2020 ₹ 200.10 million by acquiring 20,010,000 equity shares of ₹ 10/- each).

(e) Kalyani Powertrain Limited (KPL)

During the current year, the Company has made investment in KPL of ₹ 0.01 million by acquiring 1,000 equity shares of ₹10/- each (March 31, 2020 ₹ Nil). KPL to undertake various electric vehicle related activities by using advanced technology solutions.

(f) Kalyani Strategic Systems Limited (KSSL)

During the previous year, the Company has made an investment of ₹ 30.70 million by acquiring 6,139,324 equity shares of ₹ 10/- each on right basis by partly paying ₹ 5/- per Share.

Notes to Financial Statements

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

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

(g) Eternus Performance Materials Private Limited (EPMPL)

During the previous year, the Company entered into a Share Subscription Agreement with Eternus Performance Materials Private Limited, India (Eternus). Pursuant to the said Agreement, the Company has made investment in EPMPL of ₹ 3.75 million by acquiring 83,226 equity shares of ₹ 10/- each at premium of ₹ 35/- per share.

(h) BF NTPC Energy Systems Limited (BFNTPCESL)

During the earlier year, the shareholders of BFNTPCESL at their EGM held on October 9, 2018 decided to voluntarily liquidate the Company and engaged liquidator to liquidate the Company under the provisions of Section 59 of Insolvency and Bankruptcy Code, 2016.

(i) REFU Drive GmbH [REFU]

During the previous year, the Company entered into a Joint Venture Agreement with Refu Elektronik GmbH, Germany and its affiliates / Promoters (REFU) for incorporating a Joint Venture Company i.e. Refu Drive GmbH (JV), under the laws of Germany. During the previous year, the Company has made an investment of ₹ 892.34 million by acquiring 12,500 equity shares of ₹ 10/- each and balance portion pertains transactions costs that are directly attributable to the investment.

(j) Tork Motors Private Limited (TMPL)

During the previous year, the Company has made an additional investment of ₹ 39.99 million by acquiring 1,895 equity shares of ₹ 10/- each.

(k) Tevva Motors (Jersey) Limited (TMJL)

During the earlier year, the Company had made investment in TMJL ₹ 892.93 million by acquiring 777,840 ordinary shares of £ 0.00001 each. During the year the Company has further extended the tenure of the convertible loan note amounting to GBP 3.50 million to December 31, 2021. The management intends to convert the said loan into equity at GBP 13.38 per share. On the revised due date, the outstanding loan amount including interest accrued thereon till the date of conversion will be converted into equivalent equity shares of Tevva Motors (Jersey) Limited as per the terms of agreement. Accordingly, such loan and interest accrued thereon till March 31, 2021 have been disclosed as investment in associates.

In the previous year the company had impaired ₹ 890.00 million against the same.

(l) Aeron Systems Private Limited [ASPL]

During the previous year, the Company entered into a Share Subscription Agreement with Aeron Systems Private Limited (Aeron). Pursuant to the said Agreement, the Company has made additional investment in ASPL of ₹ 60.00 million by acquiring 58,500 equity Shares of ₹ 10/- each at a premium of ₹ 1,015.64 per share (March 31, 2020 ₹ 80.00 million by acquiring 78,000 equity shares of ₹ 10/- each.)

Notes to Financial Statements

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

7. INVESTMENTS

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current investments		
(a) Investments designated at fair value through OCI (FVTOCI)		
Equity instruments (unquoted) (fully paid)		
- Investments in others (Company holds 5% or more of the share capital)		
38,384,202 (March 31, 2020 : 38,384,202) equity shares of ₹ 10/- each fully paid up in Khed Economic Infrastructure Private Limited	589.58	641.78
14,245,000 (March 31, 2020 : 1,089) equity shares of ₹ 10/- each in Avaada SataraMH Private Limited [Refer note 7(e)]	142.45	0.01
Equity instruments (quoted) (fully paid) **- Investments in others**		
613,000 (March 31, 2020 : 613,000) equity shares of ₹ 2/- each fully paid up in	155.12	37.39
Birlasoft Limited (erstwhile KPIT Technologies Limited) [Refer note 7(b)]		
613,000 (March 31, 2020 : 613,000) equity shares of ₹ 10/- each fully paid up in	108.84	21.61
KPIT Technologies Limited (erstwhile KPIT Engineering Limited) [Refer note 7(b)]		
Total FVTOCI investments (a)	**995.99**	**700.79**
(b) Investments designated at fair value through profit or loss (FVTPL)		
Equity instruments (unquoted) (fully paid)		
Investments in others (Company holds 5% or more of the share capital)		
504,432 (March 31, 2020 : 504,432) equity shares of ₹ 10/- each in		
Gupta Energy Private Limited [Refer note 7(a)]	-	-
Bonds (quoted)		
Nil (March 31, 2020: 250) Secured redeemable non convertible debentures of ₹ 1,000,000/- each	-	318.87
in Series 237 (Option I) issued by Bajaj Finance Limited		
Investments in private equity fund (unquoted funds)		
1,823,082.56 (March 31, 2020: 1,776,969.68) Units of ₹ 100/- each of	242.20	211.46
Paragon Partners Growth Fund - I		
	242.20	530.33
Investments in mutual funds (quoted funds)		
Nil (March 31, 2020: 3,000,000) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series OZ (1187 days) - Direct Plan-Growth	-	35.69
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series PA (1177 days) - Direct Plan-Growth	-	23.84
carried over	-	59.53
carried over	242.20	530.33

Notes to Financial Statements

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

7. INVESTMENTS (Contd.):

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
brought over	242.20	530.33
brought over	-	59.53
- Investments in mutual funds (quoted funds) (Contd.):		
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series PB (1190 days) - Direct Plan-Growth	-	23.77
Nil (March 31, 2020: 3,000,000) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series PE (1159 days) - Direct Plan-Growth	-	35.52
Nil (March 31, 2020: 3,000,000) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series PG (1148 days) - Direct Plan-Growth	-	35.54
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series PH (1143 days) - Direct Plan-Growth	-	23.66
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series QG (1100 days) - Direct Plan-Growth	-	23.48
2,000,000 (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series SJ (1135 days) - Direct Plan-Growth	24.14	22.19
2,000,000 (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series SL (1120 days) - Direct Plan-Growth	23.94	22.06
28,195,019.307 (March 31, 2020: Nil) Units of ₹ 10/- each of Bharat Bond FOF - April 2030 - Regular Plan - Growth Option	319.43	-
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of DSP FMP - Series 217 - 40M - Direct Plan - Growth	-	23.82
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of DSP FMP - Series 219 - 40M - Direct Plan - Growth	-	23.72
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of DSP FMP - Series 223 - 39M - Direct Plan - Growth	-	23.68
Nil (March 31, 2020: 3,000,000) Units of ₹ 10/- each of Franklin India Fixed Maturity Plan - Series 2 - Plan A - Direct Plan - Growth	-	35.65
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Franklin India Fixed Maturity Plan - Series 2 - Plan B - Direct Plan - Growth	-	23.82
6,586,226.882 (March 31, 2020: Nil) Units of ₹ 10/- each of HDFC Corporate Bond Fund - Regular Plan - Growth	164.18	-
13,466,320.732 (March 31, 2020: Nil) Units of ₹ 10/- each of HDFC Ultra Short Term Fund - Regular Plan - Growth	159.52	-
Nil (March 31, 2020: 5,000,000) Units of ₹ 10/- each of ICICI Prudential Fixed Maturity Plan - Series 82 - 1225 Days Plan B - Direct Plan - Cumulative Option	-	59.77
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of ICICI Prudential Fixed Maturity Plan - Series 82 - 1217 Days Plan C - Direct Plan - Cumulative Option	-	23.88
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of ICICI Prudential Fixed Maturity Plan - Series 82 - 1223 Days Plan G - Direct Plan - Cumulative Option	-	23.82
carried over	691.21	483.91
carried over	242.20	530.33

Notes to Financial Statements

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

7. INVESTMENTS (Contd.):

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
brought over	242.20	530.33
brought over	691.21	483.91
- Investments in mutual funds (quoted funds) (Contd.):		
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of ICICI Prudential Fixed Maturity Plan - Series 82 - 1203 Days Plan K - Direct Plan - Cumulative Option	-	23.80
2,000,000 (March 31, 2020: 2,000,000) Units of ₹ 10/- each of ICICI Prudential Fixed Maturity Plan - Series 85 - 1129 Days Plan P - Direct Plan - Cumulative Option	23.91	21.98
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of IDFC Fixed Term Plan Series 140 (1145 Days)- Direct Plan - Growth	-	23.64
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of IDFC Fixed Term Plan Series 144 (1141 Days)- Direct Plan - Growth	-	23.51
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Kotak FMP Series 214 - Direct - Growth	-	23.88
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Kotak FMP Series 219 - Direct - Growth	-	23.69
2,000,000 (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Kotak FMP Series 252 - Direct - Growth	25.03	23.00
2,000,000 (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Kotak FMP Series 267 - Direct - Growth	23.95	22.05
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Nippon India Fixed Horizon Fund XXXV- Series 12 - Direct Growth Plan (erstwhile Reliance Fixed Horizon Fund XXXV- Series 12)	-	23.90
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Nippon India Fixed Horizon Fund XXXVI- Series 1 - Direct Growth Plan (erstwhile Reliance Fixed Horizon Fund XXXVI- Series 1)	-	23.78
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Nippon India Fixed Horizon Fund XXXVI- Series 7 - Direct Growth Plan (erstwhile Reliance Fixed Horizon Fund XXXVI- Series 7)	-	23.63
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Nippon India Fixed Horizon Fund XXXVIII- Series 1 - Direct Growth Plan (erstwhile Reliance Fixed Horizon Fund XXXVIII- Series 1)	-	23.54
Nil (March 31, 2020: 3,000,000) Units of ₹ 10/- each of SBI Debt Fund Series C - 7 (1190 Days) - Direct Growth	-	35.53
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of SBI Debt Fund Series C - 8 (1175 Days) - Direct Growth	-	23.73
Nil (March 31, 2020: 4,000,000) Units of ₹ 10/- each of SBI Debt Fund Series C - 9 (1150 Days) - Direct Growth	-	47.37
Nil (March 31, 2020: 3,000,000) Units of ₹ 10/- each of SBI Debt Fund Series C - 10 (1150 Days) - Direct Growth	-	35.53
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of SBI Debt Fund Series C - 12 (1122 Days) - Direct Growth	-	23.14
2,000,000 (March 31, 2020: 2,000,000) Units of ₹ 10/- each of SBI Debt Fund Series C - 48 (1177 Days) - Direct Growth	24.13	22.10
2,000,000 (March 31, 2020: 2,000,000) Units of ₹ 10/- each of SBI Debt Fund Series C - 50 (1177 Days) - Direct Growth	23.92	21.99
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of UTI Fixed Term Income Fund Series XXVIII-VI (1190 Days)- Direct Growth Plan	-	23.78
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of UTI Fixed Term Income Fund Series XXVIII-IX (1168 Days)- Direct Growth Plan	-	23.74
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of UTI Fixed Term Income Fund Series XXVIII-XII (1154 Days)- Direct Growth Plan	-	23.61
Total	**812.15**	**1,044.83**
carried over	242.20	530.33

Notes to Financial Statements

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

7. INVESTMENTS (Contd.):

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
brought over	242.20	530.33
- Investments in mutual funds (unquoted funds)		
131,237.171 (March 31, 2020: 131,237.171) Units of ₹ 1,000/- each of Axis Banking & PSU Debt Fund - Regular Plan - Growth	270.27	250.84
560,606.412 (March 31, 2020: 560,606.412) Units of ₹ 100/- each of Aditya Birla Sun Life Money Manager Fund- Regular- Growth	159.75	150.89
55,938.953 (March 31, 2020: 55,938.953) Units of ₹ 1,000/- each of DSP Liquidity Fund - Regular Plan - Growth	163.32	157.87
Nil (March 31, 2020: 6,586,226.882) Units of ₹ 10/- each of HDFC Corporate Bond Fund - Regular Plan - Growth	-	150.91
Nil (March 31, 2020: 13,466,320.732) Units of ₹ 10/- each of HDFC Ultra Short Term Fund - Regular Plan - Growth	-	150.90
14,158,530.231 (March 31, 2020: 14,158,530.231) Units of ₹ 10/- each of IDFC Banking & PSU Debt Fund - Regular Plan - Growth	272.34	251.22
55,952.940 (March 31, 2020: 55,952.940) Units of ₹ 1,000/- each of Kotak Corporate Bond Fund Standard Growth - Regular Plan	162.30	150.57
3,408,321.993 (March 31, 2020: Nil) Units of ₹ 10/- each of Nippon India Floating Rate Fund - Growth Plan	118.12	-
4,862,835.617 (March 31, 2020: 4,862,835.617) Units of ₹ 10/- each of SBI Savings Fund - Regular Plan - Growth	158.39	150.73
40,591.648 (March 31, 2020: 40,591.648) Units of ₹ 1,000/- each of Tata Liquid Fund-Regular Plan - Growth	130.90	126.38
149,519.028 (March 31, 2020: 149,519.028) Units of ₹ 1,000/- each of UTI Liquid Cash Plan - Regular - Growth Plan	501.35	484.06
	1,936.74	**2,024.37**
Total FVTPL investments (Non-current) (b)	**2,991.09**	**3,599.53**
Total [(a) + (b)]	**3,987.08**	**4,300.32**
Current investments		
Investments at fair value through profit or loss (FVTPL) (fully paid)		
- Investments in mutual funds (quoted funds)		
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series OE (1153 days) - Direct Plan-Growth	-	24.85
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series OG (1146 days) - Direct Plan-Growth	-	24.81
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series OH (1120 days) - Direct Plan-Growth	-	24.89
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series OI (1120 days) - Direct Plan-Growth	-	24.87
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series OK (1135 days) - Direct Plan-Growth	-	24.83
carried over	-	124.25

Notes to Financial Statements

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

7. INVESTMENTS (Contd.):

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Current investments (Contd.):		
brought over	-	124.25
(Investments at fair value through profit or loss (FVTPL) (fully paid) (Contd.):)		
- Investments in mutual funds (quoted funds) (Contd.):		
3,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series OZ (1187 days) - Direct Plan-Growth	37.88	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series PA (1177 days) - Direct Plan-Growth	25.27	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series PB (1190 days) - Direct Plan-Growth	25.25	-
3,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series PE (1159 days) - Direct Plan-Growth	37.77	-
3,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series PG (1148 days) - Direct Plan-Growth	37.82	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series PH (1143 days) - Direct Plan-Growth	25.17	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of Aditya Birla Sun Life Fixed Term Plan - Series QG (1100 days) - Direct Plan-Growth	24.91	-
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of DSP FMP - Series 204 - 37M - Direct Plan - Growth	-	24.78
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of DSP FMP - Series 217 - 40M - Direct Plan - Growth	25.23	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of DSP FMP - Series 219 - 40M - Direct Plan - Growth	25.10	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of DSP FMP - Series 223 - 39M - Direct Plan - Growth	25.26	-
3,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of Franklin India Fixed Maturity Plan - Series 2 - Plan A - Direct Plan - Growth	37.85	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of Franklin India Fixed Maturity Plan - Series 2 - Plan B - Direct Plan - Growth	25.27	-
Nil (March 31, 2020: 5,000,000) Units of ₹ 10/- each of HDFC FMP 1169D February 2017 (1) Series 37 - Direct Option - Growth Option	-	61.81
570,726.532 (March 31, 2020: Nil) Units of ₹ 10/- each of HDFC Liquid Fund - Regular Plan - Growth	2,293.00	-
26,053,398.004 (March 31, 2020: Nil) Units of ₹ 10/- each of HDFC Floating Rate Debt Fund - Wholesale Option - Growth Option	987.73	-
Nil (March 31, 2020: 3,000,000) Units of ₹ 10/- each of ICICI Prudential Fixed Maturity Plan - Series 80 - 1187 Days Plan G - Direct Plan - Cumulative Option	-	37.21
Nil (March 31, 2020: 3,000,000) Units of ₹ 10/- each of ICICI Prudential Fixed Maturity Plan - Series 80 - 1194 Days Plan F - Direct Plan - Cumulative Option	-	37.29
Nil (March 31, 2020: 3,000,000) Units of ₹ 10/- each of ICICI Prudential Fixed Maturity Plan - Series 80 - 1253 Days Plan J - Direct Plan - Cumulative Option	-	37.43
carried over	3,633.51	322.77

Notes to Financial Statements

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

7. INVESTMENTS (Contd.):

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Current investments (Contd.):		
brought over	3,633.51	322.77
(Investments at fair value through profit or loss (FVTPL) (fully paid) (Contd.):)		
- Investments in mutual funds (quoted funds) (Contd.):		
5,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of ICICI Prudential Fixed Maturity Plan - Series 82 - 1225 Days Plan B - Direct Plan - Cumulative Option	63.33	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of ICICI Prudential Fixed Maturity Plan - Series 82 - 1217 Days Plan C - Direct Plan - Cumulative Option	25.29	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of ICICI Prudential Fixed Maturity Plan - Series 82 - 1223 Days Plan G - Direct Plan - Cumulative Option	25.28	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of ICICI Prudential Fixed Maturity Plan - Series 82 - 1203 Days Plan K - Direct Plan - Cumulative Option	25.27	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of IDFC Fixed Term Plan Series 140 (1145 Days)- Direct Plan - Growth	25.17	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of IDFC Fixed Term Plan Series 144 (1141 Days)- Direct Plan - Growth	25.06	-
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Kotak FMP Series 200 - Direct - Growth	-	24.83
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of Kotak FMP Series 214 - Direct - Growth	25.34	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of Kotak FMP Series 219 - Direct - Growth	25.15	-
Nil (March 31, 2020: 20,000) Units of ₹ 1,000/- each of PGIM India Fixed Duration Fund - Series AE - Direct Plan - Growth Option	-	24.91
Nil (March 31, 2020: 20,000) Units of ₹ 1,000/- each of PGIM India Fixed Duration Fund- Series AH-Direct Plan Growth Option	-	24.15
Nil (March 31, 2020: 3,000,000) Units of ₹ 10/- each of Nippon India Fixed Horizon Fund XXXII- Series 8 - Direct Growth Plan	-	37.51
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Nippon India Fixed Horizon Fund XXXIII- Series 1 - Direct Growth Plan	-	25.07
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Nippon India Fixed Horizon Fund XXXIII- Series 3 - Direct Growth Plan	-	25.03
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of Nippon India Fixed Horizon Fund XXXIII- Series 4 - Direct Growth Plan	-	25.04
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of Nippon India Fixed Horizon Fund XXXV- Series 12 - Direct Growth Plan	25.41	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of Nippon India Fixed Horizon Fund XXXVI- Series 1 - Direct Growth Plan	25.28	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of Nippon India Fixed Horizon Fund XXXVI- Series 7 - Direct Growth Plan	25.16	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of Nippon India Fixed Horizon Fund XXXVIII- Series 1 - Direct Growth Plan	25.13	-
3,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of SBI Debt Fund Series C - 7 (1190 Days) - Direct Growth	37.81	-
carried over	4,012.19	509.31

Notes to Financial Statements

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

7. INVESTMENTS (Contd.):

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Current investments (Contd.):		
brought over	4,012.19	509.31
(Investments at fair value through profit or loss (FVTPL) (fully paid) (Contd.):)		
- Investments in mutual funds (quoted funds) (Contd.):		
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of SBI Debt Fund Series C - 8 (1175 Days) - Direct Growth	25.18	-
4,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of SBI Debt Fund Series C - 9 (1150 Days) - Direct Growth	50.33	-
3,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of SBI Debt Fund Series C - 10 (1150 Days) - Direct Growth	37.78	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of SBI Debt Fund Series C - 12 (1122 Days) - Direct Growth	24.58	-
Nil (March 31, 2020: 2,000,000) Units of ₹ 10/- each of UTI Fixed Term Income Fund Series XXVI-VI (1146 Days)- Direct Growth Plan	-	24.84
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of UTI Fixed Term Income Fund Series XXVIII-VI (1190 Days)- Direct Growth Plan	25.22	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of UTI Fixed Term Income Fund Series XXVIII-IX (1168 Days)- Direct Growth Plan	25.27	-
2,000,000 (March 31, 2020: Nil) Units of ₹ 10/- each of UTI Fixed Term Income Fund Series XXVIII-XII (1154 Days)- Direct Growth Plan	25.15	-
Total	**4,225.70**	**534.15**
- Investments in mutual funds (unquoted funds) 3,531,479.277 (March 31, 2020: 1,031,808.171) Units of ₹ 100/- each of Aditya Birla Sun Life Liquid Fund - Growth - Regular Plan	1,162.95	327.85
1,865,798.957 (March 31, 2020: 1,865,798.957) Units of ₹ 100/- each of Aditya Birla Sun Life Savings Fund - Growth - Regular Plan	788.69	741.69
236,778.737 (March 31, 2020: 236,778.737) Units of ₹ 1,000/- each of Axis Liquid Fund - Growth	538.13	519.54
Nil (March 31, 2020: 10,397.238) Units of ₹ 1,000/- each of Baroda Liquid Fund - Plan A - Growth	-	23.64
141,714.32 (March 31, 2020: 141,714.32) Units of ₹ 1,000/- each of DSP Liquidity Fund - Regular Plan - Growth	413.76	399.94
Nil (March 31, 2020: 84,206.812) Units of ₹ 1,000/- each of Franklin India Liquid Fund - Super Institutional Plan - Growth	-	250.13
Nil (March 31, 2020: 4,079,800.906) Units of ₹ 10/- each of Franklin India Savings Fund- Retail Option- Growth	-	150.96
Nil (March 31, 2020: 178,606.137) Units of ₹ 10/- each of HDFC Liquid Fund - Regular Plan - Growth	-	693.64
26,053,398.004 (March 31, 2020: 26,053,398.004) Units of ₹ 10/- each of HDFC Floating Rate Debt Fund - Wholesale Option - Growth Option	-	914.80
10,387,261.324 (March 31, 2020: 10,387,261.324) Units of ₹ 10/- each of ICICI Prudential Corporate (Bond Fund - Growth)	235.67	216.32
8,350,898.587 (March 31, 2020: 2,677,365.304) Units of ₹ 100/- each of ICICI Prudential Liquid Fund - Growth	2,530.68	783.13
carried over	5,669.88	5,021.64

Notes to Financial Statements

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

7. INVESTMENTS (Contd.):

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Current investments (Contd.):		
brought over	5,669.88	5,021.64
Investments at fair value through profit or loss (FVTPL) (fully paid) (Contd.):		
- Investments in mutual funds (unquoted funds) (Contd.):		
1,422,546.019 (March 31, 2020: 1,422,546.019) Units of ₹ 100/- each of ICICI Prudential Savings Fund - Growth	591.78	551.02
91,128.217 (March 31, 2020: 91,128.217) Units of ₹ 1,000/- each of IDFC Cash Fund - Growth - (Regular Plan)	225.40	217.88
7,724,376.96 (March 31, 2020: 7,724,376.96) Units of ₹ 10/- each of IDFC Low Duration Fund - Growth - (Regular Plan)	233.62	220.66
77,649.317 (March 31, 2020: 77,649.317) Units of ₹ 1,000/- each of Invesco India Liquid Fund - Growth	218.21	210.81
352,606.435 (March 31, 2020: Nil) Units of ₹ 1,000/- each of Kotak Liquid Regular Plan Growth	1,460.07	-
9,527,430.568 (March 31, 2020: 9,527,430.568) Units of ₹ 10/- each of Kotak Savings Fund - Growth (Regular Plan)	321.37	305.77
194,637.656 (March 31, 2020: 118,258.886) Units of ₹ 1,000/- each of L&T Liquid Fund Regular - Growth	546.20	320.57
35,516.374 (March 31, 2020: 35,516.374) Units of ₹ 1,000/- each of LIC MF Liquid Fund-Regular Plan-Growth	131.51	127.01
24,236,087.005 (March 31, 2020: 24,236,087.005) Units of ₹ 10/- each of Nippon India Banking and PSU Debt Fund - Growth Plan	390.56	360.55
14,224,483.194 (March 31, 2020: 14,224,483.194) Units of ₹ 10/- each of Nippon India Floating Rate Fund -Growth Plan	492.99	452.00
111,959.671 (March 31, 2020: 111,959.671) Units of ₹ 1,000/- each of Nippon India Money Market Fund-Growth Plan	357.83	339.50
102,363.922 (March 31, 2020: 877.878) Units of ₹ 1,000/- each of Nippon India Liquid Fund -Growth Plan (erstwhile Reliance Liquid Fund)	511.56	4.23
1,068,355.749 (March 31, 2020: 336,765.208) Units of ₹ 1,000/- each of SBI Liquid Fund - Regular Plan - Growth	3,422.05	1,041.82
150,819.939 (March 31, 2020: 150,819.939) Units of ₹ 1,000/- each of SBI Magnum Low Duration Fund-Regular Plan - Growth	414.81	392.56
Nil (March 31, 2020: 6.273) Units of ₹ 1,000/- each of SBI Overnight Fund-Regular Plan - Growth	-	0.02
5,108,954.240 (March 31, 2020: 5,108,954.240) Units of ₹ 10/- each of Sundaram Money Fund - Regular Growth	220.30	212.75
111,021.203 (March 31, 2020: 16,155.823) Units of ₹ 1,000/- each of Tata Liquid Fund-Regular Plan - Growth	358.02	50.30
281,175.448 (March 31, 2020: 80,850.584) Units of ₹ 1,000/- each of UTI Liquid Cash Plan - Regular - Growth Plan	942.82	261.76
Total	16,508.98	10,090.85
Total FVTPL investments (Current)	**20,734.68**	**10,625.00**
Non-current		
Aggregate book value of quoted investments	**850.22**	**1,244.53**
Aggregate market value of quoted investments	**1,076.11**	**1,422.70**
Aggregate value of unquoted investments	**2,910.97**	**2,877.62**
Current		
Aggregate book value of quoted investments	**3,713.11**	**430.00**
Aggregate market value of quoted investments	**4,225.70**	**534.15**
Aggregate value of unquoted investments	**16,508.98**	**10,090.85**

Notes to Financial Statements

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

7. INVESTMENTS (Contd.):

(a) Gupta Energy Private Limited (GEPL)

Shares of GEPL pledged against the facility obtained by Gupta Global Resources Private Limited. This investment is carried at fair value of ₹ Nil.

(b) Birlasoft Limited and KPIT Technologies Limited

The Company had invested into 613,000 equity shares of ₹ 2/- each of KPIT Technologies Limited. The Hon'ble National Company Law Tribunal, Mumbai Bench, had by its order approved the composite scheme of arrangement (Scheme), amongst Birlasoft (India) Limited, KPIT Technologies Limited, KPIT Engineering Limited and their respective shareholders. Pursuant to the Scheme, the engineering business of KPIT Technologies Limited had been transferred to KPIT Engineering Limited.

Pursuant to the order during the previous year, Birlasoft (India) Limited had merged with KPIT Technologies Limited and KPIT Technologies had been renamed as "Birlasoft Limited. KPIT Engineering Limited had been renamed as "KPIT Technologies Limited".

Pursuant to the Scheme, the Company had received 1 equity share of KPIT Technologies Limited of ₹ 10/- each for 1 equity share of Birlasoft Limited of ₹ 2/- each. The ratio of cost of acquisition per share of Birlasoft Limited and KPIT Technologies Limited was 56.64% to 43.36%.

(c) Investments at fair value through OCI (fully paid) reflect investment in quoted and unquoted equity securities and quoted debt securities. Refer note 47 for determination of their fair values.

(d) Investments at fair value through profit or loss (fully paid) reflect investment in quoted / unquoted equity and debt securities. Refer note 47 for determination of their fair values.

(e) Avaada SataraMH Private Limited [ASPL]

During the current year, the Company has made further investment in Avaada SataraMH Private Limited (ASPL) of ₹ 142.44 million (March 31, 2020: ₹ 0.01 million) by acquiring 14,243,911 (March 31, 2020: 1,089) equity shares of ₹ 10/- each, as a pre-condition for seeking approval from MSEDCL for Open Access permission by ASPL. Hence, the said investment is made subject to, amongst other conditions, obtaining permission by ASPL from relevant government authorities for consumption of renewable energy by the Company under open access for solar plant of ASPL.

8. LOANS

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current (Unsecured, considered good)		
Loans to related parties [refer note 6(k), 42, 46]		
Loans to subsidiaries	254.52	199.76
Loans to an associate	30.00	303.87
Other loans		
Loans to employees	41.06	49.17
Total	**325.58**	**552.80**

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

8. LOANS (Contd.):

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Current (Unsecured, considered good)		
Loans to related parties [refer note 6(k), 42, 46]		
Loan to a subsidiary / associates	8.00	150.00
Other loans		
Loans to employees	20.38	27.36
Total	**28.38**	**177.36**

No loans are due from directors or other officers of the Company, firms in which director is a partner or private companies in which director is a director or member either severally or jointly with any other person, except for loans/advances disclosed in Note 39 and 42.

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

During the year, the Company has provided loan to Tork Motors Private Limited amounting to ₹ 40 million. For details refer note 42 and 46.

9. DERIVATIVE INSTRUMENTS

In ₹ Million

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

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

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

Notes to Financial Statements

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

10. OTHER FINANCIAL ASSETS

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Government grants*	735.41	907.46
Security deposits	347.25	329.13
Deposits with original maturity for more than twelve months #	-	0.03
Interest accrued on loans to associate	-	18.80
Total	**1,082.66**	**1,255.42**
Current		
Government grants*	733.16	1,089.80
Energy credit receivable - windmills	8.37	8.26
Interest accrued on fixed deposits, loans to various parties and others	43.67	65.67
Receivable for sale of property, plant and equipment	-	48.32
Recoverable from subsidiaries [Refer note 39]	168.69	119.31
Total	**953.89**	**1,331.36**

* Includes receivable against various schemes of export incentives and Industrial Promotion Subsidy (IPS) under Package Scheme of Incentives (PSI) 2007. There are no unfulfilled conditions or other contingencies attached to the said government grants.

₹ Nil (March 31, 2020 : ₹ 0.03 million) in non-current portion pledged with the sales tax department.

11. INVENTORIES

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Raw materials and components [includes items lying with third parties and items in transit]	2,391.76	1,987.91
Work-in-progress [includes items lying with third parties]	3,711.96	3,567.18
Finished goods [includes items lying with third parties and items in transit]	1,469.05	675.94
Stores, spares and loose tools	999.83	1,045.23
Dies and dies under fabrication	145.73	241.16
Scrap	30.24	58.55
Total	**8,748.57**	**7,575.97**

During the year ended March 31, 2021: (₹ 9.25 million) (March 31, 2020: ₹ 26.15 million) was recognised as (reversal of expense) / expenses for inventories carried at net realisable value.

Notes to Financial Statements

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

12. TRADE RECEIVABLES

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Unsecured		
Considered good	101.36	-
Significant increase in credit risk	3.68	-
	105.04	**-**
Less :		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)	3.68	-
Significant increase in credit risk	**3.68**	**-**
Total	**101.36**	**-**
Current		
Secured		
Considered good	82.44	50.55
	82.44	**50.55**
Unsecured		
Considered good (including related party receivables)	15,865.05	16,628.18
Significant increase in credit risk	-	-
Credit impaired	94.89	76.65
	15,959.94	**16,704.83**
Less :		
Impairment allowance (allowance for bad and doubtful debts including expected credit loss)		
Credit impaired	94.89	76.65
Unsecured (Considered good)	143.73	129.65
	238.62	**206.30**
Total	**15,803.76**	**16,549.08**

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

For terms and conditions relating to related party receivables, [refer note 39].

Trade receivables are non-interest bearing and are generally on terms of 30 to 240 days.

For details of debts due from firms or private companies in which any director is a partner, a director or a member, [refer note 39 and 42].

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

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

12. TRADE RECEIVABLES (Contd.):

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

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Transferred receivables	10,576.00	10,661.33
Associated secured borrowing [bank loans - refer note 18]	10,577.37	10,662.62

13. CASH AND BANK BALANCES

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Cash and cash equivalent		
Balances with banks:		
In cash credit and current accounts	2,758.53	1,536.53
Deposits with original maturity of less than three months	-	698.99
Cash on hand	0.59	0.82
Total	**2,759.12**	**2,236.34**
Other bank balances		
Earmarked balances (on unclaimed dividend accounts)	39.18	49.24
Deposits with original maturity of less than twelve months	3.00	2,156.43
Total	**42.18**	**2,205.67**

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

14. OTHER ASSETS

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current (Unsecured, considered good)		
Capital advances	1,406.71	510.17
Balances with government authorities	266.49	355.98
Advance to suppliers #	1,350.00	1,350.00
Total	**3,023.20**	**2,216.15**
Current (Unsecured, considered good)		
Balances with government authorities	1,174.49	1,038.99
Advance to suppliers	454.52	446.63
Others*	362.10	348.20
Total	**1,991.11**	**1,833.82**

Notes to Financial Statements

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

14. OTHER ASSETS (Contd.):

* Includes prepaid expenses, sundry debit balances, etc.

No advances are due from directors or other officers of the Company, firms in which a director is a partner or private companies in which director is a director or a member either severally or jointly with any other person except as disclosed in note no 39.

For terms and conditions relating to related party receivables, refer note 39.

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

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Break up of financial assets carried at cost		
Investment in subsidiaries, joint ventures and associates [Refer note 6]	10,968.62	8,600.72
Total	**10,968.62**	**8,600.72**

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Break up of financial assets carried at amortised cost		
Loans [Refer note 8]	353.96	730.16
Other financial assets [Refer note 10]	2,036.55	2,586.78
Trade receivables [Refer note 12]	15,905.12	16,549.08
Cash and cash equivalents [Refer note 13]	2,759.12	2,236.34
Other bank balances [Refer note 13]	42.18	2,205.67
Total	**21,096.93**	**24,308.03**

In ₹ Million

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

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Break up of financial assets carried at fair value through profit and loss		
Investments [Refer note 7]	23,725.77	14,224.53
Derivative instruments [Refer note 9]	-	145.50
Total	**23,725.77**	**14,370.03**

Notes to Financial Statements

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

15. EQUITY SHARE CAPITAL

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Authorized shares (No.)		
975,000,000 (March 31, 2020 : 975,000,000) equity shares of ₹ 2/- each	1,950.00	1,950.00
43,000,000 (March 31, 2020 : 43,000,000) cumulative non convertible preference shares of ₹ 10/- each	430.00	430.00
2,000,000 (March 31, 2020 : 2,000,000) unclassified shares of ₹ 10/- each	20.00	20.00
Issued (No.)		
465,768,492 (March 31, 2020 : 465,768,492) equity shares of ₹ 2/- each	931.54	931.54
Subscribed and fully paid-up (No.)		
465,588,632 (March 31, 2020 : 465,588,632) equity shares of ₹ 2/- each	931.18	931.18
Add:		
172,840 (March 31, 2020 : 172,840) forfeited equity shares comprising of 15,010 equity shares	0.09	0.09
(March 31, 2020: 15,010) of ₹ 2/- each (amount partly paid ₹ 1/- each) and 157,830 equity shares		
(March 31, 2020 : 157,830) of ₹ 2/- each (amount partly paid ₹ 0.50 each)		
Total issued, subscribed and fully paid-up share capital	**931.27**	**931.27**

(a) Terms / rights attached to equity shares

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

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

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

Equity shares	As at March 31, 2021		As at March 31, 2020	
	No	In ₹ Million	No	In ₹ Million
At the beginning of the year	465,588,632	931.18	465,588,632	913.18
Issued during the year	-	-	-	-
Outstanding at the end of the year	465,588,632	931.18	465,588,632	913.18

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

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

Notes to Financial Statements

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

15. EQUITY SHARE CAPITAL (Contd.):

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Equity shares allotted as fully paid bonus shares by capitalisation of capital redemption reserve and securities premium during the year ended March 31, 2018	232,794,316	232,794,316

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

Name of Shareholder	As at March 31, 2021		As at March 31, 2020	
	No	% of Holding	No	% of Holding
Equity shares of ₹ 2/- each fully paid				
Kalyani Investment Company Limited	63,312,190	13.60	63,312,190	13.60
Sundaram Trading and Investment Private Limited	55,240,174	11.87	55,240,174	11.87
KSL Holdings Private Limited	46,285,740	9.94	46,285,740	9.94

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

(f) Shares reserved for issue under option

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

(g) Global depository receipts

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

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

Notes to Financial Statements

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

16. OTHER EQUITY

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Capital reserves		
Special capital incentive [Refer note 16(a)]		
Balance as per the last financial statements	2.50	2.50
Closing balance	**2.50**	**2.50**
Warrants subscription money [Refer note 16(b)]		
Balance as per the last financial statements	13.00	13.00
Closing balance	**13.00**	**13.00**
Closing balance	**15.50**	**15.50**
Securities premium [Refer note 16(c)]		
Balance as per the last financial statements	6,930.89	6,930.89
Closing balance	**6,930.89**	**6,930.89**
Foreign Currency Monetary Item Translation Difference Account (FCMITDA) [Refer note 2.2(b)]		
Balance as per the last financial statements	(18.08)	(23.90)
Add: Arising during the year (loss)	8.43	(36.27)
Less: Adjusted during the year	(9.65)	(42.09)
Closing balance	**-**	**(18.08)**
Hedge reserve [Refer note 2.2(r)]		
Balance as per the last financial statements	(546.46)	1,129.66
Add: Arising during the year	2,207.11	(1,193.53)
Less: Adjusted during the year	(391.67)	482.59
Closing balance	**2,052.32**	**(546.46)**
General reserve		
Balance as per the last financial statements	3,230.48	3,230.48
Add: Amount transferred from surplus balance in the statement of profit and loss	-	-
Closing balance	**3,230.48**	**3,230.48**
Surplus in the statement of profit and loss		
Balance as per the last financial statements	**43,007.03**	**41,768.31**
Add:		
- Net profit for the year	3,120.94	4,735.16
- Items of OCI :		
(1) Re-measurement of defined benefit obligations	45.09	(160.77)
(2) Equity instruments through other comprehensive income	152.75	(0.33)
	3,318.78	**4,574.06**
carried over	46,325.81	46,342.37

Notes to Financial Statements

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

16. OTHER EQUITY (Contd.):

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
brought over	46,325.81	46,342.37
Less:		
- Final equity dividend of previous year	-	1,163.97
- Tax on final equity dividend of previous year	-	224.60
- Interim equity dividend	-	1,629.56
- Tax on interim equity dividend	-	317.21
	-	**3,335.34**
Closing balance	**46,325.81**	**43,007.03**
Total	**58,555.00**	**52,619.36**

(a) Special capital incentive:

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

(b) Warrants subscription money:

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

(c) Securities premium :

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

17. DISTRIBUTION MADE AND PROPOSED TO BE MADE

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Cash dividends on equity shares declared and paid :		
Final dividend		
For the year ended on March 31, 2020 : ₹ Nil per share (March 31, 2019 : ₹ 2.50 per share)	-	1,163.97
DDT on final dividend *	-	224.60
Interim dividend		
For the year ended on March 31, 2021 : ₹ Nil per share (March 31, 2020 : ₹ 3.50 per share)	-	1,629.56
DDT on interim dividend	-	317.21

Notes to Financial Statements

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

17. DISTRIBUTION MADE AND PROPOSED TO BE MADE (Contd.):

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Proposed dividend on equity shares		
Final dividend		
For the year ended on March 31, 2021 : ₹ 2/- per share (March 31, 2020 : ₹ Nil per share)	**931.18**	-

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

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

18. BORROWINGS

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current borrowings		
- Term loans from banks		
Foreign currency term loans (unsecured)		
On syndication basis [Refer note 18(a)]	1,535.40	2,272.80
On bilateral basis [Refer note 18(a)]	11,108.38	13,346.08
5.97% Rated Unsecured Non-Convertible Debentures [Refer Note 18 (a)(i)]	4,958.77	-
- Other loans (secured)		
GITA R&D project loan [Refer note 18(b)]	6.70	6.70
Total	**17,609.25**	**15,625.58**
Current borrowings		
- Current maturity of term loans from banks		
Foreign currency term loans (unsecured)		
On syndication basis [Refer note 18(a)]	658.00	1,515.20
On bilateral basis [Refer note 18(a)]	2,289.84	1,146.61
- From banks		
Foreign currency loans		
Preshipment packing credit (secured) [Refer note 18(c)]	4,613.27	3,075.11
Preshipment packing credit (unsecured) [Refer note 18(c)]	369.57	345.78
Bill discounting with banks (secured) [Refer note 18(d)]	8,657.96	8,691.13
Bill discounting with banks (unsecured) [Refer note 18(d)]	1,812.58	1,281.55
carried over	18,401.22	16,055.38

Notes to Financial Statements

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

18. BORROWINGS (Contd.):

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
brought over	18,401.22	16,055.38
Rupee loans		
Bill discounting with banks (secured) [Refer note 18(d)]	-	645.05
Bill discounting with banks (unsecured) [Refer note 18(d)]	106.83	44.89
Total	**18,508.05**	**16,745.32**
Less: Amount disclosed in other current financial liabilities [Refer note 19]	**2,947.84**	**2,661.81**
Total	**15,560.21**	**14,083.51**
Total secured loans	13,277.93	12,417.99
Total unsecured loans	22,839.37	19,952.91
	36,117.30	**32,370.90**

In ₹ Million

Changes in liabilities arising from financing activities *	Current borrowings	Non-current borrowings
Balance as on April 1, 2019	**17,709.48**	**14,181.59**
Net cash flows	(4,565.15)	2,852.85
Foreign exchange differences	926.08	1,279.69
Regroup from non-current to current	2,667.00	(2,667.00)
Others	8.49	(21.55)
Balance as on March 31, 2020	**16,745.90**	**15,625.58**
Net cash flows	(695.67)	5,000.00
Foreign exchange differences	(510.36)	(25.56)
Regroup from non-current to current	2,970.72	(2,970.72)
Others	(1.97)	(20.04)
Balance as on March 31, 2021	**18,508.62**	**17,609.26**

* For details relating to lease liabilities refer note 35(a).

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

18. BORROWINGS (Contd.):

(a) Foreign currency term loans

Foreign currency term loans on syndicated and bilateral basis (Unsecured)

Repayable in half yearly / yearly instalments along with interest ranging from LIBOR + 65 bps to LIBOR + 100 bps p.a. and EURIBOR + 60 bps to EURIBOR + 95 bps p.a.

	Repayment schedule			
	As at March 31, 2021		As at March 31, 2020	
Date of repayment	USD in Million	In ₹ Million	USD in Million	In ₹ Million
From				
- March 2019 (Yearly installment over 3 years)	-	-	20.00	1,515.20
- August 2021 (Yearly installment over 3 years)	30.00	2,193.45	30.00	2,272.80
- October 2021 (Yearly installment over 3 years)	50.00	3,655.75	50.00	3,788.00
- December 2022 (18 months installmentover 4.5 years)	40.00	2,924.60	40.00	3,030.40
	EUR in Million	In ₹ Million	EUR in Million	In ₹ Million
- August 2020 (Yearly installment over 3 years)	14.00	1,200.92	20.00	1,646.40
- May 2022 (Yearly installment over 3 years)	40.00	3,431.20	40.00	3,292.80
- February 2020 (Yearly installment over 5 years)	26.00	2,230.28	34.00	2,798.88
Total		**15,636.20**		**18,344.48**

(a) (i) Unsecured Non-convertible debentures (NCDs) Repayable in yearly instalments along with interest of 5.97% p.a.

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

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

	Repayment schedule	
	As at March 31, 2021	As at March 31, 2020
Date of repayment	In ₹ Million	In ₹ Million
From		
- August 2023 (Yearly installment over 3 years)	5,000.00	-

(b) GITA R&D project loan (Secured)

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

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

Notes to Financial Statements

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

18. BORROWINGS (Contd.):

(c) Preshipment packing credit

The loan is secured against hypothecation of inventories (refer note 11) and trade receivables (refer note 12).

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

Preshipment packing credit - foreign currency (secured and unsecured) is repayable within 30 days to 180 days and carries interest @ LIBOR + 60 bps to LIBOR + 125 bps p.a. and EURIBOR + 45 bps to EURIBOR + 70 bps p.a., respectively.

(d) Bill discounting with banks

The loan is secured against hypothecation of inventories (refer note 11) and trade receivables (refer note 12).

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

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

19. OTHER FINANCIAL LIABILITIES

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Other non-current financial liabilities		
Voluntary retirement scheme compensation (at amortised cost)	1.28	2.09
Total	**1.28**	**2.09**
Other current financial liabilities at amortised cost		
Interest accrued but not due on borrowings	206.34	32.31
Payables for capital goods	358.06	387.19
Security deposits	226.28	84.09
Directors commission	6.80	6.50
Current maturities of long term loans [Refer note 18]	2,947.84	2,661.81
Investor Education and Protection Fund (as and when due) #		
- Unpaid dividend	38.83	48.89
- Unpaid matured deposits	0.04	0.04
Voluntary retirement scheme compensation	30.42	30.34
Total	**3,814.61**	**3,251.17**

Includes unpaid due to litigation.

Notes to Financial Statements

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

19 (A). DERIVATIVE INSTRUMENTS

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	-	157.19
Fair value hedges (FVTPL)		
Cross currency swap	2.88	-
Total	**2.88**	**157.19**
Current		
Cash flow hedges (FVTOCI)		
Foreign currency forward contracts	-	571.65
Fair value hedges (FVTPL)		
Cross currency swap	1.23	-
Foreign currency forward contracts	-	4.55
Total	**1.23**	**576.20**

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

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

20. PROVISIONS

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Provision for gratuity [Refer note 37(a)]	171.63	184.72
Provision for special gratuity [Refer note 37(b)]	174.13	132.79
Provision for employees' provident fund [Refer note 37(c)]	120.00	169.03
Total	**465.76**	**486.54**
Current		
Provision for gratuity [Refer note 37(a)]	110.00	100.00
Provision for special gratuity [Refer note 37(b)]	11.24	9.23
Provision for leave benefits	359.83	338.41
Total	**481.07**	**447.64**

Notes to Financial Statements

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

21. INCOME AND DEFERRED TAXES

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

Statement of profit and loss :

In ₹ Million

Profit and loss section	Year ended March 31, 2021	Year ended March 31, 2020
Current income tax :		
Current income tax charge	882.21	1,779.29
Deferred tax :		
Relating to origination and reversal of temporary differences	145.92	(588.54)
Income tax expense reported in the statement of profit and loss	**1,028.13**	**1,190.75**

In ₹ Million

OCI section	Year ended March 31, 2021	Year ended March 31, 2020
Deferred tax related to items recognised in OCI:		
Net loss/(gain) on revaluation of cash flow hedges	874.04	(748.81)
Net loss/(gain) on re-measurement of defined benefit plans	15.17	(54.07)
Income tax charged to OCI	**889.21**	**(802.88)**

In ₹ Million

Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate for year ended March 31, 2021 and March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2020
Accounting profit before tax from operations	4,149.07	5,925.91
Applicable income tax rate of 25.168% (March 31, 2020: 25.168%)	1,044.24	1,491.43
Exceptional items	-	224.00
Difference due to change in applicable statutory tax rate	-	(586.18)
Other disallowances	86.81	61.50
Adjustment in respect of reversal of income tax expense of earlier years	(102.92)	-
At the effective income tax rate of 24.78% (March 31, 2020: 20.09%)	**1,028.13**	**1,190.75**
Income tax expense reported in the statement of profit and loss	**1,028.13**	**1,190.75**

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

In ₹ Million

	Balance Sheet	
Deferred tax liability (net)	As at March 31, 2021	As at March 31, 2020
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	2,012.12	1,923.38
Fair valuation of cash flow hedges	700.76	(173.28)
Other deductible temporary differences	(367.12)	(439.47)
Net deferred tax liabilities	**2,345.76**	**1310.63**

Notes to Financial Statements

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

21. INCOME AND DEFERRED TAXES (Contd.):

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

In ₹ Million

Deferred tax expense/(income)	Statement of Profit and Loss	
	Year ended March 31, 2021	Year ended March 31, 2020
Deferred tax relates to the following:		
Accelerated depreciation for tax purposes	88.74	(797.33)
Other deductible temporary differences	57.18	208.79
Deferred tax expense	**145.92**	**(588.54)**

In ₹ Million

Reflected in the balance sheet as follows	As at March 31, 2021	As at March 31, 2020
Deferred tax assets	(1,126.30)	(885.16)
Deferred tax liabilities	3,472.06	2,195.79
Deferred tax liabilities (net)	**2,345.76**	**1,310.63**

In ₹ Million

Reconciliation of deferred tax liabilities (net)	Year ended March 31, 2021	Year ended March 31, 2020
Opening balance	1,310.63	2,702.05
Tax expense/(income) during the period recognised in profit or loss	145.92	(588.54)
Tax expense/(income) during the period recognised in OCI	889.21	(802.88)
Closing balance	**2,345.76**	**1,310.63**

(a) The Company offsets tax assets and tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

(b) During the year ended March 31, 2020, the Company has paid dividend to its shareholders. This has resulted in payment of Dividend Distribution Tax (DDT) to the taxation authorities. The Company believes that DDT represents additional payment to taxation authority on behalf of the shareholders. Hence, DDT paid is charged to equity.

(c) The Government of India introduced Taxation Laws (Amendment) Ordinance, 2019 (The "Ordinance") on September 20, 2019. Tax expenses for the year ended March 31, 2020 reflect changes made vide the Ordinance, as applicable to the Company.

Notes to Financial Statements

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

22. TRADE PAYABLES

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Trade payables		
Dues to micro enterprises and small enterprises [Refer note 43]	32.35	20.17
Dues to other than micro enterprises and small enterprises (including related parties payables)	7,976.90	6,092.33
Total	**8,009.25**	**6,112.50**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are generally settled on 60 to 90 days terms.
- Other payables (under note 19 and 23) are non-interest bearing and have an average term of 90 days.
- For terms and conditions with related parties, refer note 39.

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

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

23. OTHER LIABILITIES

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
Contract liabilities (Advance from customers) $	634.35	455.05
Employee contributions and recoveries payable	84.57	112.43
Statutory dues payable including tax deducted at source #	131.36	165.62
Others*	11.25	28.86
Total	**861.53**	**761.96**

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

Includes payable with respect to Good and Services Tax, Local Body Tax, Gram Panchayat Tax, Withholding taxes, provident fund etc.

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

Notes to Financial Statements

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

23. OTHER LIABILITIES (Contd.):

In ₹ Million

Break up of the financial liabilities at amortized cost	As at March 31, 2021	As at March 31, 2020
Borrowings (Non-current) [Refer note 18]	17,609.25	15,625.58
Borrowings (Current) [Refer note 18]	15,560.21	14,083.51
Other non-current financial liabilities [Refer note 19]	1.28	2.09
Other current financial liabilities [Refer note 19]	3,814.61	3,251.17
Trade payables [Refer note 22]	8,009.25	6,112.50
Total financial liabilities carried at amortised cost	**44,994.60**	**39,074.85**

In ₹ Million

Break up of financial liabilities carried at fair value through OCI	As at March 31, 2021	As at March 31, 2020
Derivative instruments [Refer note 19(a)]	-	**728.84**

In ₹ Million

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

For the Company's credit risk management processes, refer note 51.

24. REVENUE FROM OPERATIONS

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Sale of products		
- Sale of goods *	34,255.06	42,132.22
- Tooling income	127.38	164.06
Total sale of products	**34,382.44**	**42,296.28**
Sale of services		
- Job work charges	166.89	201.84
Other operating revenues		
- Manufacturing scrap	1,450.68	1,746.52
- Government grants - export incentives [Refer note 10]	485.46	1,318.80
- Sale of electricity/REC - Windmills	29.65	75.40
	1,965.79	**3,140.72**
Total	**36,515.12**	**45,638.84**
Geographical Markets		
- Within India	16,956.46	19,137.05
- Outside India	19,558.66	26,501.79
Total Revenue from operations	**36,515.12**	**45,638.84**

* Sale of goods includes F.O.B. value of export of ₹ 19,097.99 million (March 31, 2020 : ₹ 26,258.69 million).

Notes to Financial Statements

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

24. REVENUE FROM OPERATIONS (Contd.):

Set out below is the amount of revenue recognised from

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Amounts included in contract liabilities at the beginning of the year	238.09	224.07
Performance obligations satisfied in previous year	-	-

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

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from operations	36,515.12	45,638.84
Less: Adjustments		
- Government grants - export incentives	485.46	1,318.80
	36,029.66	**44,320.04**
Add: Adjustments		
- Miscellaneous income	64.64	101.65
- Sale of property, plant and equipment	162.38	83.80
	227.02	**185.45**
Revenue from contract with customers	**36,256.68**	**44,505.49**
Add/(less): Adjustments (sales returns, discounts, etc.)	812.52	(79.92)
Revenue as per contracted price	**37,069.20**	**44,425.57**

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Notes to Financial Statements

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

25. OTHER INCOME

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Dividend income from investments	1.23	2.64
Dividend income from subsidiary company	-	157.67
Net gain on fair valuation of financial instruments (FVTPL)	336.62	576.33
Net gain on sale of financial instruments	589.87	380.66
Government grants *	-	85.42
Liabilities / provisions no longer required written back	53.44	58.84
Interest income on		
- Fixed deposits and others**	252.87	121.62
- Loans to subsidiaries/associates	55.62	33.20
Rent (Refer note 35(b))	8.51	7.33
Gain on sale/discard of property, plant and equipments (net)	15.15	16.17
Miscellaneous income ***	91.26	169.00
Total	**1,404.57**	**1,608.88**

* Includes Government grants received as part of the Packaged Scheme of Incentives for the purpose of capital investment in designated areas, government grant on pre-shipment credit and bill discounting where the Company has availed the benefit of interest equalisation scheme of the Reserve Bank of India. Interest on borrowings is accounted for on gross basis in note 30. There are no unfulfilled conditions or contingencies attached to these grants.

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

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

26. COST OF RAW MATERIALS AND COMPONENTS CONSUMED

In ₹ Million

Particulars		Year ended March 31, 2021	Year ended March 31, 2020
Inventory at the beginning of the year [Refer note 11]		**1,987.91**	**2,185.20**
Add: Purchases		15,362.54	17,478.18
Less: Inventory as at end of the year [Refer note 11]		2,391.76	1,987.91
Cost of raw materials and components consumed	**Total**	**14,958.69**	**17,675.47**

Notes to Financial Statements

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

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

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Inventories at the end of the year [Refer note 11]		
Work-in-progress [includes items lying with third parties]	3,711.96	3,567.18
Finished goods [includes items lying with third parties and items in transit]	1,469.05	675.94
Dies and dies under fabrication	145.73	241.16
Scrap	30.24	58.55
	5,356.98	**4,542.83**
Inventories at the beginning of the year [Refer note 11]		
Work-in-progress [includes items lying with third parties]	3,567.18	3,232.55
Finished goods [includes items lying with third parties and items in transit]	675.94	892.76
Dies and dies under fabrication	241.16	151.93
Scrap	58.55	79.21
	4,542.83	**4,356.45**
Total	**(814.15)**	**(186.38)**

28. EMPLOYEE BENEFITS EXPENSE

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus (including managing and whole time director's remuneration)	3,877.45	4,164.59
Contributions to provident and other funds / scheme #	205.31	208.29
Gratuity expense [Refer note 37(a)]	79.90	71.74
Special gratuity expense [Refer note 37(b)]	17.87	12.95
Employee voluntary retirement scheme compensation	1.55	2.76
Staff welfare expenses	300.29	363.27
Total	**4,482.37**	**4,823.60**

Other funds / scheme includes contribution towards early retirement scheme and Employee State Insurance scheme.

The code on Social Security, 2020 ('Code') relating to employees benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Notes to Financial Statements

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

29. DEPRECIATION AND AMORTISATION EXPENSE

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation on property, plant and equipment [Refer note 3]	3,517.62	3,322.26
Amortisation on intangible assets [Refer note 5]	75.92	98.38
Depreciation on right-of-use assets [Refer note 35]	67.21	28.07
Total	**3,660.75**	**3,448.71**

30. FINANCE COSTS

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest on bank facilities *	581.50	860.25
Exchange differences regarded as an adjustment to borrowing costs **	45.30	527.47
Interest on lease liabilities [Refer note 35]	84.35	35.66
Others #	68.00	26.90
Total	**779.15**	**1,450.28**

* Includes unwinding impact of transaction cost on borrowings.

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

Others includes net interest expense on defined benefit plans [Refer note 37] etc.

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Notes to Financial Statements

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

31. OTHER EXPENSES

In ₹ Million

Particulars		Year ended March 31, 2021	Year ended March 31, 2020
Consumption of stores, spares and tools		2,087.95	2,441.71
Machining / subcontracting charges		946.99	1,215.55
Power, fuel and water	2,711.33		3,657.12
Less: Credit for energy generated	60.09		95.30
		2,651.24	3,561.82
Repairs and maintenance			
- Building repairs and road maintenance		52.52	117.85
- Plant and machinery		414.91	494.56
Rent (Refer note 35)		20.31	29.64
Rates and taxes		57.41	34.67
Insurance		129.21	99.68
CSR expenditure (Refer note 45)		225.30	254.50
Legal and professional fees		768.46	658.00
Commission		12.45	28.24
Donations		25.88	112.43
Packing material		673.34	817.66
Freight forwarding charges		693.93	656.23
Directors' fees and travelling expenses		4.70	3.96
Commission to directors other than managing and whole time directors		6.80	6.50
Provision for doubtful debts and advances (including expected credit losses)		61.98	50.00
Bad debts / advances written off		0.14	27.16
Exchange difference (net) *		71.58	243.94
Payment to auditors (Refer note 31(a))		19.66	18.61
Miscellaneous expenses **		1,687.22	2,298.28
Total		**10,611.98**	**13,170.99**

* Includes MTM (gain)/loss on derivatives amounting to ₹ 149.61 million (March 31, 2020 : ₹ (67.18) million) and foreign exchange (gain)/loss amounting to ₹ 35.21 million (March 31, 2020 : ₹ 429.22 million) on account of differential reinstatement of foreign exchange loans.

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

Notes to Financial Statements

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

31. OTHER EXPENSES (Contd.):

(a) Payment to auditors

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
As auditor:		
- Audit fee	11.23	11.23
- Limited review	5.60	5.60
- Others (including certification fees)	2.63	0.88
Reimbursement of expenses	0.20	0.90
Total	**19.66**	**18.61**

(b) Capitalisation of expenditure

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

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest on bank facilities	34.77	246.01
Salaries, wages and bonus	29.38	23.88
Consumption of stores and spares and loose tools	1.88	3.23
Others	7.14	7.61
Total	**73.17**	**280.73**

32. EXCEPTIONAL ITEMS

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Voluntary retirement scheme compensation (Refer note 32(a))	(91.83)	(49.14)
Provision for impairment in the value of the investment in Tevva Motors (Jersey) Ltd. (Refer note 32(b)	-	(890.00)
Total	**(91.83)**	**(939.14)**

(a) Voluntary retirement scheme compensation

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

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

In view of the business situation and considering the prospects going forward, provision of an amount of ₹ 890.00 million was made during the previous year towards the impairment in the value of the investment in Tevva Motors (Jersey) Ltd.

Notes to Financial Statements

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

33. COMPONENTS OF OTHER COMPREHENSIVE INCOME (OCI)

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

In ₹ Million

During the year ended March 31, 2021	Cash flow hedge reserve	FVTOCI reserve	Foreign currency monetary items translation difference account	Retained earnings	Income tax / Deferred tax effect	Total
Foreign exchange revaluation differences	-	-	18.08	-	-	18.08
Currency forward contracts	2,949.42	-	-	-	(742.31)	2,207.11
Reclassified to statement of profit or loss	523.40	-	-	-	(131.73)	391.67
Effect of deferred tax of hedge reserve	-	-	-	-	-	-
Gain / (Loss) on FVTOCI financial assets	-	152.75	-	-	-	152.75
Re-measurement gains/(losses) on defined benefit plans	-	-	-	60.26	(15.17)	45.09
Total	**3,472.82**	**152.75**	**18.08**	**60.26**	**(889.21)**	**2,814.70**

In ₹ Million

During the year ended March 31, 2020	Cash flow hedge reserve	FVTOCI reserve	Foreign currency monetary items translation difference account	Retained earnings	Income tax / Deferred tax effect	Total
Foreign exchange revaluation differences	-	-	5.82	-	-	5.82
Currency forward contracts	(1,780.03)	-	-	-	617.75	(1,162.28)
Reclassified to statement of profit or loss	(644.90)	-	-	-	162.31	(482.59)
Effect of deferred tax of hedge reserve	-	-	-	-	(31.25)	(31.25)
Gain / (Loss) on FVTOCI financial assets	-	(0.33)	-	-	-	(0.33)
Re-measurement gains/(losses) on defined benefit plans	-	-	-	(214.84)	54.07	(160.77)
Total	**(2,424.93)**	**(0.33)**	**5.82**	**(214.84)**	**802.88**	**(1,831.40)**

Notes to Financial Statements

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

34. EARNINGS PER EQUITY SHARE (EPS)

Particulars		Year ended March 31, 2021	Year ended March 31, 2020
Numerator for basic and diluted EPS			
Net profit after tax attributable to shareholders (in ₹ million)	**(A)**	3,120.94	4,735.16
Denominator for basic EPS			
Weighted average number of equity shares for basic EPS	**(B)**	465,588,632	465,588,632
Denominator for diluted EPS			
Weighted average number of equity shares for diluted EPS	**(C)**	465,588,632	465,588,632
Basic earnings per share of face value of ₹ 2/- each (in ₹)	**(A/B)**	6.70	10.17
Diluted earnings per share of face value of ₹ 2/- each (in ₹)	**(A/C)**	6.70	10.17

35. LEASES

(a) Company as lessee

The Company has lease contracts for solar plant &, various items of building and leasehold land, etc. used in its operations. These leases generally have lease terms between 2 and 16 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments, which are further mentioned below:

The Company also has certain leases of various assets with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Below are the carrying amounts of right-of-use assets recognised and the movements during the year:

In ₹ Million

Particulars	Leasehold land	Plant & Machinery	Buildings	Total
At April 1, 2019	**-**	**-**	408.59	408.59
Transferred from property, plant and equipment (Refer note 3)	67.65	-	-	67.65
Additions	-	-	-	-
Depreciation	(0.79)	-	(27.28)	(28.07)
At April 1, 2020	**66.86**	**-**	**381.31**	**448.17**
Additions	-	1,613.77	43.17	1,656.94
Depreciation	(0.79)	(38.42)	(28.00)	(67.21)
At March 31, 2021	**66.07**	**1,575.35**	**396.48**	**2,037.90**

Notes to Financial Statements

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

35. LEASES (Contd.):

Below are the carrying amounts of lease liabilities and the movements during the year:

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Opening Balance	**383.53**	**379.74**
Additions	1,656.00	-
Accretion of Interest	84.35	35.66
Payments	(105.83)	(31.87)
Closing Balance	**2,018.05**	**383.53**
Current	250.38	54.92
Non Current	1,767.66	328.61

The maturity analysis of lease liabilities are disclosed in Note 51.

The effective interest rate for lease liabilities is between 8.40% p.a. to 9.35% p.a. (March 31, 2020 : 8.40% p.a. to 9.35% p.a.)

The following are the amounts recognised in statement of profit and loss:

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation expense of right-of-use assets	67.21	28.07
Interest expense on lease liabilities	84.35	35.66
Expense relating to short-term leases (included in other expenses)	20.31	29.24
Total amount recognised in profit or loss	**171.87**	**92.97**

The Company had total cash outflows for leases of ₹ 105.83 million (March 31, 2020: ₹ 31.87 million). The Company also had non-cash additions to right-of-use assets and lease liabilities of ₹ 1,656.95 million (March 31, 2020: Nil) and ₹ 1,656.00 million (March 31, 2020: Nil), respectively.

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgment in determining whether these extension and termination options are reasonably certain to be exercised. (Refer note 49)

Below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

In ₹ Million

Particulars	Within five years	More than five years	Total
Financial year 2020-21			
Extension options expected not to be exercised	-	-	-
Termination options expected to be exercised	-	-	-
Obligations under leases not yet commenced *	137.87	297.52	435.39

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

35. LEASES (Contd.):

In ₹ Million

Particulars	Within five years	More than five years	Total
Financial year 2019-20			
Extension options expected not to be exercised	2.56	-	2.56
Termination options expected to be exercised	-	-	-
Obligations under leases not yet commenced *	761.43	1,730.52	2,491.95

* Refer note 7(e) for further details.

(b) Company as lessor

The Company has entered into agreements / arrangement in the nature of lease / sub-lease agreement with different lessees for the purpose of land and building. These are generally in the nature of operating lease. Period of agreements/ arrangement are generally for three years to twenty five years and cancellable with a notice of thirty days to six months and renewal at the options of the lessee / lessor.

Future minimum rentals receivable under operating leases are as follow:

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Within one year	3.12	2.90
After one year but not more than five years	1.44	3.19
More than five years	-	-
Total	**4.56**	**6.09**

36. SEGMENT INFORMATION

In accordance with paragraph 4 of notified Ind AS 108 "Operating segments", the Company has disclosed segment information only on the basis of the consolidated financial statements.

37. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS

(a) Gratuity plan

Funded scheme

The Company has a defined benefit gratuity plan for its employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, every employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the employee's length of service and salary at retirement age. An employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn) for each completed year of service as per the provisions of the Payment of Gratuity Act, 1972. In case of certain category of employees who have completed 10 years of service, gratuity is calculated based on 30 days salary (last drawn) for each completed year of service and cap for gratuity is 20 years. The scheme is funded with insurance companies in the form of a qualifying insurance policies.

Risk exposure and asset-liability matching

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as company take on uncertain long term obligations to make future benefit payments.

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

37. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

1) **Liability risks**

a) **Asset-liability mismatch risk**

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements.

b) **Discount rate risk**

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

c) **Future salary escalation and inflation risk**

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) **Asset risks**

All plan assets are maintained in a trust fund managed by a public sector insurer viz. LIC of India and other insurance companies. LIC and other insurance companies have a sovereign guarantee and have been providing consistent and competitive returns over the years. The Company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Company has no control over the management of funds but this option provides a high level of safety for the total corpus. The same account is maintained for both the investment and claim settlement and hence, 100% liquidity is ensured and also interest rate and inflation risk are taken care of.

The following table summarises the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plans.

The principal assumptions used in determining gratuity for the Company's plan is shown below:

Particulars	As at March 31, 2021	As at March 31, 2020
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	6.90%	6.20%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)	11.37	11.72
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	5.00%	5.00%
Age 31 - 44 years	5.00%	5.00%
Age 45 - 50 years	5.00%	5.00%
Age above 50 years	5.00%	5.00%

Notes to Financial Statements

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

37. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

(a) Gratuity plan (Contd.):

Changes in the present value of the defined benefit obligation recognised in the balance sheet are as follows:

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of obligation as at the beginning of the period	1,151.42	961.00
Interest expense	75.63	72.86
Current service cost	79.90	71.74
Benefits (paid)	(78.33)	(29.60)
Remeasurements on obligation [actuarial (gain) / loss]	(14.49)	75.42
Closing defined benefit obligation	**1,214.13**	**1,151.42**

Changes in the fair value of plan assets recognised in the balance sheet are as follows:

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Opening fair value of plan assets	866.70	746.03
Interest income	57.85	59.83
Contributions	101.43	91.50
Benefits paid	(78.34)	(29.60)
Return on plan assets, excluding amount recognised in Interest Income-(loss)/gain	(15.14)	(1.06)
Closing fair value of plan assets	**932.50**	**866.70**
Actual return on plan assets	42.71	57.54

Net interest (income)/expense

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest Expense – Obligation	75.63	72.86
Interest (Income) – Plan assets	(57.85)	(59.83)
Net Interest Expense for the period	**17.78**	**13.03**

Remeasurement for the period [actuarial (gain)/loss]

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Experience (gain) / loss on plan liabilities	(4.57)	(3.82)
Financial loss on plan liabilities	(9.92)	78.01
Experience loss / (gain) on plan assets	7.32	2.29
Financial (gain) on plan assets	7.82	-

Notes to Financial Statements

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

37. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

(a) Gratuity plan (Contd.):

Amount recognised in statement of other comprehensive income (OCI)

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Remeasurement for the period-obligation (gain) / loss	(14.49)	75.42
Remeasurement for the period-plan assets loss	15.14	1.06
Total remeasurement cost for the period recognised in OCI	**0.65**	**76.48**

The amounts to be recognised in the balance sheet

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of obligation	(1,214.13)	(1,151.42)
Fair value of plan assets	932.50	866.70
Net asset / (liability) to be recognised in the balance sheet	**(281.63)**	**(284.72)**

Expense recognised in the statement of profit and loss

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost	79.90	71.74
Net interest (income) / expense (refer note 30)	17.78	13.03
Net periodic benefit cost recognised in the statement of profit and loss	**97.68**	**84.77**

Reconciliation of net asset/(liability) recognised:

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Net asset (liability) recognised at the beginning of the period	(284.72)	(214.97)
Company's contributions	101.42	91.50
Expense recognised for the year	(97.68)	(84.77)
Amount recognised in OCI	(0.65)	(76.48)
Net asset / (liability) recognised at the end of the period	**(281.63)**	**(284.72)**

The Company expects to contribute ₹ 110.00 million to gratuity fund in the next year (March 31, 2020 : ₹ 100.00 million).

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Funds managed by insurer	**100.00%**	**100.00%**

Notes to Financial Statements

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

37. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

(a) Gratuity plan (Contd.):

Sensitivity analysis :

A) Impact of change in discount rate when base assumption is decrease / increase in present value of obligation

In ₹ Million

Discount rate	As at March 31, 2021	As at March 31, 2020
Decrease by 1%	1,317.52	1,248.57
Increase by 1%	1,119.64	1,060.65

B) Impact of change in salary increase rate when base assumption is decrease / increase in present value of obligation

In ₹ Million

Salary increment rate	As at March 31, 2021	As at March 31, 2020
Decrease by 1%	1,128.49	1,069.22
Increase by 1%	1,305.13	1,236.62

C) Impact of change in withdrawal rate when base assumption is decrease / increase in present value of obligation

In ₹ Million

Withdrawal rate	As at March 31, 2021	As at March 31, 2020
Decrease by 1%	1,218.17	1,154.99
Increase by 1%	1,206.12	1,142.16

The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following are the expected benefit payments to the defined benefit plan in future years :

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Within one year	185.12	177.25
After one year but not more than five years	354.53	320.22
After five years but not more than ten years	644.13	576.74

Weighted average duration of the defined benefit plan obligation (based on discounted cash flows using mortality, withdrawal and interest rate) is 10.93 years (March 31, 2020 : 11.02 years).

Notes to Financial Statements

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

37. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

(b) Special gratuity

The Company has a defined benefit special gratuity plan. Under the gratuity plan, every eligible employee who has completed ten years of service gets an additional gratuity on departure which will be salary of specified months based on last drawn basic salary. The scheme is unfunded.

1) Liability risks

a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralise valuation swings caused by interest rate movements.

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

2) Unfunded plan risk

This represents unmanaged risk and a growing liability. There is an inherent risk here that the Company may default on paying the benefits in adverse circumstances. Funding the plan removes volatility in the Company's financial statements and also benefit risk through return on the funds made available for the plan.

The principal assumptions used in determining special gratuity for the Company's plan is shown below:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	6.90%	6.90%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives (in years)	11.90	12.17
Withdrawal rate (based on grade and age of employees)		
Age upto 30 years	5.00%	5.00%
Age 31 - 44 years	5.00%	5.00%
Age 45 - 50 years	5.00%	5.00%
Age above 50 years	5.00%	5.00%

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

37. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

(b) Special gratuity (Contd.):

Changes in the present value of the defined benefit obligation recognised in the balance sheet are as follows:

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of obligation as at the beginning of the period	142.02	113.45
Interest expense	9.69	8.65
Past service cost	0.72	-
Current service cost	17.87	12.95
Benefits (paid)	(3.15)	(2.33)
Remeasurements on obligation [Actuarial (Gain) / Loss]	18.22	9.30
Closing defined benefit obligation	**185.37**	**142.02**

Net Interest (Income)/Expense

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest expense – obligation	9.69	8.65
Interest (income) / expense – plan assets	-	-
Net interest expense for the period	**9.69**	**8.65**

Remeasurement for the period [Actuarial (Gain)/loss]

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Experience (gain) / loss on plan liabilities	18.22	(1.39)
Financial loss on plan liabilities	-	10.69

Amount recognised in statement of other comprehensive Income (OCI)

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Remeasurement for the period-obligation (gain)/loss	18.22	9.30
Total remeasurement cost for the period recognised in OCI	**18.22**	**9.30**

The amounts to be recognised in the Balance Sheet

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of obligation as at the end of the period	(185.37)	(142.02)
Net asset / (liability) to be recognised in the balance sheet	**(185.37)**	**(142.02)**

Notes to Financial Statements

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

37. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

(b) Special gratuity (Contd.):

Expense recognised in the statement of profit and loss

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost (Refer note 28)	17.87	12.95
Past service cost	0.72	-
Net interest (income) / expense (Refer note 30)	9.69	8.65
Net periodic benefit cost recognised in the statement of profit and loss	**28.28**	**21.60**

Reconciliation of Net Asset/(Liability) recognised:

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Net asset / (liability) recognised at the beginning of the period	(142.02)	(113.45)
Benefits directly paid by Company	3.15	2.33
Expense recognised for the year	(28.28)	(21.60)
Amount recognised in OCI	(18.22)	(9.30)
Net asset / (liability) recognised at the end of the period	**(185.37)**	**(142.02)**

The following are the expected benefit payments to the defined benefit plan in future years :

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Within one year	11.24	9.23
After one year but not more than five years	47.53	32.56
After five years but not more than ten years	89.01	66.50

Weighted average duration of the plan (based on discounted cash flows using mortality, withdrawal and interest rate) is 11.07 years (March 31, 2020 : 10.73 years).

Sensitivity analysis :

A) Impact of change in discount rate when base assumption is decreased / increased - present value of obligation

In ₹ Million

Discount rate	Year ended March 31, 2021	Year ended March 31, 2020
Decrease by 1%	207.42	159.09
Increase by 1%	166.66	127.61

Notes to Financial Statements

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

37. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

(b) Special gratuity (Contd.):

B) Impact of change in salary increase rate when base assumption is decreased / increased - present value of obligation

In ₹ Million

Salary increment rate	Year ended March 31, 2021	Year ended March 31, 2020
Decrease by 1%	168.08	128.69
Increase by 1%	205.32	157.44

C) Impact of change in withdrawal rate when base assumption is decreased / increased - present value of obligation

In ₹ Million

Withdrawal rate	Year ended March 31, 2021	Year ended March 31, 2020
Decrease by 1%	185.71	142.54
Increase by 1%	185.06	141.52

(c) Provident fund

In accordance with the law, all employees of the Company are entitled to receive benefits under the provident fund. The Company operates two plans for its employees to provide employee benefits in the nature of provident fund, viz. defined contribution plan and defined benefit plan.

Under the defined contribution plan, provident fund is contributed to the government administered provident fund. The Company has no obligation, other than the contribution payable to the provident fund.

Under the defined benefit plan, the Company contributes to the "Bharat Forge Company Limited Staff Provident Fund Trust". The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The details of the defined benefit plan based on actuarial valuation report are as follows:

1) Liability risks:

a) Asset-liability mismatch risk

Risk which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements. Hence, companies are encouraged to adopt asset-liability management.

b) Discount rate risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practice can have a significant impact on the defined benefit liabilities.

c) Future salary escalation and inflation risk

Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments, resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion, may lead to uncertainties in estimating this increasing risk.

Notes to Financial Statements

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

37. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

(c) Provident fund (Contd.):

The principal assumptions used in determining provident fund liability / shortfall for the Company's plan is shown below:

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Mortality table	IALM(2012-14) ult	IALM(2012-14) ult
Discount rate	6.90%	6.80%
Interest rate declared by Employees' Provident Fund Organisation for the year	8.50%	8.55%
Yield spread	0.50%	0.50%
Expected average remaining working lives of employees (in years)	11.61*	12.35*
Withdrawal rate:		
Age upto 30 years	5.00%	5.00%
Age 31 - 44 years	5.00%	5.00%
Age 45 - 50 years	5.00%	5.00%
Age above 50 years	5.00%	5.00%

* It is actuarially calculated term of the plan using probabilities of death, withdrawal and retirement.

Table showing changes in present value of expected interest rate shortfall:

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of expected Interest rate shortfall as at the beginning of the period	169.03	52.84
Interest cost	11.49	4.07
Current service cost	18.61	5.66
Actuarial (gain) / loss on obligations	(48.17)	106.46
Present value of expected interest rate shortfall as at the end of the period	**150.96**	**169.03**

Table showing changes in fair value of plan assets (Surplus account)

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Fair value of plan assets as at the beginning of the period (surplus account)	-	20.98
Interest income	-	1.61
Actuarial Gain on plan assets	30.96	(22.59)
Fair value of plan assets as at the end of the period (surplus account)	**30.96**	**-**

Notes to Financial Statements

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

37. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

(c) Provident fund (Contd.):

Net interest (income)/expense

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest Expense – Obligation	11.49	4.07
Interest (Income) – Plan assets	-	(1.61)
Net Interest Expense / (Income) for the period	**11.49**	**2.46**

Actuarial (gain) / loss recognised

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Actuarial Loss for the period – Obligation	(48.17)	106.46
Actuarial Loss for the period – Plan assets	(30.96)	22.59
Total (gain) / loss for the year	**(79.13)**	**129.05**
Actuarial (gain) / loss recognised in the year	**(79.13)**	**129.05**

The amounts to be recognised in the balance sheet:

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of expected interest rate shortfall as at the end of the period	150.96	169.03
Fair value of the plan assets as at the end of the period (surplus account)	30.96	-
(Deficit)	**(120.00)**	**(169.03)**
Net (liability) recognised in the balance sheet	(120.00)	(169.03)

Amount recognised in Statement of other comprehensive Income (OCI):

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Remeasurement for the period-obligation (gain)/ loss	(48.17)	106.46
Remeasurement for the period-plan assets(gain)/loss	(30.96)	22.59
Total Remeasurement cost for the period recognised in OCI	**(79.13)**	**129.05**

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

37. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS (Contd.):

(c) Provident fund (Contd.):

Expense recognised in the statement of profit and loss:

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current service cost (refer note 28)	18.60	5.66
Net interest expense (refer note 30)	11.49	2.46
Net periodic benefit cost recognised in the statement of profit and loss	**30.09**	**8.12**

Sensitivity analysis :

A) Impact of change in discount rate when base assumption is decreased/increased by 50 basis point

In ₹ Million

Discount rate	Year ended March 31, 2021	Year ended March 31, 2020
Decrease by 0.50%	212.38	227.79
Increase by 0.50%	93.06	113.71

B) Impact of change in expected future interest rate on PF when base assumption is decreased/increased by 50 basis point

In ₹ Million

PF interest rate	Year ended March 31, 2021	Year ended March 31, 2020
Decrease by 0.50%	94.86	116.85
Increase by 0.50%	207.05	221.20

38. CONTINGENT LIABILITIES

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Guarantees given by the Company on behalf of other companies (Refer note 38(a))		
Balance outstanding	5,081.46	1,784.80
(Maximum amount)	(5,718.07)	(1,784.80)
Claims against the Company not acknowledged as Debts - to the extent ascertained	361.85	258.26
(Refer note 38(b))		
Excise/Service tax demands - matters under dispute (Refer note 38(c))	260.21	260.21
Customs demands - matters under dispute (Refer note 38(d))	50.97	50.97
Sales tax demands - matters under dispute (Refer note 38(e))	36.56	21.34
Income tax demands - matter under dispute (Refer note 38(f))	-	54.92

Notes to Financial Statements

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

38. CONTINGENT LIABILITIES (Contd.):

(a) The Company has issued various financial guarantees/support letter for working capital requirement of the subsidiary companies. The management has considered the probability for outflow of the same to be remote.

(b) The Company is contesting the demands raised pertaining to property tax. It also includes claim against the Company comprising of dues in respect to personnel claims (amount unascertainable), local taxes etc.

(c) Includes amount pertaining to incentive received under Government schemes, etc.

(d) Includes amount pertaining to classification differences of products, etc.

(e) Includes amount pertaining to duty demand for non-receipt of various statutory forms, etc.

(f) Includes amount pertaining to matter relating to applicability of TDS.

The Company is contesting the demands and the management, including its tax/legal advisors, believe that its position will likely be upheld in the appellate process. No provision has been recognised in the financial statements for the tax demand raised. The management based on its internal assessment and advice by its legal counsel believes that it is only possible/remote, but not probable, that the action will succeed.

Note: In cases where the amounts have been accrued, it has not been included above.

Deferred payment liabilities

Sales tax deferral incentives attached to the erstwhile windmill division, which was demerged to BF Utilities Limited (BFUL) under section 392 and 394 of the erstwhile Companies Act, 1956 sanctioned by the High Court of the Judicature at Mumbai, have been passed on thereafter from year to year by the Company to the latter, under an arrangement, with all liabilities and obligations attached thereto taken over completely by BFUL. The net liability outstanding of BFUL after such pass on amounts to ₹ 45.12 million (March 31, 2020: ₹ 97.41 million).

39. RELATED PARTY DISCLOSURES

(i) Names of the related parties and related party relationship

Related parties where control exists	
Subsidiaries	Bharat Forge Global Holding GmbH
	Bharat Forge America Inc.
	BF Infrastructure Limited
	Kalyani Strategic Systems Limited
	Bharat Forge International Limited
	BF Elbit Advanced Systems Private Limited
	Analogic Controls India Limited
	Indigenous IL Limited
	Kalyani Centre For Precision Technology Limited (w.e.f. December 25, 2019)
	Eternus Performance Materials Private Limited (w.e.f. April 8, 2019)
	Kalyani Powertrain Limited (w.e.f. March 16, 2021)

Notes to Financial Statements

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

39. RELATED PARTY DISCLOSURES (Contd.):

(i) Names of the related parties and related party relationship (Contd.):

Related parties where control exists	
Step down subsidiaries	Bharat Forge CDP GmbH
	Bharat Forge CDP Trading (upto January 14, 2021)
	Bharat Forge Holding GmbH
	Bharat Forge Tennessee Inc.
	Bharat Forge PMT Technologie LLC
	Bharat Forge Aluminiumtechnik GmbH
	Bharat Forge Kilsta AB
	Bharat Forge Hong Kong Limited (upto July 10, 2020)
	Bharat Forge Daun GmbH
	Kalyani Rafael Advanced Systems Private Limited
	Mecanique Generale Langroise
	Bharat Forge Aluminium USA, Inc. (w.e.f. September 27, 2019)
	Kalyani Precision Machining Inc. (w.e.f. September 27, 2019)
Related parties with whom transactions have taken place during the period	
Joint venture	BF NTPC Energy Systems Limited (under liquidation)
	REFU Drive GmbH (w.e.f. September 19, 2019)
Joint venture of a subsidiary	BF Premier Energy Systems Private Limited
Subsidiary of a Joint venture	Refu Drive India Private Limited (w.e.f. September 19, 2019)
Associates and subsidiaries/ associates of associates	Tork Motors Private Limited
	Tevva Motors (Jersey) Limited
	Tevva Motors Limited
	Hospet Bellary Highways Private Limited (upto January 12, 2021)
	Lycan Electric Private Limited
	Talbahn GmbH
	Aeron Systems Private Limited (w.e.f. May 21, 2019)
Other related parties (Enterprises owned or significantly influenced by key management personnel or their relatives)	Kalyani Steels Limited
	BF Utilities Limited
	Khed Economic Infrastructure Private Limited
	Kalyani Maxion Wheels Private Limited
	Automotive Axles Limited
	Institute for Prostrate Cancer
	United Metachem Private Limited
	Harmony Electoral Trust
	Saarloha Advanced Materials Private Limited (w.e.f. April 1, 2019)
	Nandi Economic Corridor Enterprises Ltd. (w.e.f. April 1, 2019)
	Baramati Speciality Steels Limited (w.e.f. April 1, 2019)
	Kalyani Technoforge Limited (w.e.f. April 1, 2019)

Notes to Financial Statements

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

39. RELATED PARTY DISCLOSURES (Contd.):

(i) Names of the related parties and related party relationship (Contd.):

Related parties with whom transactions have taken place during the period	
Other related parties (Enterprises owned or significantly influenced by key management personnel or their relatives) (Contd.):	Kalyani Transmission Technologies Private Limited (w.e.f. April 1, 2019)
	Kalyani Technologies Limited (w.e.f. April 1, 2019)
	KGEPL Engineering Solutions Private Limited (w.e.f. April 1, 2019)
	Kalyani Technoweld Private Limited (w.e.f. April 1, 2019)
	KTMS Properties Company Private Limited (w.e.f. April 1, 2019)
	Inmate Technology Solutions Pvt. Ltd. (w.e.f. May 6, 2019)
	Govalkonda Trading Company Private Limited (w.e.f. April 1, 2019)
	Purandhar Trading Company Private Limited (w.e.f. April 1, 2019)
	Rayagad Trading Company Private Limited (w.e.f. April 1, 2019)
	Vishalgad Trading Company Private Limited (w.e.f. April 1, 2019)
	Akutai Kalyani Charitable Trust (w.e.f. April 1, 2019)
	Radium Merchandise Private Limited (w.e.f. April 1, 2019)
Key management personnel	Mr. B. N. Kalyani (Chairman and Managing Director)
	Mr. A. B. Kalyani (Executive Director and Deputy Managing Director)
	Mr. G. K. Agarwal (Deputy Managing Director)
	Mr. B. P. Kalyani (Executive Director)
	Mr. S. E. Tandale (Executive Director)
	Mr. K. M. Saletore (Executive Director & CFO)
	Ms. T. R. Chaudhari (Company Secretary)
	Mr. P. G. Pawar (Independent Director)
	Mr. S. M. Thakore (Independent Director)
	Mrs. L. D. Gupte (Independent Director)
	Mr. P. H. Ravikumar (Independent Director)
	Mr. P. C. Bhalerao (Non-Executive Director)
	Mr. V. R. Bhandari (Independent Director)
	Mr. Dipak Mane (Independent Director) (w.e.f. June 21, 2019)
	Mr. Murali Sivaraman (Independent Director) (w.e.f. June 21, 2019)
Relatives of key management personnel	Smt. S. N. Kalyani
	Mr. G. N. Kalyani
	Mrs. R. G. Kalyani
	Ms. S. G. Kalyani
	Mr. V. G. Kalyani
	Mrs. A. G. Agarwal
	Smt. V. E. Tandale
	Mrs. S. S. Tandale
	Mr. P. S. Kalyani
	Mrs. V. B. Kalyani
	Ms. A. K. Saletore

Notes to Financial Statements

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

39. RELATED PARTY DISCLOSURES (Contd.):

(i) Names of the related parties and related party relationship (Contd.):

Relatives of key management personnel (Contd.):	Mrs. S. J. Hiremath
	Ms. Neeraja Puranam
	Mrs. A. P. Kore
Post employment benefit trusts	Bharat Forge Company Limited Staff Provident Fund
	Bharat Forge Company Limited Employees Group Gratuity Fund
	Bharat Forge Company Limited Officer's Group Gratuity Fund
	Bharat Forge Company Limited Officer's Superannuation Scheme

Transactions and balances less than 10% of the total transactions and balances are disclosed as "Others".

(ii) Related party transactions

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2021	Year ended March 31, 2020
1	**Purchase of raw materials, components, stores, spares**	**Step down subsidiaries**		
		Bharat Forge Kilsta AB	-	0.78
		Bharat Forge Daun GmbH	0.32	0.28
			0.32	**1.06**
		Associates and subsidiaries/associates of associates		
		Tevva Motors Limited	-	9.30
			-	9.30
		Other related parties		
		Kalyani Steels Limited	3,369.57	4,162.65
		Saarloha Advance Materials Private Limited	7,608.82	8,058.00
		Others	205.98	357.98
			11,184.37	**12,456.62**
			11,184.69	**12,466.98**
2	**Staff welfare expenses**	**Other related parties**		
		Institute for Prostrate Cancer	-	**0.38**
			-	0.38
3	**Other expenses - Machining / subcontracting charges**			
		Subsidiaries		
		Kalyani Centre For Precision Technology Limited	118.74	-
		Others	1.37	53.54
			120.11	**53.54**
		Other related parties		
		Kalyani Technoforge Limited	152.74	124.01
		Automotive Axles Limited	3.18	-
		Kalyani Transmission Technologies Private Limited	27.16	1.28
		Baramati Speciality Steels Limited	3.09	1.83
			186.17	**127.12**

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

39. RELATED PARTY DISCLOSURES (Contd.):
(ii) Related party transactions (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2021	Year ended March 31, 2020
	- Power, fuel and water	**Other related parties**		
		BF Utilities Limited	134.31	154.51
			134.31	**154.51**
	- Rent	**Other related parties**		
		United Metachem Private Limited	8.24	6.42
		KTMS Properties Company Private Limited	15.46	16.59
		Others	3.79	3.57
			27.49	**26.58**
		Relatives of key management personnel		
		Mrs. S. S. Tandale	0.18	0.18
			0.18	**0.18**
	- Legal and professional fees	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	57.20	42.66
		Bharat Forge America Inc.	62.84	66.97
		Bharat Forge International Limited	108.74	41.93
			228.78	**151.56**
		Step down subsidiaries		
		Bharat Forge Kilsta AB	7.79	13.85
			7.79	**13.85**
		Other related parties		
		Kalyani Technologies Limited	80.00	80.00
			80.00	**80.00**
	- Donations	**Other related parties**		
		Harmony Electoral Trust	-	100.00
		Akutai Kalyani Charitable Trust	6.50	4.50
			6.50	**104.50**
	- Directors' fees and travelling expenses	**Key management personnel**		
		Mr. P. G. Pawar	0.88	0.65
		Mr. S. M. Thakore	0.78	0.83
		Mrs. L. D. Gupte	0.38	0.44
		Mr. P. H. Ravikumar	0.70	0.68
		Mr. P. C. Bhalerao	0.85	0.60
		Mr. V. R. Bhandari	0.43	0.42
		Mr. Dipak Mane	0.35	0.16
		Mr. Murali Sivaraman	0.35	0.18
			4.72	**3.96**

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

39. RELATED PARTY DISCLOSURES (Contd.):

(ii) Related party transactions (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2021	Year ended March 31, 2020
	- Commission to directors other than managing and whole time directors	**Key management personnel**		
		Mr. P. G. Pawar	1.22	1.30
		Mr. S. M. Thakore	1.12	1.30
		Mrs. L. D. Gupte	0.55	0.55
		Mr. P. H. Ravikumar	1.05	1.00
		Mr. P. C. Bhalerao	1.20	1.20
		Mr. V. R. Bhandari	0.60	0.55
		Mr. Dipak Mane	0.53	0.30
		Mr. Murali Sivaraman	0.53	0.30
			6.80	**6.50**
	- Miscellaneous expenses	**Subsidiaries**		
		Analogic Controls India Limited	2.84	-
			2.84	**-**
		Other related parties		
		Kalyani Technologies Limited	51.61	64.08
			51.61	**64.08**
	- Repairs and maintenance	**Other related parties**		
		Kalyani Technoforge Limited	17.74	16.27
		KTMS Properties Company Private Limited	7.82	-
			25.56	**16.27**
			882.86	**802.65**
4	Sale of goods, manufacturing scrap and tooling income	**Subsidiaries**		
		Bharat Forge International Limited	12,490.78	17,709.92
		Analogic Controls India Limited	-	0.05
		BF Elbit Advanced Systems Private Limited	-	76.09
			12,490.78	**17,786.06**
		Associates and subsidiaries of associates		
		Tork Motors Private Limited	0.48	1.50
			0.48	**1.50**
		Other related parties		
		Automotive Axles Limited	202.33	158.73
		Saarloha Advanced Materials Private Limited	1,410.34	1,645.67
		Others	13.92	22.42
			1,626.59	**1,826.82**
			14,117.85	**19,614.38**

Notes to Financial Statements

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

39. RELATED PARTY DISCLOSURES (Contd.):

(ii) Related party transactions (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2021	Year ended March 31, 2020
5	Sale of Services	**Other related parties**		
		Automotive Axles Limited	97.28	89.32
		Saarloha Advanced Materials Private Limited	46.98	51.91
		Others	2.57	3.67
			146.83	**144.90**
6	Sale of stores, spares and raw materials	**Subsidiaries**		
		Kalyani Centre for Precision Technology Limited	63.46	-
			63.46	**-**
7	Other income - Dividend income	**Subsidiaries**		
		Bharat Forge International Limited	-	157.67
			-	**157.67**
	- Rent *	**Subsidiaries**		
		BF Elbit Advanced Systems Private Limited	0.48	0.48
		Kalyani Centre for Precision Technology Limited	0.03	-
			0.51	**0.48**
		Other related parties		
		Kalyani Maxion Wheels Private Limited	0.05	0.05
		Nandi Economic Corridor Enterprises Ltd.	2.49	2.61
		Baramati Speciality Steels Limited	2.90	2.90
			5.44	**5.56**
	- Miscellaneous income	**Subsidiaries**		
		Bharat Forge America Inc.	7.87	1.52
			7.87	**1.52**
		Step down subsidiaries		
		Bharat Forge Kilsta AB	7.72	7.41
		Others	0.52	-
			8.24	**7.41**

* The lease arrangements which have been considered for Ind AS 116 disclosures in note no. 35 and taken to right-of-use assets has been considered in rent expenses for disclosing actual transactions with related parties.

Notes to Financial Statements

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

39. RELATED PARTY DISCLOSURES (Contd.):

(ii) Related party transactions (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2021	Year ended March 31, 2020
	- Sale / discard of property, plant and equipments	**Subsidiaries**		
		Kalyani Centre For Precision Technology Limited	135.87	11.47
		Others	7.16	-
			143.03	**11.47**
			165.09	**184.11**
8	Purchase of property, plant and equipments, intangible assets (including CWIP)	**Other related parties**		
		KGEPL Engineering Solutions Private Limited	33.77	687.31
		Kalyani Technoforge Limited	38.92	147.25
		Others	3.84	22.17
			76.53	**856.73**
9	Finance provided: - Investment			
		Subsidiaries		
		Bharat Forge Global Holding GmbH	601.93	236.85
		BF Infrastructure Limited	44.45	727.26
		Bharat Forge America Inc.	811.60	-
		Kalyani Strategic Systems Limited	-	30.70
		Kalyani Centre For Precision Technology Limited	490.78	200.10
		Kalyani Powertrain Private Limited	0.01	-
		Eternus Performance Materials Private Limited	-	3.75
			1,948.77	**1,198.66**
		Joint ventures		
		REFU Drive GmbH	-	892.34
			-	**892.34**
		Associates and subsidiaries of associates		
		Tork Motors Private Limited	-	39.99
		Aeron Systems Private Limited	60.00	80.00
			60.00	**119.99**
		Other related parties		
		Khed Economic Infrastructure Private Limited	(52.20)	58.72
		(Includes fair valuation impact)		
			(52.20)	**58.72**

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

39. RELATED PARTY DISCLOSURES (Contd.):

(ii) Related party transactions (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2021	Year ended March 31, 2020
	- Loans given	**Subsidiaries**		
		Bharat Forge Global Holding GmbH [includes exchange (loss)/gain] $	576.27	4.67
		Bharat Forge America Inc. $	375.20	-
		BF Elbit Advanced Systems Private Limited	11.30	15.17
		Kalyani Strategic Systems Limited	-	150.00
		BF Infrastructure Limited	40.00	-
			1,002.77	**169.84**
		Associates and subsidiaries of associates		
		Tevva Motors (Jersey) Limited	-	303.87
		Tork Motors Private Limited	40.00	-
			40.00	**303.87**
			2,999.34	**2,743.42**
10	Recovery of loans given	**Subsidiaries**		
		Kalyani Strategic Systems Limited	150.00	-
			150.00	**-**
		Associates and subsidiaries of associates		
		Tork Motors Private Limited	2.00	-
			2.00	**-**
			152.00	**-**
11	Recovery of security deposits	**Relatives of key management personnel**		
		Mrs. S. S. Tandale	0.15	-
			0.15	**-**
12	Advance given	**Associates and subsidiaries of associates**		
		Tevva Motors Limited	-	15.51
			-	**15.51**
		Other related parties		
		Saarloha Advanced Materials Private Limited	-	1,350.00
			-	**1,350.00**
			-	**1,365.51**
13	Capital advance given	**Other related parties**		
		Khed Economic Infrastructure Private Limited	1,200.00	-
			1,200.00	**-**

Notes to Financial Statements

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

39. RELATED PARTY DISCLOSURES (Contd.):

(ii) Related party transactions (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2021	Year ended March 31, 2020
14	Interest income	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	21.33	2.86
		BF Elbit Advanced Systems Private Limited	12.25	10.68
		Kalyani Strategic Systems Limited	10.40	0.86
		Bharat Forge America Inc.	11.33	-
		Others	0.31	-
			55.62	**14.40**
		Associates and subsidiaries of associates		
		Tork Motors Pvt. Ltd.	1.30	-
		Tevva Motors (Jersey) Limited	36.82	18.80
			38.12	**18.80**
		Other related parties		
		Saarloha Advance Materials Private Limited	111.45	-
			111.45	**-**
			205.19	**33.20**
15	Managerial remuneration	**Key management personnel**		
		Mr. B. N. Kalyani	152.57	176.42
		Mr. A. B. Kalyani	41.61	46.27
		Mr. G. K. Agarwal	41.98	46.50
		Mr. S. E. Tandale	38.78	38.81
		Mr. B. P. Kalyani	36.93	38.20
		Mr. K. M. Saletore	32.28	29.56
		Ms. T. R. Chaudhari	2.60	2.98
			346.75	**378.74**
16	Dividend paid	**Key management personnel**		
		Mr. B. N. Kalyani	-	0.47
		Mr. A. B. Kalyani	-	4.20
		Mr. G. K. Agarwal	-	0.03
		Mr. B. P. Kalyani	-	0.04
		Mr. S. M. Thakore	-	0.17
		Mr. P. H. Ravikumar	-	0.04
		Mr. K. M. Saletore	-	0.01
			-	**4.96**
		Relatives of key management personnel		
		Mr. G. N. Kalyani	-	4.14
		Others	-	0.99
			-	**5.13**
			-	**10.09**

Notes to Financial Statements

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

39. RELATED PARTY DISCLOSURES (Contd.):

(ii) Related party transactions (Contd.):

In ₹ Million

Sr. No.	Nature of transaction	Name of the related parties and nature of relationships	Year ended March 31, 2021	Year ended March 31, 2020
17	**Provision for diminution in value of investment**	**Associates and subsidiaries of associates**		
		Tevva Motors (Jersey) Limited	-	890.00
			-	**890.00**
			-	**890.00**
18	**Contributions paid ***	**Post employment benefit trusts**		
		Provident fund		
		Bharat Forge Company Limited Staff Provident Fund	234.55	229.84
			234.55	**229.84**
		Gratuity fund		
		Bharat Forge Company Limited Employees Group	35.21	35.00
		Gratuity fund		
		Bharat Forge Company Limited Officer's Group	68.43	63.86
		Gratuity fund		
			103.64	**98.86**
		Superannuation fund		
		Bharat Forge Company Limited Officer's	20.76	24.03
		Superannuation scheme		
			20.76	**24.03**
			358.95	**352.73**

* The above disclosure does not include on behalf payment done by any related parties to each other. For closing balances of above employee benefits trusts, refer note no.37.

$ During the year loans given to Bharat Forge Global Holding GmbH (BFGH) and Bharat Forge America Inc. have been converted into equity. Refer note 6.

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Notes to Financial Statements

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

39. RELATED PARTY DISCLOSURES (Contd.):

(iii) Balance outstanding as at the year end

In ₹ Million

Sr. No.	Nature of balance	Name of the related parties and nature of relationships	As at March 31, 2021	As at March 31, 2020
1	Trade payables	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	48.31	44.88
		Bharat Forge International Limited	52.88	262.38
		Kalyani Centre For Precision Technology Limited	46.77	-
		Others	15.55	23.74
			163.51	**331.00**
		Step down subsidiaries		
		Bharat Forge Kilsta AB	2.23	34.78
		Others	0.32	4.95
			2.55	**39.73**
		Associates and subsidiaries of associates		
		Tevva Motors (Jersey) Limited	-	0.22
			-	**0.22**
		Other related parties		
		Kalyani Steels Limited *	639.28	469.61
		Saarloha Advance Materials Private Limited **	1,803.02	764.12
		Others	135.34	218.22
			2,577.64	**1,451.95**
			2,743.70	**1,822.90**
2	Trade receivables	**Subsidiaries**		
		Bharat Forge International Limited	8,578.91	9,417.81
		Others	1.48	67.36
			8,580.39	**9,485.17**
		Associates and subsidiaries of associates		
		Tork Motors Private Limited	2.05	1.43
			2.05	**1.43**
		Other related parties		
		Automotive Axles Limited	137.80	88.67
		Saarloha Advanced Materials Private Limited	723.79	370.23
		Others	10.13	7.17
			871.72	**466.07**
			9,454.16	**9,952.67**
3	Receivable for sale of property, plant and equipment	**Subsidiaries**		
		Kalyani Centre For Precision Technology Limited	-	13.54
			-	**13.54**
4	Payables for capital goods	**Other related parties**		
		Kalyani Technoforge Limited	27.15	10.86
		Others	0.06	0.22
			27.21	**11.08**

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

39. RELATED PARTY DISCLOSURES (Contd.):

(iii) Balance outstanding as at the year end (Contd.):

In ₹ Million

Sr. No.	Nature of balance	Name of the related parties and nature of relationships	As at March 31, 2021	As at March 31, 2020
5	Non-current investments	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	6,089.60	5,487.67
		Bharat Forge America Inc.	1,643.51	831.91
		BF Infrastructure Limited	1,641.55	1,597.10
		Others	1,244.53	753.75
			10,619.19	**8,670.43**
		Joint ventures		
		BF NTPC Energy Systems Limited	33.64	33.64
		REFU Drive GmbH	919.14	892.34
			952.78	**925.98**
		Associates		
		Tork Motors Private Limited	300.37	300.37
		Tevva Motors (Jersey) Limited	1,252.06	892.93
		Aeron Systems Private Limited	140.00	80.00
			1,692.43	**1,273.30**
		Other related parties (including fair value)		
		Khed Economic Infrastructure Private Limited	589.58	641.78
			589.58	**641.78**
			13,853.98	**11,511.49**

* Net of advance given amounting to ₹ 470.00 million (March 31, 2020 : ₹ 470.00 million) [Refer note 22]

** Net of advance given amounting to ₹ 250.00 million (March 31, 2020 : ₹ 250.00 million) [Refer note 22]

Sr. No.	Nature of balance	Name of the related parties and nature of relationships	As at March 31, 2021	As at March 31, 2020
6	Loans given	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	85.77	82.31
		BF Elbit Advanced Systems Private Limited	128.75	117.45
		Kalyani Strategic Systems Limited	-	150.00
		BF Infrastructure Limited	40.00	-
			254.52	**349.76**
		Associates and subsidiaries of associates		
		Tevva Motors (Jersey) Limited	-	303.87
		Tork Motors Private Limited	38.00	-
			38.00	**303.87**
			292.52	**653.63**

Notes to Financial Statements

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

39. RELATED PARTY DISCLOSURES (Contd.):

(iii) Balance outstanding as at the year end (Contd.):

In ₹ Million

Sr. No.	Nature of balance	Name of the related parties and nature of relationships	As at March 31, 2021	As at March 31, 2020
7	Recoverable from subsidiaries (net of provision)	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	5.31	19.42
		Bharat Forge International Limited	128.76	45.69
		Bharat Forge America Inc.	7.87	2.59
			141.94	**67.70**
		Step down subsidiaries		
		Bharat Forge Kilsta AB	8.92	50.00
		Bharat Forge CDP GmbH	15.84	-
		Others	2.79	1.61
			27.55	**51.61**
			169.49	**119.31**
8	Security deposits given	**Other related parties**		
		BF Utilities Limited	210.00	210.00
		Kalyani Technologies Limited	89.40	89.40
		Radium Merchandise Private Limited	25.00	25.00
		Others	14.71	4.71
			339.11	**329.11**
		Relatives of key management personnel		
		Mrs. S. S. Tandale	-	0.15
			-	**0.15**
			339.11	**329.26**
9	Advance to suppliers	**Subsidiaries**		
		Kalyani Strategic Systems Limited	30.55	-
		BF Infrastructure Limited	2.27	-
			32.82	**-**
		Associates and subsidiaries of associates		
		Tevva Motors Limited	-	6.19
			-	**6.19**
		Other related parties		
		Saarloha Advanced Materials Private Limited	1,350.00	1,350.00
		KGEPL Engineering Solutions Private Limited	-	12.70
			1,350.00	**1,362.70**
			1,382.82	**1,368.89**

Notes to Financial Statements

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

39. RELATED PARTY DISCLOSURES (Contd.):

(iii) Balance outstanding as at the year end (Contd.):

In ₹ Million

Sr. No.	Nature of balance	Name of the related parties and nature of relationships	As at March 31, 2021	As at March 31, 2020
10	Interest accrued	**Subsidiaries**		
		Bharat Forge Global Holding GmbH	1.00	0.98
		Kalyani Strategic Systems Limited	-	0.78
		Bharat Forge America Inc.	11.33	-
		BF Infrastructure Limited	0.31	-
			12.64	**1.76**
		Associates and subsidiaries of associates		
		Tevva Motors (Jersey) Limited	-	18.80
		Tork Motors Private Limited	0.69	-
			0.69	**18.80**
			13.33	**20.56**
11	Advance from customers	**Other related parties**		
		Automotive Axles Limited	3.44	4.20
			3.44	**4.20**
12	Capital advances	**Other related parties**		
		Kalyani Technoforge Limited	22.59	10.45
		KGEPL Engineering Solutions Private Limited	21.48	15.10
		Khed Economic Infrastructure Pvt. Ltd.	1,200.00	-
			1,244.07	**25.55**
13	Managerial remuneration payable *	**Key management personnel**		
		Mr. B. N. Kalyani	39.00	60.00
		Mr. A. B. Kalyani	3.00	8.00
		Mr. G. K. Agarwal	3.00	8.00
		Mr. S. E. Tandale	14.75	15.00
		Mr. B. P. Kalyani	14.75	15.00
		Mr. K. M. Saletore	13.00	10.00
			87.50	**116.00**
14	Commission to directors other than managing and whole time directors	**Other Directors and Relatives**		
		Mr. P. G. Pawar	1.22	1.30
		Mr. S. M. Thakore	1.12	1.30
		Mrs. L. D. Gupte	0.55	0.55
		Mr. P. H. Ravikumar	1.05	1.00
		Mr. P. C. Bhalerao	1.20	1.20
		Mr. V. R. Bhandari	0.60	0.55
		Mr. Dipak Mane	0.53	0.30
		Mr. Murali Sivaraman	0.53	0.30
			6.80	**6.50**

Notes to Financial Statements

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

39. RELATED PARTY DISCLOSURES (Contd.):

(iii) Balance outstanding as at the year end (Contd.):

In ₹ Million

Sr. No.	Nature of balance	Name of the related parties and nature of relationships	As at March 31, 2021	As at March 31, 2020
15	**Provision for diminution in value of investment**	**Subsidiaries**		
		BF Infrastructure Limited	1,355.60	1,355.60
		Analogic Controls India Limited	16.55	16.55
			1,372.15	**1,372.15**
		Joint Ventures		
		BF NTPC Energy Systems Limited	33.64	33.64
			33.64	**33.64**
		Associates and subsidiaries of associates		
		Tevva Motors (Jersey) Limited	890.00	890.00
			890.00	**890.00**
			2,295.79	**2,295.79**

* Does not include gratuity and leave encashment since the same is considered for all employees of the Company as a whole.

(1) Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured with a short term duration unless otherwise stated and interest free except for loans and interest-bearing advance given to supplier, Saarloha Advance Materials Private Limited. settlement occurs in cash. For the year ended March 31, 2021, the Company has not recorded any impairment of receivables relating to amount owed by related parties other than those disclosed separately above (March 31, 2020 : ₹ Nil). This assessment is undertaken in each financial year through examining the financial position of the related party and the market in which the related party operates.

(2) All transactions were made on normal commercial terms and conditions and are at market rates.

(3) For details of guarantees given to related parties refer note 38 and 46.

(4) The Company has various other welfare trusts to administer the long term benefits for its employees for which no contribution is made in the current or previous year.

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Notes to Financial Statements

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

40. CAPITAL AND OTHER COMMITMENTS

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
(a) Guarantees given by Company's Bankers on behalf of the Company, against sanctioned guarantee limit of ₹ 7,250 million (March 31, 2020: ₹ 7,250 million) for contracts undertaken by the Company and other matters are secured by extension of charge by way of joint hypothecation of stock-in-trade, stores and spares, book debts, etc. subject to prior charge in their favour.	2,583.51	2,045.26
(b) Estimated value of contracts remaining to be executed on capital accounts and not provided for, net of advances	653.73	1,356.28
(c) Commitments relating to further investment in private equity fund of Paragon Partners Growth Fund - I	0.36	5.00
(d) Commitments relating to further investment in Aeron Systems Private Limited	-	20.00
(e) For commitments relating to lease agreements, please **refer note 35**		

The Company, for its newly set up plant located at Mambattu, Nellore, Andhra Pradesh for Manufacture of Aluminium Casting, has imported capital Goods under the Export Promotion Capital goods Scheme of the Government of India, at concessional rates of Duty, on an undertaking to fulfill quantified exports against which remaining future obligation as on March 31, 2021 aggregates USD 9.82 million (Rs. 734.93 million), over a period of 6 years (Block year 1st to 4th year - 50% and 5th to 6th year - 50%) from December 14, 2018, while maintaining average export of USD Nil per annum, as specified. Non fulfillment of such future obligations, in the manner required, if any, entails options / rights to the Government to levy penalties under the above referred scheme.

41. DEFERRAL/CAPITALISATION OF EXCHANGE DIFFERENCES

On the date of transition to Ind AS, the Company had availed the option under Ind AS 101 para D13AA for borrowings availed before April 1, 2016, continuing the policy adopted for accounting for exchange differences arising from translation of foreign currency monetary items recognised in financial statements.

Accordingly, foreign exchange gain/(loss) is adjusted against:

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Cost of the assets / capital work in progress	30.75	(132.33)
FCMITDA	8.43	(36.27)
Amortised in the current year	9.65	(42.09)

Notes to Financial Statements

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

42. LOANS AND ADVANCES IN THE NATURE OF LOANS GIVEN TO SUBSIDIARIES / ASSOCIATES AND FIRMS / COMPANIES IN WHICH DIRECTORS ARE INTERESTED

In ₹ Million

Particulars	As at March 31, 2021	As at March 31, 2020
Bharat Forge Global Holding Gmbh* ^		
Balance outstanding	85.77	82.31
Maximum amount outstanding during the year	710.24	82.31
BF Infrastructure Limited (advance) !		
Balance outstanding	40.00	-
Maximum amount outstanding during the year	40.00	152.44
BF Elbit Advanced Systems Private Limited *		
Balance outstanding	128.75	117.45
Maximum amount outstanding during the year	128.75	117.45
Kalyani Strategic Systems Limited #		
Balance outstanding	-	150.00
Maximum amount outstanding during the year	150.00	150.00
Tevva Motors (Jersey) Limited $		
Balance outstanding	-	303.87
Maximum amount outstanding during the year	303.87	303.87
Tork Motors Private Limited @		
Balance outstanding	38.00	-
Maximum amount outstanding during the year	40.00	-
Saarloha Advanced Materials Private Limited ##		
Balance outstanding	1,350.00	1,350.00
Maximum amount outstanding during the year	1,350.00	1,350.00
Bharat Forge America Inc. ^		
Balance outstanding	-	-
Maximum amount outstanding during the year	375.20	-

* Receivable on demand.

! Receivable after 2 years from the date of disbursement of loan. It can be repaid earlier than the maturity, based on mutual understanding.

^ The effect of foreign exchange fluctuation throughout the year is not considered while disclosing the maximum amount outstanding as shown above.

\# Receivable in 6 months from the date of disbursement of loan (renewed for further period of 10 months).

$ Considered as a part of investment in current year. Refer note 6.

Short term advance converted into a long term advance for a period of 4 years.

@ Loan Tenure is 3 years from the date of disbursement of loan. Quarterly repayment is ₹ 2 million, ₹ 3 million, ₹ 5 million for year 1, 2 and 3, respectively.

Notes to Financial Statements

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

43. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006 (MSMED, ACT 2006)

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Principal amount due to suppliers under MSMED Act, 2006 *	32.35	20.17
Interest accrued and due to suppliers under MSMED Act, 2006 on the above amount	-	-
Payment made to suppliers (other than interest) beyond the appointed day, during the year	250.38	351.24
Interest paid to suppliers under MSMED Act, 2006 (other than Section 16)	-	-
Interest paid to suppliers under MSMED Act, 2006 (Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, 2006 for the payments already made	0.17	0.03
Interest accrued and remaining unpaid at the end of the year to suppliers under	4.61	4.48
MSMED Act, 2006		

* Amount includes due and unpaid of ₹ Nil (March 31, 2020: ₹ Nil)

The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company.

44. EFFECT OF GLOBAL HEALTH PANDEMIC RELATING TO COVID-19

The spread of COVID-19 has severely impacted business in many countries including India and there have been severe disruption to regular business operations due to lockdown and other emergency measures. This may impact the Company's operations in certain geographies. The Company has made assessment of liquidity, recoverable values of its financial and non-financial assets, financial and non-financial liabilities, carrying value of its subsidiaries including possible obligations arising from any ongoing negotiations with customers, vendors and regulatory exposures across businesses and geographies and has concluded that there are no material adjustments required in the annual financial statements. The management believes that it has assessed and taken all the possible impacts known from these events wherever possible outcome is known. However, given the effect of these on the overall economic activity and in particular in the industry in which Company operates, the impact assessment of COVID-19 is a continuous process, given the estimation and uncertainties associated with its nature, duration and outcome of any negotiations. The impact of global health pandemic might be different from that estimated as at the date of approval of these financial results. The Company will continue to closely monitor any material changes to future economic conditions and its consequential impact on its financial results.

Notes to Financial Statements

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

45. CSR EXPENDITURE

In ₹ Million

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(a) Gross amount required to be spent by the Company during the year	225.25	230.14

(b) An amount of ₹ 225.25 million was approved by the board towards CSR activities

In ₹ Million

(c) Amount spent during the year ended on	Amount paid
- March 31, 2021	
i) Construction/acquisition of any asset	-
ii) On purposes other than (i) above	183.80
	183.80
- March 31, 2020	
i) Construction/acquisition of any asset	-
ii) On purposes other than (i) above	254.50
	254.50

(d) No dentations (March 31, 2020; INR NIL) have been made to related parties regarding CSR.

(e)

Opening balance	In case of Section 135(5) unspent amount			Closing balance
	Amount deposited in specified Fund of Schedule VII within 6 months	Amount required to be spent during the year	Amount spent during the year	
-	-	225.25	183.80	41.45

Notes to Financial Statements

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

46. DISCLOSURES REQUIRED UNDER SEC 186(4) OF THE COMPANIES ACT, 2013

In ₹ Million

Name of the loanee	Purpose	Rate of Interest (p.a.)	Year ended March 31, 2021	Year ended March 31, 2020
Bharat Forge Global Holding GmbH	General corporate purpose *	3.50% / 7.75% #	85.77	82.31
BF Infrastructure Limited	General corporate purpose !	9.00%	40.00	-
BF Elbit Advanced Systems Private Limited	Working Capital *	10.00%	128.75	117.45
Kalyani Strategic Systems Limited	Bank guarantee @	7.25%	-	150.00
Tevva Motors (Jersey) Limited	General corporate purpose $	12.00%	-	303.87
Saarloha Advanced Materials Private Limited	General corporate purpose ##	8.25%	1,350.00	1,350.00
Tork Motors Private Limited	General corporate purpose ^	11.00%	38.00	-
Bharat Forge America Inc	General corporate purpose	7.75%	-	-

For the loan given in FY 2010-11 for which no terms has changed thereafter.

* Receivable on demand.

! Receivable after 2 years from the date of disbursement of loan. It can be repaid earlier than the maturity, based on mutual understanding.

@ Receivable in 6 months from the date of disbursement of loan. (renewed for further period of 10 months).

$ Refer Note 6 and 8

Short term advance converted into a long term advance for a period of 4 years.

^ Loan Tenure is 3 years from the date of disbursement of loan. Quarterly repayment is ₹ 2 million, ₹ 3 million, ₹ 5 million for year 1, 2 and 3, respectively.

- All loans are unsecured
- Details of investments made are given in note 6 and note 7
- Guarantee given on behalf of:
  - Bharat Forge Kilsta AB, step down subsidiary company, of ₹ 1,544.04 million (March 31, 2020: ₹ 1,481.86 million) for working capital requirement which was renewed during the current year.
  - Bharat Forge America Inc., wholly owned subsidiary company, of ₹ 3,387.42 million (March 31, 2020: ₹ 303.04 million) for term loan or loans towards investment in stepdown subsidiaries.

Notes to Financial Statements

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

47. FAIR VALUE HIERARCHY

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

In ₹ Million

Quantitative disclosure of fair value measurement hierarchy for assets as at March 31, 2021:	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at FVTOCI			
Unquoted equity instruments			
Khed Economic Infrastructure Private Limited	-	-	589.58
Avaada SataraMH Private Limited (refer note 47(c))	-	-	142.45
Quoted equity instruments			
Birlasoft Limited (erstwhile KPIT Technologies Limited)	155.12	-	-
KPIT Technologies Limited **(refer note 47(b))**	108.84	-	-
Derivative instruments at fair value through OCI			
Cash flow hedges	-	2,790.04	-
Financial assets at FVTPL			
Unquoted equity instruments			
Gupta Energy Private Limited **(refer note 47(a))**	-	-	-
Derivative instruments at fair value through P&L			
Fair value hedges	-	-	-
Unquoted funds			
Investments in private equity fund	-	242.20	-
Investments in mutual funds	-	18,445.72	-
Quoted funds/bonds			
Investments in mutual funds	5,037.85	-	-
Financial liability at FVTOCI			
Cash flow hedges	-	-	-
Financial liability at FVTPL			
Fair value hedges	-	4.11	-

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

47. FAIR VALUE HIERARCHY (Contd.):

In ₹ Million

Quantitative disclosure of fair value measurement hierarchy for assets/liabilities as at March 31, 2020:	Fair value measurement using		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets at FVTOCI			
Unquoted equity instruments			
Khed Economic Infrastructure Private Limited	-	-	641.78
Avaada SataraMH Private Ltd (refer note 47(c))	-	-	0.01
Quoted equity instruments			
Birlasoft Limited (erstwhile KPIT Technologies Limited)	37.39	-	-
KPIT Technologies Limited (refer note 47(b))	21.61	-	-
Financial assets at FVTPL			
Unquoted equity instruments			
Gupta Energy Private Limited **(refer note 47(a))**	-	-	-
Derivative instruments at fair value through P&L			
Fair value hedges	-	145.50	-
Unquoted funds			
Investments in private equity fund	-	211.46	-
Investments in mutual funds	-	12,115.22	-
Quoted funds/bonds			
Investments in mutual funds	1,578.98	-	-
Secured redeemable non-convertible debentures in Series 237 (Option I)			
issued by Bajaj Finance Limited	318.87	-	-
Financial liability at FVTOCI			
Cash Flow Hedges	-	728.84	-
Financial liability at FVTPL			
Fair Value Hedges	-	4.55	-

There have been no transfers between Level 1 and Level 2 during the year ended March 31, 2021 and March 31, 2020.

Notes to Financial Statements

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

47. FAIR VALUE HIERARCHY (Contd.):

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at March 31, 2021 and March 31, 2020 are as shown below:

Particulars	Valuation technique	Significant unobservable inputs	Range	Sensitivity of the input to fair value
Unquoted equity shares in Khed Economic Infrastructure Private Limited	Cost method	Estimated realisation rates for developed land and land under development	**March 31, 2021:** ₹ 10.40 million to ₹ 12.60 million/acre **(March 31, 2020:** ₹ 10.40 million to ₹12.60 million/acre)	5% increase / (decrease) in realization rate would result in increase / (decrease) in fair value per share by ₹ 1.54 (March 31, 2020: ₹ 1.56)
		Estimated realisation rates for undeveloped land	Not Applicable	

(a) Gupta Energy Private Limited (GEPL)

The Company has an investment in equity instrument of GEPL. The same is classified as at fair value through profit and loss. Over the years GEPL has been making consistent losses. The management of the Company has made attempts to obtain latest information for the purpose of valuation. However, such information is not available as GEPL has not filed the financial statements with Ministry Of Corporate Affaires (MCA) since FY 2014-15. In view of the above, the management believes that the fair value of the investment is Nil as at April 1, 2015 and thereafter.

(b) KPIT Technologies Limited

The Company had invested into 613,000 equity shares of ₹ 2/- each of KPIT Technologies Limited. The Hon'ble National Company Law Tribunal, Mumbai Bench, has by its order approved the composite scheme of arrangement (Scheme), amongst Birlasoft (India) Limited, KPIT Technologies Limited, KPIT Engineering Limited and their respective shareholders. Pursuant to the Scheme, the engineering business of KPIT Technologies Limited has been transferred to KPIT Engineering Limited.

Pursuant to the Scheme, the Company had received 1 equity share of KPIT Technologies Ltd. of ₹ 10/- each for 1 equity share of Birlasoft Ltd. of ₹ 2/- each. The ratio of cost of acquisition per share of Birlasoft Ltd. and KPIT Technologies Ltd. was 56.64% to 43.36%.

The investment in shares has been classified under level 1 of the fair value hierarchy as on March 31,2021.

(c) Avaada SataraMH Private Limited

The investment in equity shares of Avaada SataraMH Private Limited which was made in October 2020, is governed by the terms of the share purchase agreement and the shares held by the Company are subject to certain restrictions in terms of ability of the Company to sell the shares and the value at which this can be done. Considering the nature of restrictions and overall intension of the management in relation to the equity shares, the fair value of such shares for the Company is same as it cost i.e. the face value.

Notes to Financial Statements

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

48. FINANCIAL INSTRUMENTS BY CATEGORY

Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's financial instruments as of March 31, 2021; other than those with carrying amounts that are reasonable approximates of fair values:

In ₹ Million

Particulars	Carrying value		Fair value	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Investments *	3,987.08	4,300.32	3,987.08	4,300.32
Loans	325.58	552.80	325.58	552.80
Trade receivables	101.36	-	101.36	-
Derivative instruments	1,501.46	145.50	1,501.46	145.50
Other non-current financial assets	1,082.66	1,255.42	1,082.66	1,255.42
Total financial assets	**6,998.14**	**6,254.04**	**6,998.14**	**6,254.04**
Borrowings	17,609.25	15,625.58	17,609.25	15,625.58
Derivative instruments	2.88	157.19	2.88	157.19
Other non-current financial liabilities	1.28	2.09	1.28	2.09
Total financial liabilities	**17,613.41**	**15,784.86**	**17,613.41**	**15,784.86**

* Investments do not include investments in subsidiaries, joint ventures and associates which are carried at cost and hence, are not required to be disclosed as per Ind AS 107 "Financial Instruments Disclosures".

The management assessed that the fair value of cash and cash equivalent, trade receivables, derivative instruments, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short term maturities of these instruments.

Further, the management assessed that the fair value of security deposits, trade receivables and other non-current receivables approximate their carrying amounts largely due to discounting/expected credit loss at rates which are an approximation of current lending rates.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

(i) Long-term fixed-rate and variable-rate receivables are evaluated by the Company based on parameters such as individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

(ii) The fair values of quoted instruments are based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in note 47. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.

Notes to Financial Statements

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

48. FINANCIAL INSTRUMENTS BY CATEGORY (Contd.):

(iii) The fair values of the unquoted equity shares have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

(iv) The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies and forward rate curves of the underlying. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty and the Company's own non-performance risk. As at March 31, 2021, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

(v) The Company's borrowings and loans are appearing in the books at fair value since the same are interest bearing hence, discounting of the same is not required. The own non-performance risk as at March 31, 2021 and March 31, 2020 was assessed to be insignificant.

Reconciliation of fair value measurement of financial assets classified as FVTOCI :

In ₹ Million

Particulars	Unquoted equity shares in Avaada SataraMH Private Limited	Unquoted equity shares in Khed Economic Infrastructure Private Limited	Unquoted equity shares in Gupta Energy Private Limited *
As at April 1, 2019	**-**	**583.06**	**-**
Remeasurement recognised in OCI	-	58.72	-
Remeasurement recognised in Statement of profit and loss	-	-	-
Purchases	0.01	-	-
Sales	-	-	-
Converted in to equity shares	-	-	-
As at March 31, 2020	**0.01**	**641.78**	**-**
Remeasurement recognised in OCI	-	(52.20)	-
Remeasurement recognised in Statement of profit and loss	-	-	-
Purchases	142.44	-	-
Sales	-	-	-
As at March 31, 2021	**142.45**	**589.58**	**-**

* Refer note 47(a)

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

49. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Judgements

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

1) Leases

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

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

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term, if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Refer to Note 35 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

Property lease classification – Company as lessor

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

2) Embedded derivative

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

3) Revenue from contracts with customers

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

I. Identifying contracts with customers

The Company enters into Master service agreement ('MSA') with its customers which define the key terms of the contract with customers. However, the rates and quantities to be supplied is separately agreed through

Notes to Financial Statements

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

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

purchase orders. Management has exercised judgement to determine that contract with customers for the purpose of Ind AS 115 is MSA and customer purchase orders for purpose of identification of performance obligations and other associated terms.

II. Identifying performance obligation

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

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

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

1. Sale of goods

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

2. Tooling income

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

Estimates and assumptions

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

A. Estimating the incremental borrowing rate

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

Notes to Financial Statements

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

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

B. Impairment of non-financial assets (tangible and intangible)

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

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

C. Defined benefit plans

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

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases, discount rate and return on planned assets are based on expected future inflation rates for India.

Further details about defined benefit plans are given in note 37.

D. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using different valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements and estimates include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 48 for further disclosures.

E. Impairment of financial assets

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

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

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

F. Income tax and deferred tax

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

Further details on taxes are disclosed in note 21.

G. Provision for Inventories

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

H. Current / Non-Current Classification

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

I. Litigations

The Company has various ongoing litigations, the outcome of which may have a material effect on the financial position, results of operations or cashflows. Legal team regularly analyses current information about these matters and assesses the requirement for provision for probable losses including estimates of legal expense to resolve such matters. In making the decision regarding the need for loss provision, management considers the degree of probability of an unfavourable outcome and the ability to make sufficiently reliable estimate of the amount of loss. The filing of a law suit or formal assertion of a claim against the Company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

Considering the facts on hand and the current stage of certain ongoing litigations where it stands, the Company foresee remote risk of any material claim arising from claims against the Company. Management has exercised significant judgement in assessing the impact, if any, on the disclosures in respect of litigations in relation to the Company.

50. HEDGING ACTIVITIES AND DERIVATIVES

Cash flow hedges

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in US Dollar and Euro. These forecast transactions are highly probable.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

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

50. HEDGING ACTIVITIES AND DERIVATIVES (Contd.):

In ₹ Million

Particulars	As at March 31, 2021		As at March 31, 2020	
	Assets	Liabilities	Assets	Liabilities
Fair value of foreign currency forward contracts	2,790.04	-	-	728.84

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arises requiring recognition through profit and loss. Amounts of outstanding forward contracts are as follows:

Nature of instrument	Currency	Purpose	March 31, 2021		March 31, 2020	
			Foreign Currency in Million	In ₹ Million	Foreign Currency in Million	In ₹ Million
Forward Contracts	USD	Hedging of highly probable forecast sales	540.98	45,046.31	477.77	37,133.96
Forward Contracts	EUR	Hedging of highly probable forecast sales	145.37	14,434.34	111.15	10,688.23
Range forward contracts	USD	Hedging of highly probable forecast sales	20.25	1,577.80	25.25	1,964.99
Range forward contracts	EUR	Hedging of highly probable forecast sales	6.00	526.99	8.00	702.66

The cash flow hedges of the expected future sales during the year ended March 31, 2021 were assessed to be highly effective and a net unrealised (loss) / gain of ₹ 2,784.32 million (March 31, 2020: ₹ (688.49) million), with a deferred tax liability of ₹ 700.76 million (March 31, 2020 ₹ 173.28 million) relating to the hedging instruments, is included in OCI.

The amount removed from OCI during the year and included in the carrying amount of the hedged item as an adjustment for the year ended March 31, 2021 as detailed in note 33, totaling ₹ 523.40 million (gross of deferred tax) (March 31, 2020: ₹ (644.90) million). The amounts retained in OCI at March 31, 2021 are expected to mature and affect the statement of profit and loss till the year ended March 31, 2025.

Fair value hedges
At March 31, 2021 and March 31, 2020, the Company has a cross currency swap agreement in place. The same contract was also outstanding as on March 31, 2020. Through this arrangement, the Company has converted one of its USD loans into a Euro loan to avail the benefit of the negative EURIBOR. Under the original agreement the interest rate was fixed at LIBOR + 67 basis points, but due to the cross currency swap arrangement the revised interest rate has been fixed at EURIBOR + 87 basis points, decreasing the corresponding interest cost on the term loan.

Also as at March 31, 2020 the Company had certain forward contracts outstanding, which are being used to hedge the exposure to changes in fair value of its underlying borrowings and trade receivables.

Notes to Financial Statements

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

50. HEDGING ACTIVITIES AND DERIVATIVES (Contd.):

The impact of the derivative instrument on the balance sheet as at March 31, 2021 is, as follows:

Fair value hedge	Nominal amount (In Million)	Carrying amount (In ₹ Million)	Line item in balance sheet where hedging instrument is disclosed	Changes in fair value for calculating hedge ineffectiveness for March 2021
Cross currency swap	EURO 25.52	(4.11)	Derivative instruments	Nil

The impact of the derivative instrument on the balance sheet as at March 31, 2020 is as follows:

Fair value hedge	Nominal amount (In Million)	Carrying amount (In ₹ Million)	Line item in balance sheet where hedging instrument is disclosed	Changes in fair value for calculating hedge ineffectiveness for March 2020
Cross currency swap	EURO 25.52	145.50	Derivative instruments	Nil
Forward contracts	USD 1.73	(4.54)	Derivative instruments	Nil

The impact of the hedged item on the balance sheet as at March 31, 2021 is as follows:

Fair value hedge	Nominal amount (In Million)	Changes in fair value for calculating hedge ineffectiveness for March 2021
Non-current borrowings	USD 30.00	NIL

The impact of the hedged item on the balance sheet as at March 31, 2020 is as follows:

Fair value hedge	Nominal amount (In Million)	Changes in fair value for calculating hedge ineffectiveness for March 2020
Non-current borrowings	USD 30.00	NIL
Trade receivables	USD 1.73	NIL

Derivatives not designated as hedging instruments

The Company has used foreign exchange forward contracts to manage repayment of some of its foreign currency denominated borrowings. These foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions i.e. the repayments of foreign currency denominated borrowings.

Notes to Financial Statements

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

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities other than derivatives comprise loans and borrowings, trade payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables and cash and cash equivalents that derive directly from its operations. The Company also holds FVTOCI and FVTPL investments and enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a Finance and Risk Management Committee (FRMC) that advises on financial risks and the appropriate financial risk governance framework for the Company. The FRMC provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. Further, all the derivative activities for risk management purposes are carried out by experienced members from the senior management who have the relevant expertise, appropriate skills and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised as below.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments in mutual funds, FVTOCI investments and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at March 31, 2021 and March 31, 2020.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at March 31, 2021 and comparatively as at March 31, 2020.

The analysis excludes the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations and provisions.

The below assumptions have been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2021 and March 31, 2020 including the effect of hedge accounting.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates, other than 5.97% rated unsecured non-convertible debentures which have a fixed interest rate.

The Company generally borrows in foreign currency, considering natural hedge it has against its export. Long-term and short-term foreign currency debt obligations carry floating interest rates.

The Company avails short term debt in foreign currency up to tenor of 9 months, in the nature of export financing for its working capital requirements. LIBOR or EURIBOR for the said debt obligations is fixed for the entire tenor of the debt, at the time of availment.

Notes to Financial Statements

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

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.):

The Company has an option to reset LIBOR or EURIBOR either for 6 Months or 3 months for its long term debt obligations. To manage its interest rate risk, the Company evaluates the expected benefit from either of the LIBOR resetting options and accordingly decides. The Company also has an option for its long term debt obligations to enter into interest rate swaps, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount.

As at March 31 2021, the Company's 75.85% of total long term borrowings are covered under floating rate of interest (March 31 2020: 100.00%).

Interest rate sensitivity

The Company's total interest cost for the year ended March 31, 2021 was ₹ 779.15 million (March 31, 2020: ₹ 1,450.28 million). The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, with all other variables held constant, the Company's profit before tax is affected through the impact on floating rate long term borrowings, as follows:

Particulars	Change in basis points	Effect on Profit before tax and equity (In ₹ million)
March 31, 2021		
USD	+/- 50	32.90
EUR	+50	40.62
EUR*	-50	(11.23)
March 31, 2020		
USD	+/- 50	41.67
EUR	+50	45.31
EUR*	-50	(23.73)

* During the current and previous financial year, EURIBOR was trading in negative zone and some of the Euro borrowings were floored at zero EURIBOR while others were trading at floating EURIBOR. Further, Euro borrowings includes USD borrowings swapped into Euro borrowings through cross currency swap.

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's export revenue and long term foreign currency borrowings.

The Company manages its foreign currency risk by hedging its forecasted sales up to 3 to 4 years to the extent of 25%-65% on rolling basis and the Company keep its long term foreign currency borrowings un-hedged which will be natural hedge against its un-hedged exports. The Company may hedge its long term borrowing near to the repayment date to avoid rupee volatility in short term.

The Company avails bills discounting facility in INR for some of its export receivables to avail interest subvention benefit The Company manages foreign currency risk by hedging the receivables against the said liability.

Notes to Financial Statements

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

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.):

When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted upto the point of settlement of the resulting receivable or payable that is denominated in the foreign currency. The Company discloses fair value of the outstanding derivative in the financial statements. The impact on the Company's pre-tax equity due to changes in fair value of the outstanding forward contracts as follows:

Particulars	Change in rate	Effect on OCI (In ₹ million)	Effect on profit (In ₹ million)
March 31, 2021	USD/INR – 1	561.23	Nil
	EUR/INR – 1	151.37	Nil
	EUR/USD – 0.01		18.66
March 31, 2020	USD/INR – 1	503.02	1.73
	EUR/INR – 1	119.15	Nil
	EUR/USD – 0.01		19.33

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of un-hedged monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Change in FC/INR rate	Effect on profit and equity (In ₹ million)
March 31, 2021	USD 1	138.10
	EUR 1	106.58
March 31, 2020	USD 1	114.00
	EUR 1	117.53

Commodity price risk

The Company is affected by the price volatility of certain commodities. Its operating activities require on-going purchase of steel. Due to significant volatility of the price of steel, the Company has agreed with its customers for pass-through of increase/decrease in prices of steel. There may be lag effect in case of such pass-through arrangements.

Commodity price sensitivity

The Company has back to back pass through arrangements for volatility in raw material prices for most of the customers. However, in few cases there may be lag effect in case of such pass through arrangements and might have some effect on the Company's profit and equity.

Equity price risk

The Company is exposed to price risk in equity investments and classified on the balance sheet as fair value through profit and loss and through other comprehensive income. To manage its price risk arising from investments in equity, the Company diversifies its portfolio. Diversification and investment in the portfolio is done in accordance with the limits set by the Board of Directors.

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

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.):

At the reporting date, the exposure to unlisted equity securities at fair value was ₹ 974.23 million (March 31, 2020: ₹ 853.24 million). Sensitivity analysis of major investments have been provided in Note 47.

At the reporting date, the exposure to listed equity securities at fair value was ₹ 263.96 million (March 31, 2020: ₹ 59.00 million). A increase/decrease of 10% on the NSE market index could have an impact of approximately ₹ 26.40 million (March 31, 2020: ₹ 5.90 million) on the OCI or equity attributable to the Company. These changes would not have an effect on profit and loss.

Other price risk

The Company invests its surplus funds in mutual funds and zero coupon bonds which are linked to debt markets. The Company is exposed to price risk for investments that are classified as fair value through profit and loss. To manage its price risk arising from investments in mutual funds and zero coupon bonds, the Company diversifies its portfolio. Diversification and investment in the portfolio is done in accordance with Company's investment policy approved by the Board of Directors. Accordingly, increase/decrease in interest rates by 0.25% will have an impact of ₹ 58.71 million (March 31, 2020: ₹ 35.03 million).

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, investment in mutual funds, other receivables and deposits, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Further, Company's customers includes marquee Original Equipment Manufacturers and Tier I companies, having long standing relationships with the Company. Outstanding customer receivables are regularly monitored and reconciled. At March 31, 2021, receivable from Company's top 5 customers accounted for approximately-31.75% (March 31, 2020: 30.21%) of all the receivables outstanding. An impairment analysis is performed at each reporting date on an individual basis for major customers. In addition, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on historical data and subsequent expectation of receipts. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 12. The Company does not hold collateral as security except in case of few customers. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Other receivables, deposits with banks, mutual funds and loans given

Credit risk from balances with banks, financial institutions and mutual funds is managed in accordance with the Company's approved investment policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on regular basis and the said limits gets revised as and when appropriate. The limits are set to minimise the concentration of risks and therefore, mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2021 and March 31, 2020 is the carrying amounts as illustrated in the respective notes except for financial guarantees and derivative financial instruments. The Company's maximum exposure relating to financial guarantees and financial derivative instruments is noted in note 46 and note 50, respectively.

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

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.):

Liquidity risk

Cash flow forecasting is performed by the Treasury function. Treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the compliance with internal cash management. The Company's treasury invests surplus cash in marketable securities as per the approved policy, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. At the reporting date, the Company held mutual funds of ₹ 23,483.57 million (March 31, 2020: ₹ 13,694.20 million) and other liquid assets of ₹ 2,762.12 million (March 31, 2020: ₹ 4,711.64 million) that are expected to readily generate cash inflows for managing liquidity risk.

As per the Company's policy, there should not be concentration of repayment of loans in a particular financial year. In case of such concentration of repayment, the Company evaluates the option of refinancing entire or part of repayments for extended maturity. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders and the Company is also maintaining surplus funds with short term liquidity for future repayment of loans.

The table below summarises the maturity profile of the Company's financial liabilities (In ₹ million)

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
March 31, 2021				
Borrowings	15,560.21	17,609.25	-	33,169.46
Trade and other payables	7,993.25	-	-	7,993.25
Lease liabilities	250.38	1,272.85	494.81	2,018.04
Other financial liabilities	3,817.31	-	-	3,817.31
Total	**27,621.15**	**18,882.10**	**494.81**	**46,998.06**
March 31, 2020				
Borrowings	14,083.51	14,413.88	1,211.70	29,709.09
Trade and other payables	6,112.50	-	-	6,112.50
Lease liabilities	31.87	212.25	594.29	838.41
Other financial liabilities	3,251.17	-	-	3,251.17
Total	**23,479.05**	**14,626.13**	**1,805.99**	**39,911.17**

The management believes that the probability of any outflow on account of financial guarantees issued by the Company being called on is remote. Hence, the same has not been included in the above table. Further, as and when required, the Company also gives financial support letters to subsidiaries.

Notes to Financial Statements

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

52. CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity share capital, securities premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a net debt equity ratio, which is net debt divided by equity. The Company's policy is to keep the net debt equity ratio below 1.00. The Company includes within its borrowings net debt and interest bearing loans less cash and cash equivalents.

In ₹ Million

	As at March 31, 2021	As at March 31, 2020
Borrowings	36,117.30	32,370.90
Less: Cash and other liquid assets	26,245.69	18,405.84
Net debt	**9,871.61**	**13,965.06**
Equity	**59,534.06**	**53,550.63**
Net debt /equity Ratio	**0.17**	**0.26**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call back loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period and in the year ended March 31, 2021 and March 31, 2020.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2021 and March 31, 2020.

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Notes to Financial Statements

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

53 ACQUISITION OF SANGHVI FORGING & ENGINEERING LIMITED

Hon'ble National Company Law Tribunal Ahmedabad Bench (NCLT), has orally pronounced its order of approval on the Resolution Plan submitted by the Company for acquisition of Sanghvi Forging & Engineering Limited, on April 26, 2021.

For better strategic alignment, it was considered to acquire the company within the Group named Nouveau Power and Infrastructure Private Limited (NPIPL) as a special purpose vehicle (SPV) to undertake the acquisition of Sanghvi Forging & Engineering Limited (SFEL) in terms of the provision of Insolvency & Bankruptcy Code, 2016 ("IBC"), as per Resolution plan approved by National Company Law Tribunal, Ahmedabad Bench (NCLT).

The Company have acquired 100% stake of Nouveau Power & Infrastructure Private Limited on May 5, 2021 by subscribing ₹ 0.10 million towards acquiring 10,000 equity shares of ₹ 10/- each. The acquisition has been completed on May 5, 2021. The name of the said company has been changed from Nouveau Power & Infrastructure Private limited to BF Industrial Solutions Private Limited, in view of the strategic alignment of the business to be carried out in this company.

As per our report of even date

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

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

Place: Pune
Date: June 4, 2021

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

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

G. K. Agarwal
Deputy Managing Director
DIN : 00037678

Kishore Saletore
Executive Director & CFO
DIN : 01705850

Tejaswini Chaudhari
Company Secretary
Membership Number: 18907

Place: Pune
Date: June 4, 2021